

**TOWN OF CONWAY,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2011**

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, major general fund, and the aggregate remaining fund information of the Town of Conway as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Conway'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, major general fund and the aggregate remaining fund information of the Town of Conway as of December 31, 2011 and the respective changes in financial position for the year then ended and the respective budgetary comparison for the general fund, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 2 through 8) and the Schedule of Funding Progress for Other Postemployment Benefit Plan (page 33) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Conway's 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. They 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. The 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 financial schedules 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.

June 29, 2012

*Plodzik & Sanderson
Professional Association*

TOWN OF CONWAY MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other governmental units, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town are divided into two categories: governmental funds and fiduciary funds.

Governmental funds: Governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other eight governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for private enterprises.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

STATEMENT OF NET ASSETS

	2011	2010	Increase (Decrease)
CURRENT AND OTHER ASSETS	13,789,225	14,719,892	-930,667
CAPITAL ASSETS, NET OF DEPRECIATION	23,263,957	22,341,114	922,843
TOTAL ASSETS	37,053,182	37,061,006	-7,824
LONG-TERM LIABILITIES OUTSTANDING	2,215,292	2,126,434	88,858
OTHER LIABILITIES	5,900,885	7,248,151	-1,347,266
TOTAL LIABILITIES	8,116,177	9,374,585	-1,258,408
NET ASSETS	28,937,005	27,686,421	1,250,887
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	22,808,957	21,491,114	1,317,843
RESTRICTED	230,902	232,366	-1,464
UNRESTRICTED	5,897,146	5,962,941	-65,492
TOTAL NET ASSETS	28,937,005	27,686,421	1,250,887

Current assets include cash, investments, taxes receivable and other receivables. Capital assets are buildings, building improvements, infrastructure and improvements, machinery, vehicles and equipment all net of depreciation. Land is also included, but land is not depreciated.

Long-term liabilities are bonds, and notes due in more than one year. In addition this number includes compensated absences which are not expected to be paid within a year. Compensated absences are accumulated vacation and sick time which would be paid to employees on separation from the Town. The Town does not contribute to retirees health insurance cost but, since active employees and retirees are rated together the rates for active employees are higher. This creates an implicit rate subsidy which is reported as OPEB (Other Post-Employment Benefits). Also included in long-term liabilities are the accrued landfill closure and post-closure care costs.

Net assets invested in capital assets, net of related debt are capital assets less accumulated depreciation and the debt outstanding on these assets. The restricted net assets are the trust funds for perpetual care of cemetery plots.

The change in net assets is made up partially of changes in capital assets. This year infrastructure increased because the Town of Conway continues to schedule road work in cooperation with the North Conway Water Precinct and Conway Village Fire District. Road reconstruction costs are reduced because the precincts are paying a substantial portion of the cost when they install or upgrade underground water and sewer lines. The Police Department purchased one vehicle in 2011 on their rotating schedule. A new dump truck with plow and dump body in addition to a sickle bar mower and a large pickup truck were purchased for the Highway Department. The Solid Waste Department purchased a new Mack to haul the trailers and the Recreation Department purchased a bagging mower to use in the care of the parks and cemeteries. Equipment was purchased for Valley Vision using monies from Time Warner Cable franchise fees. Four properties were tax deeded to the Town and one property was redeemed.

TOWN OF CONWAY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

	Expenses	Program Revenues Charges for Services	Operating Grants & Contributions	Net(Expense) Revenue & Change in Net Assets
Governmental activities:				
General government	2,075,246	14,873	6,745	-2,053,628
Public Safety	3,459,594	56,091	97,838	-3,305,665
Highway and streets	2,083,151	26,577	285,002	-1,771,572
Sanitation	738,413	295,832	1,656	-440,925
Health	49,833			-49,833
Welfare	147,560	2,350		-145,210
Culture and recreation	940,311	76,156	19,128	-845,027
Conservation	17,730		14,032	-3,698
Interest on long-term debt	29,595			-29,595
Capital outlay	3,089		3,089	0
Total governmental activities	9,544,522	471,879	427,490	-8,645,153
 General Revenues:				
Taxes:				
Property				6,801,747
Other				403,728
Motor vehicle fees				1,434,395
Licenses & other fees				440,410
Grants & contrib. not restricted to specific programs				740,715
Miscellaneous				74,742
Total general revenues				9,895,737
 Change in net assets				1,250,584
Net assets, beginning				27,686,421
Net assets, ending				28,937,005

