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# TOWN OF WALPOLE, NEW HAMPSHIRE

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## ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2011

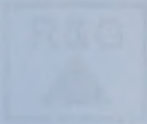
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TOWN OF WALPOLE, NEW HAMPSHIRE  
ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2011

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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Walpole, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Walpole, New Hampshire as of December 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational or economic context. We have applied certain limited procedures to the 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 Walpole 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 Walpole's financial statements as a whole. The combining nonmajor funds 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 basic financial statements as a whole.

November 8, 2012

*Roberts & Greene, PLLC*

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**EXHIBIT 1**  
**TOWN OF FERRIS, NEW HAMPSHIRE**  
**Statement of Net Assets**  
**December 31, 2013**

	Amount
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,100,000
Investments	1,100,000
Intergovernmental receivables	100,000
Other receivables, net of allowance for uncollectibles	100,000
Prepaid items	100,000
Tax receivable	100,000
Capital assets, net of accumulated depreciation	1,100,000
Buildings and building improvements	100,000
Equipment, furniture and vehicles	100,000
Infrastructure	1,000,000
Total assets	<u>3,500,000</u>
<b>LIABILITIES</b>	
Accounts payable	100,000
Accrued payroll and benefits	100,000
Intergovernmental payable	1,000,000
Deferred taxes and income tax payable	100,000
Financial obligations	1,000,000
Due within one year	1,000,000
Compensated absences	100,000
Accrued liability associated with leave	100,000
Due in more than one year	100,000
Compensated absences	100,000
Accrued liability associated with leave	100,000
Total liabilities	<u>3,500,000</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of accumulated depreciation	1,100,000
Restricted for:	1,100,000
Proprietary	100,000
Debt service	100,000
Other purposes	1,000,000
Unrestricted	1,000,000
Total net assets	<u>3,500,000</u>

**BASIC FINANCIAL STATEMENTS**





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

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,543,797
Investments	3,643,249
Intergovernmental receivable	10,333
Other receivables, net of allowance for uncollectibles	862,177
Prepaid items	18,323
Tax deeded property	16,275
Capital assets, not being depreciated:	
Land	997,954
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	703,059
Machinery, vehicles and equipment	780,947
Infrastructure	1,278,741
Total assets	11,854,855
<b>LIABILITIES</b>	
Accounts payable	120,258
Accrued payroll and benefits	18,835
Intergovernmental payable	2,553,000
Performance and escrow deposits	6,082
Noncurrent obligations:	
Due within one year:	
Compensated absences	1,708
Accrued landfill postclosure care costs	13,550
Due in more than one year:	
Compensated absences	25,400
Accrued landfill postclosure care costs	284,550
Total liabilities	3,023,383
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,760,701
Restricted for:	
Perpetual care:	
Nonexpendable	330,860
Expendable	18,411
Other purposes	3,245,565
Unrestricted	1,475,935
Total net assets	\$ 8,831,472

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



**EXHIBIT 2**  
**TOWN OF WALPOLE, 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	\$ 556,840	\$ 1,079	\$ 23,062	\$ (532,699)
Public safety	505,000	12,277	3,469	(489,254)
Highways and streets	1,355,030	10,673	139,585	(1,204,772)
Sanitation	473,202	379,566	-	(93,636)
Water distribution and treatment	162,824	159,095	-	(3,729)
Health	16,714	-	-	(16,714)
Welfare	23,749	(605)	-	(24,354)
Culture and recreation	188,935	16,689	-	(172,246)
Conservation	14,533	-	-	(14,533)
Total governmental activities	<u>\$ 3,296,827</u>	<u>\$ 578,774</u>	<u>\$ 166,116</u>	<u>(2,551,937)</u>
General revenues:				
Property taxes				1,755,408
Other taxes				65,973
Licenses and permits				574,308
Grants and contributions not restricted to specific programs				169,487
Miscellaneous				(23,850)
Total general revenues				<u>2,541,326</u>
Change in net assets				(10,611)
Net assets, beginning, as restated, (see Note III.D.)				<u>8,842,083</u>
Net assets, ending				<u>\$ 8,831,472</u>

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





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

	General	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,922,911	\$ 378,647	\$ 242,239	\$ 3,543,797
Investments	394,452	3,237,128	11,669	3,643,249
Receivables (net of allowance for uncollectibles):				
Taxes	782,792	-	-	782,792
Accounts	9,107	-	70,277	79,384
Intergovernmental	10,333	-	-	10,333
Interfund receivable	20,037	-	47,137	67,174
Prepaid items	14,869	-	3,454	18,323
Tax deeded property held for resale	16,275	-	-	16,275
Total assets	<u>\$ 4,170,776</u>	<u>\$ 3,615,775</u>	<u>\$ 374,776</u>	<u>\$ 8,161,327</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 85,118	\$ -	\$ 35,139	\$ 120,257
Accrued salaries and benefits	18,835	-	-	18,835
Intergovernmental payable	2,553,000	-	-	2,553,000
Interfund payable	30,283	20,037	16,854	67,174
Deferred revenue	512,155	-	53,205	565,360
Escrow and performance deposits	5,180	902	-	6,082
Total liabilities	<u>3,204,571</u>	<u>20,939</u>	<u>105,198</u>	<u>3,330,708</u>
Fund balances:				
Nonspendable	16,275	3,397,851	-	3,414,126
Restricted	-	196,985	60,616	257,601
Committed	416,412	-	208,962	625,374
Unassigned	533,518	-	-	533,518
Total fund balances	<u>966,205</u>	<u>3,594,836</u>	<u>269,578</u>	<u>4,830,619</u>
Total liabilities and fund balances	<u>\$ 4,170,776</u>	<u>\$ 3,615,775</u>	<u>\$ 374,776</u>	<u>\$ 8,161,327</u>

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





**EXHIBIT 4**  
**TOWN OF WALPOLE, 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)		\$ 4,830,619
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	\$ 5,229,954	
Less accumulated depreciation	<u>(1,469,253)</u>	3,760,701
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (67,174)	
Payables	<u>67,174</u>	-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue	\$ 512,155	
Deferred water rents	23,733	
Deferred sewer rents	<u>29,472</u>	565,360
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	\$ 27,108	
Accrued landfill postclosure care costs	<u>298,100</u>	(325,208)
Total net assets of governmental activities (Exhibit 1)		<u>\$ 8,831,472</u>

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



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

	General	Permanent	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,827,454	\$ -	\$ 11,000	\$ 1,838,454
Licenses, permits and fees	574,308	-	-	574,308
Intergovernmental	335,603	-	-	335,603
Charges for services	267,250	-	318,011	585,261
Miscellaneous	26,411	(111,252)	54,642	(30,199)
Total revenues	<u>3,031,026</u>	<u>(111,252)</u>	<u>383,653</u>	<u>3,303,427</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	453,798	72,110	-	525,908
Public safety	507,130	-	-	507,130
Highways and streets	1,456,704	-	-	1,456,704
Sanitation	310,908	-	187,812	498,720
Water distribution and treatment	-	-	162,823	162,823
Health	16,714	-	-	16,714
Welfare	23,749	-	-	23,749
Culture and recreation	141,538	-	51,373	192,911
Conservation	9,609	2,424	2,500	14,533
Total expenditures	<u>2,920,150</u>	<u>74,534</u>	<u>404,508</u>	<u>3,399,192</u>
Excess (deficiency) of revenues over (under) expenditures	<u>110,876</u>	<u>(185,786)</u>	<u>(20,855)</u>	<u>(95,765)</u>
<b>Other financing sources (uses):</b>				
Transfers in	5,955	3,375	27,526	36,856
Transfers out	(25,248)	(11,608)	-	(36,856)
Total other financing sources and uses	<u>(19,293)</u>	<u>(8,233)</u>	<u>27,526</u>	<u>-</u>
Net change in fund balances	91,583	(194,019)	6,671	(95,765)
Fund balances, beginning, as restated, (see Note III.D.)	874,622	3,788,855	262,907	4,926,384
Fund balances, ending	<u>\$ 966,205</u>	<u>\$ 3,594,836</u>	<u>\$ 269,578</u>	<u>\$ 4,830,619</u>

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





**EXHIBIT 6**  
**TOWN OF WALPOLE, 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)	\$		(95,765)
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	\$	300,853	
Depreciation expense		(193,703)	
		107,150	107,150
Transfers in and out between governmental funds are eliminated on the operating statement.			
Transfers in	\$	(36,856)	
Transfers out		36,856	
		-	-
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	\$	(19,207)	
Change in deferred water rents		(1,246)	
Change in deferred sewer rents		(4,761)	
		(25,214)	(25,214)
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 compensated absences payable	\$	(10,332)	
Decrease in accrued landfill postclosure care costs		13,550	
		3,218	3,218
Change in net assets of governmental activities (Exhibit 2)	\$		(10,611)

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



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

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	Private Purpose Trust	Agency
<b>Assets:</b>		
Cash and cash equivalents	\$ 13,269	\$ 65,758
Investments	109,392	682,825
Total assets	122,661	748,583
<b>Liabilities:</b>		
Due to other governmental units	-	743,514
Due to developers	-	5,069
Total liabilities	-	748,583
<b>Net assets:</b>		
Held in trust for specific purposes	\$ 122,661	\$ -

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





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

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	<u>Private Purpose Trust</u>
Additions:	
Investment earnings:	
Interest	\$ 22,400
Deductions:	
Trust distributions	<u>10,575</u>
Change in net assets	11,825
Net assets, beginning	<u>110,836</u>
Net assets, ending	<u><u>\$ 122,661</u></u>

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



## **NOTES TO THE FINANCIAL STATEMENTS**





**TOWN OF WALPOLE, 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 Walpole (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 Walpole 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 WALPOLE, 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. Major individual, governmental funds are reported in separate columns with composite columns for nonmajor funds.

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

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. For 2011, the Town has implemented GASB Statement No. 54, which results in governmental fund equity being reported in different components, and the Expendable Trust Fund being reported within the General Fund.

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

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

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

Major revenues susceptible to accrual are property taxes, intergovernmental amounts, charges for services such as water and sewer, 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. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.





**TOWN OF WALPOLE, 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.

*Permanent Fund* – Used to account for the financial resources of the funds held by the trustees of trust funds, from which only income, and not principal, is used for supporting Town purposes.

The Town also reports four nonmajor governmental funds.

*Fiduciary Funds*

The Town reports the following fiduciary funds:

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

*Agency Funds* – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town's agency funds are used to account for the various capital reserve accounts held by the trustees of trust funds on behalf of the village districts and the local school district, and escrow accounts due to developers.

**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.



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

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 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.

***1.C.2. Prepays***

Prepays are payments to vendors that benefit future reporting periods and are reported on the consumption basis. In addition, in the governmental funds, payments of interest on long-term debt before it is due, is recorded as a prepaid item.

***1.C.3. Capital Assets and Depreciation***

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

	Years
Land improvements	20
Buildings and building improvements	25-39
Machinery, vehicles and equipment	5-20
Infrastructure	25-50





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

**I.C.4. Fund Equity**

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

- Invested in capital assets, net of related debt, which is computed as the total capital assets less accumulated depreciation, normally reduced by outstanding debt used to acquire those assets.
- Restricted for perpetual care, which consists of the balance of the permanent funds where the principal must be permanently invested and the income is allowed to be used only for cemetery care.
- Restricted for other purposes, which consists of the balance of the permanent funds where the principal must be permanently invested and the income is allowed to be used for other 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 the balance of tax deeded property in the General Fund.
- 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.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted and committed 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 WALPOLE, NEW HAMPSHIRE  
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**II. Stewardship, Compliance and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, as well as the nonmajor Water Department and Sewer Department Funds. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2011, \$164,000 of the General Fund unreserved 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 and Investments***

*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, \$3,015,986 of the Town of Walpole's bank balances of \$3,622,824 was exposed to custodial credit risk as uninsured and uncollateralized.





**TOWN OF WALPOLE, NEW HAMPSHIRE  
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As of December 31, 2011, the Town's reporting entity had the following investments:

Certificates of Deposit	\$	715,578
Mutual Funds		1,359,116
Common Stock		2,306,598
New Hampshire Public Deposit Investment Pool		54,174
		4,435,466
		4,435,466

The investments appear in the financial statements as follow:

Fund reporting level:		
Governmental funds - balance sheet (Exhibit 3)	\$	3,643,249
Fiduciary funds - statement of fiduciary net assets (Exhibit 7)		792,217
Total		4,435,466
		4,435,466

*Investment Risks*

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town does not have an investment policy that places any further restrictions on its investment choices.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town does not have an investment policy that addresses limiting interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have an investment policy that addresses concentration of credit risk. As of December 31, 2011, excluding the investments in the New Hampshire Public Deposit Investment Pool, the Town has \$901,719 invested in the Columbia Select Large Cap Growth Fund, \$602,867 in the Pimco Total Return Fund, \$280,738 in the Eaton Vance Large Cap Value Fund, and \$269,003 in the Columbia Value and Restructuring Fund. These amounts are 20.33%, 13.59%, 6.33%, and 6.06%, respectively, of the total investments.

**Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Of the Town's \$4,435,466 of investments, \$2,306,598 has exposure to custodial credit risk because the related securities are uninsured and uncollateralized and are held by the counter party's trust department or agent, not in the Town's name.



**TOWN OF WALPOLE, NEW HAMPSHIRE  
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**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 Walpole tax collector executed a lien for uncollected 2010 property taxes on August 7.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Fall Mountain Regional School District, North Walpole Village Precinct, Walpole Fire District and Cheshire 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	\$ 427,163,121
For all other taxes	\$ 445,731,321

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

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$4.03	\$ 1,800,701
School portion:		
State of New Hampshire	\$2.32	990,267
Local	\$9.59	4,272,410
County portion	\$3.03	1,349,066
Precinct portion:		
North Walpole Village	\$4.62	305,306
Walpole Fire	\$0.66	249,189
Total property taxes assessed		<u>\$ 8,966,939</u>



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

Property:		
Levy of 2011	\$	640,611
Levy of 2009		42
Unredeemed (under tax lien):		
Levy of 2010		99,067
Levy of 2009		42,421
Timber		651
Total	\$	<u>782,792</u>

*Other Receivables and Uncollectible Accounts*

Significant receivables include amounts due from customers primarily for water and sewer services, police details, and reimbursements. These funds report accounts receivable net of any allowance for uncollectible accounts, and revenues net of uncollectibles. The allowance amounts consist of sewer charges and a police detail for which collection is in doubt. Related amounts are as follow:

Accounts	\$	125,384
Intergovernmental		10,333
Less: allowance for uncollectible amounts		<u>(46,000)</u>
Net total receivables	\$	<u>89,717</u>

*(The notes are continued on the next page.)*





**TOWN OF WALPOLE, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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DECEMBER 31, 2011**

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

*Changes in Capital Assets*

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

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 997,954	\$ -	\$ -	\$ 997,954
Being depreciated:				
Land improvements	52,880	-	-	52,880
Buildings and building improvements	1,403,330	51,065	-	1,454,395
Machinery, vehicles and equipment	1,180,884	249,788	(98,385)	1,332,287
Infrastructure	1,392,438	-	-	1,392,438
Total capital assets being depreciated	4,029,532	300,853	(98,385)	4,232,000
Total all capital assets	5,027,486	300,853	(98,385)	5,229,954
Less accumulated depreciation:				
Land improvements	(52,880)	-	-	(52,880)
Buildings and building improvements	(704,095)	(47,241)	-	(751,336)
Machinery, vehicles and equipment	(535,596)	(114,129)	98,385	(551,340)
Infrastructure	(81,364)	(32,333)	-	(113,697)
Total accumulated depreciation	(1,373,935)	(193,703)	98,385	(1,469,253)
Net book value, capital assets being depreciated	2,655,597	107,150	-	2,762,747
Net book value, all capital assets	\$ 3,653,551	\$ 107,150	\$ -	\$ 3,760,701

*Depreciation Expense*

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

Governmental activities:	
General government	\$ 28,613
Public safety	14,157
Highways and streets	135,429
Sanitation	7,602
Culture and recreation	7,902
Total depreciation expense	\$ 193,703

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

The government-wide statement of net assets includes restricted net assets of \$3,594,836 for public trusts reported as restricted to reflect purpose restrictions contained in trust indentures.



**TOWN OF WALPOLE, NEW HAMPSHIRE  
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**III.B. Liabilities**

**III.B.1. Intergovernmental Payable**

The amount due to other governments at December 31, 2011 consists of \$2,529,306 due to the Fall Mountain Regional School District for the balance of the 2011-2012 district assessment, and \$23,694 due to the Walpole Fire District for the balance of the 2010 district assessment.

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

Long-term debt currently outstanding is as follows:

	Outstanding at 12/31/2011	Current Portion
Compensated absences payable:		
Accrued vacation leave	\$ 27,108	\$ 1,708
Accrued landfill postclosure care costs	298,100	13,550
	<u>\$ 325,208</u>	<u>\$ 15,258</u>

*Changes in Long-Term Liabilities*

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

	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Total
Balance, beginning	\$ 16,776	\$ 311,650	\$ 328,426
Additions	10,332	-	10,332
Reductions	-	(13,550)	(13,550)
Balance, ending	<u>\$ 27,108</u>	<u>\$ 298,100</u>	<u>\$ 325,208</u>

*Accrued Landfill Postclosure Care Costs*

Federal and State laws and regulations require that the Town continue to perform certain maintenance and monitoring functions at the landfill site. A liability is being recognized based on the postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$298,100 as of December 31, 2011. The estimated total current cost of the landfill postclosure care 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, 2011. However, the actual cost of





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postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. The Town annually appropriates an amount for postclosure care costs.

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

**III.C.1. *Receivables and Payables***

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

The following schedule reports receivables and payables within the reporting entity at fiscal year-end:

Receivable fund	Payable fund	Amount
General	Permanent	\$ 20,037
Nonmajor	General	30,283
Nonmajor	Nonmajor	16,854
		\$ 67,174

The amount due to the General Fund from the Permanent Fund represents reimbursement of maintenance expenditures. The amount receivable in the nonmajor funds from the General Fund represents land use change taxes due to the Conservation Commission from this and prior years. The amount payable from the nonmajor funds to other nonmajor funds represents a reimbursement owed to the Water Department Fund from the Sewer Department Fund.

**III.C.2. *Transfers***

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



**TOWN OF WALPOLE, NEW HAMPSHIRE  
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The following schedule reports transfers within the reporting entity:

	Transfers In:			Total
	General Fund	Permanent Fund	Nonmajor Funds	
Transfers out:				
General fund	\$ -	\$ 3,375	\$ 21,873	\$ 25,248
Permanent fund	5,955	-	5,653	11,608
	\$ 5,955	\$ 3,375	\$ 27,526	\$ 36,856

**III.D. Restatement of Beginning Equity**

Net assets and fund balances at January 1, 2011 were restated to reflect the following adjustments:

	Governmental Activities	General Fund	Nonmajor Funds
Consolidate Expendable Trust Funds with General Fund per GASB Statement No. 54.	\$ -	\$ 453,156	\$ (453,156)
To record deferred revenue	-	(271,362)	-
To remove capital assets disposed of in a prior year	(154,467)	-	-
Net assets/fund balances, as previously reported	8,996,550	692,828	716,063
Net assets/fund balances, as restated	\$ 8,842,083	\$ 874,622	\$ 262,907

*(The notes are continued on the next page.)*



**TOWN OF WALPOLE, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**III.E. Fund Equity**

The components of fund balance, as described in note I.C.4, are classified for the following purposes:

	General Fund	Permanent Fund	Nonmajor Funds
Nonspendable:			
Endowments	\$ -	\$ 3,397,851	\$ -
Tax deeded property	16,275	-	-
Total nonspendable	<u>16,275</u>	<u>3,397,851</u>	<u>-</u>
Restricted:			
Culture and recreation	-	196,985	60,616
Committed:			
Public safety	15,287	-	-
Highways and streets	22,638	-	-
Sanitation	14,141	-	14,239
Water distribution and treatment			66,622
Culture and recreation	364,346	-	-
Conservation	-	-	128,101
Total committed	<u>416,412</u>	<u>-</u>	<u>208,962</u>
Unassigned	533,518	-	-
Total fund balances	<u>\$ 966,205</u>	<u>\$ 3,594,836</u>	<u>\$ 269,578</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 \$37,339. There were no unpaid contributions for the year ending June 30, 2012 and due in 2011. The Town also paid \$37,978 for workers' compensation for the year ended December 31, 2011. The trust agreement permits the Trust to make additional assessments to





**TOWN OF WALPOLE, NEW HAMPSHIRE  
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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 Town's police officers and other employees are members of the NHRS. 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 employee rate of contribution for police officers for the period of January 1 to June 30 was 9.3% of gross earnings, and for the period of July 1 to December 31 was 11.55%. The employee rate of contribution for other employees for the period of January 1 to June 30 was 5% of gross earnings, and for the period of July 1 to December 31 was 7%.

For the period of January 1 to June 30, the rate 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. In July, the rates of contribution for pension and the medical subsidy were 25.57% for police and 11.09% for other employees, for the period of August 1 to December 31, the rates of contribution for pension and the medical subsidy were 19.95% for police and 8.80% for other employees, which were 100% of the total employer cost. The balance of the employer cost for the period of January 1 to June 30 was paid by the State of New Hampshire. Employer contributions from the Town during the years 2009, 2010 and 2011 were \$65,339, \$68,080 and \$76,464, respectively. The amounts are paid on a monthly basis as due. The amount paid by the State for 2011 was \$3,469. 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 possible audit by the grantor or pass-through agencies. Any such audit may result in a requirement to reimburse the grantor agency for costs disallowed. The Town does not feel the chance of disallowance is likely, and if it should occur, the amount would not be material.



**REQUIRED SUPPLEMENTARY INFORMATION**



**EXHIBIT 9**  
**TOWN OF WALPOLE, 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	\$ 1,747,223	\$ 1,747,223	\$ 1,808,247	\$ 61,024
Licenses, permits and fees	569,225	569,225	574,308	5,083
Intergovernmental	313,715	313,715	332,134	18,419
Charges for services	222,000	222,000	267,250	45,250
Miscellaneous	26,457	26,457	31,827	5,370
Total revenues	<u>2,878,620</u>	<u>2,878,620</u>	<u>3,013,766</u>	<u>135,146</u>
<b>EXPENDITURES</b>				
Current:				
General government	492,292	492,292	453,734	38,558
Public safety	508,911	508,911	503,661	5,250
Highways and streets	1,498,310	1,498,310	1,386,331	111,979
Sanitation	325,561	325,561	310,908	14,653
Health	26,500	26,500	16,714	9,786
Welfare	28,926	28,926	23,749	5,177
Culture and recreation	172,605	165,855	141,284	24,571
Conservation	6,525	6,525	9,609	(3,084)
Total expenditures	<u>3,059,630</u>	<u>3,052,880</u>	<u>2,845,990</u>	<u>206,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(181,010)</u>	<u>(174,260)</u>	<u>167,776</u>	<u>342,036</u>
Other financing sources (uses):				
Transfers in	35,510	35,510	35,465	(45)
Transfers out	(18,500)	(25,250)	(23,748)	1,502
Total other financing sources and uses	<u>17,010</u>	<u>10,260</u>	<u>11,717</u>	<u>1,457</u>
Net change in fund balance	<u>\$ (164,000)</u>	<u>\$ (164,000)</u>	<u>179,493</u>	<u>\$ 343,493</u>
Unassigned fund balance, beginning			866,180	
Unassigned fund balance, ending			<u>\$ 1,045,673</u>	

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





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

**Reconciliation of Budgetary Basis to GAAP**

General Fund:

Revenues and other financing sources:	
Per Exhibit 9 (budgetary basis)	\$ 3,049,231
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	531,362
Tax revenue deferred in the current year	(512,155)
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	3,469
Perspective difference:	
Transfer to General Fund from Expendable Trust Funds	(29,510)
Investment income net of decrease in fair value of investments in Expendable Trust Funds	(5,416)
Per Exhibit 5 (GAAP basis)	<u>\$ 3,036,981</u>
Expenditures and other financing uses:	
Per Exhibit 9 (budgetary basis)	\$ 2,869,738
Adjustments:	
Basis difference:	
Encumbrances, beginning	70,373
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	3,469
Perspective difference:	
Transfer from General Fund to Expendable Trust Fund	(10,000)
Expenditures from Expendable Trust Funds	318
Transfer to Special Revenue Fund from Expendable Trust Funds Per Exhibit 5 (GAAP basis)	<u>\$ 2,945,398</u>
Unassigned fund balance:	
Per Exhibit 9 (budgetary basis)	\$ 1,045,673
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(512,155)
Per Exhibit 3 (GAAP basis)	<u>\$ 533,518</u>

The major Permanent Fund is not budgeted.



**COMBINING NONMAJOR FUNDS AND INDIVIDUAL GENERAL FUND SCHEDULES**



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

	Library	Conservation Commission	Water Department	Sewer Department	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 48,947	\$ 97,818	\$ 42,189	\$ 53,285	\$ 242,239
Investments	11,669	-	-	-	11,669
Accounts receivable	-	-	31,807	38,470	70,277
Interfund receivable	-	30,283	16,854	-	47,137
Prepaid items	-	-	1,295	2,159	3,454
Total assets	\$ 60,616	\$ 128,101	\$ 92,145	\$ 93,914	\$ 374,776
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,790	\$ 33,349	\$ 35,139
Interfund payable	-	-	-	16,854	16,854
Deferred revenue	-	-	23,733	29,472	53,205
Total liabilities	-	-	25,523	79,675	105,198
Fund balances:					
Restricted	60,616	-	-	-	60,616
Committed	-	128,101	66,622	14,239	208,962
Total fund balances	60,616	128,101	66,622	14,239	269,578
Total liabilities and fund balances	\$ 60,616	\$ 128,101	\$ 92,145	\$ 93,914	\$ 374,776





EXHIBIT 11

TOWN OF WALPOLE, NEW HAMPSHIRE  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2011

	Library	Conservation Commission	Water Department	Sewer Department	Total
<b>REVENUES</b>					
Taxes	\$ -	\$ 11,000	\$ -	\$ -	\$ 11,000
Charges for services	-	-	159,169	158,842	318,011
Miscellaneous	28,110	5,254	19,344	1,934	54,642
Total revenues	28,110	16,254	178,513	160,776	383,653
<b>EXPENDITURES</b>					
Current:					
Sanitation	-	-	-	187,812	187,812
Water distribution and treatment	-	-	162,823	-	162,823
Culture and recreation	51,373	-	-	-	51,373
Conservation	-	2,500	-	-	2,500
Total expenditures	51,373	2,500	162,823	187,812	404,508
Excess (deficiency) of revenues over (under) expenditures	(23,263)	13,754	15,690	(27,036)	(20,855)
Other financing sources:					
Transfers in	27,526	-	-	-	27,526
Net change in fund balances	4,263	13,754	15,690	(27,036)	6,671
Fund balances, beginning, as restated, (see Note III.D.)	56,353	114,347	50,932	41,275	262,907
Fund balances, ending	\$ 60,616	\$ 128,101	\$ 66,622	\$ 14,239	\$ 269,578



**EXHIBIT 12**  
**TOWN OF WALPOLE, 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)
<b>Taxes:</b>			
Property	\$ 1,688,223	\$ 1,732,628	\$ 44,405
Timber	6,000	11,780	5,780
Excavation	3,000	2,603	(397)
Interest and penalties on delinquent taxes	50,000	61,236	11,236
<b>Total taxes</b>	<u>1,747,223</u>	<u>1,808,247</u>	<u>61,024</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	25	25	-
Motor vehicle permits	544,000	549,923	5,923
Building permits	30	42	12
Other	25,170	24,318	(852)
<b>Total licenses, permits and fees</b>	<u>569,225</u>	<u>574,308</u>	<u>5,083</u>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	166,789	166,789	-
Highway block grant	143,426	139,585	(3,841)
Flood control reimbursement	-	207	207
Oil grant	3,500	2,491	(1,009)
Energy grant	-	23,062	23,062
<b>Total intergovernmental</b>	<u>313,715</u>	<u>332,134</u>	<u>18,419</u>
<b>Charges for services:</b>			
Income from departments	222,000	267,250	45,250
<b>Miscellaneous:</b>			
Sale of property	9,000	5,700	(3,300)
Interest on investments	6,000	3,840	(2,160)
Rents	-	6,308	6,308
Fines and forfeits	-	2,134	2,134
Insurance dividends and reimbursements	-	9,642	9,642
Other	11,457	4,203	(7,254)
<b>Total miscellaneous</b>	<u>26,457</u>	<u>31,827</u>	<u>5,370</u>
<b>Other financing sources:</b>			
Nonmajor funds	35,510	35,465	(45)
<b>Total revenues and other financing sources</b>	2,914,130	<u>\$ 3,049,231</u>	<u>\$ 135,101</u>
Use of fund balance to reduce taxes	164,000		
<b>Total revenues, other financing sources and use of fund balance</b>	<u>\$ 3,078,130</u>		



**EXHIBIT 13**  
**TOWN OF WALPOLE, 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	Variance Positive (Negative)
<b>Current:</b>				
<b>General government:</b>				
Executive	\$ -	\$ 113,443	\$ 106,522	\$ 6,921
Election and registration	-	102,527	83,874	18,653
Financial administration	-	158,619	128,198	30,421
Legal	-	10,000	14,076	(4,076)
Planning and zoning	-	8,152	4,647	3,505
General government buildings	-	37,343	52,784	(15,441)
Cemeteries	-	28,600	29,259	(659)
Insurance, not otherwise allocated	-	26,860	27,546	(686)
Advertising and regional associations	-	6,748	6,828	(80)
Total general government	-	492,292	453,734	38,558
<b>Public safety:</b>				
Police	-	492,911	499,078	(6,167)
Emergency management	-	16,000	4,583	11,417
Total public safety	-	508,911	503,661	5,250
<b>Highways and streets:</b>				
Highways and streets	70,373	1,463,310	1,436,158	97,525
Street lighting	-	35,000	20,546	14,454
Total highways and streets	70,373	1,498,310	1,456,704	111,979
<b>Sanitation:</b>				
Solid waste disposal	-	322,561	308,712	13,849
Solid waste clean-up	-	3,000	2,196	804
Total sanitation	-	325,561	310,908	14,653
<b>Health:</b>				
Health agencies and hospitals	-	26,500	16,714	9,786
Total health	-	26,500	16,714	9,786
<b>Welfare:</b>				
Administration	-	5,426	5,409	17
Vendor payments	-	23,500	18,340	5,160
Total welfare	-	28,926	23,749	5,177
<b>Culture and recreation:</b>				
Parks and recreation	-	56,999	47,529	9,470
Public library	-	96,006	84,069	11,937
Patriotic purposes	-	2,150	3,632	(1,482)
Other	-	10,700	6,054	4,646
Total culture and recreation	-	165,855	141,284	24,571

(continued)





**EXHIBIT 13 (continued)**  
**TOWN OF WALPOLE, 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	Variance Positive (Negative)
Conservation	-	6,525	9,609	(3,084)
Other financing uses:				
Transfers out:				
Nonmajor funds	-	25,250	23,748	1,502
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 70,373</u>	<u>\$ 3,078,130</u>	<u>\$ 2,940,111</u>	<u>\$ 208,392</u>



**EXHIBIT 14**  
**TOWN OF WALPOLE, 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		\$	866,180
Changes:			
Unreserved fund balance used to reduce tax rate			(164,000)
Budget summary:			
Revenue surplus (Exhibit 12)	\$	135,101	
Unexpended balance of appropriations (Exhibit 13)		<u>208,392</u>	
Budget surplus			<u>343,493</u>
Unassigned fund balance, ending		\$	<u><u>1,045,673</u></u>





# Roberts & Greene, PLLC

## COMMUNICATION OF CERTAIN MATTERS

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Walpole 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 of Walpole'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 of Walpole's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that we consider to be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We would like to note the following matter that we feel is an area for improvement in internal controls.

### ***Collateralization of Accounts (Repeat Finding)***

We recommend that the Town work with its banking institutions to obtain collateralization for its account balances.

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.

November 8, 2012

*Roberts & Greene, PLLC*









New Hampshire State Library



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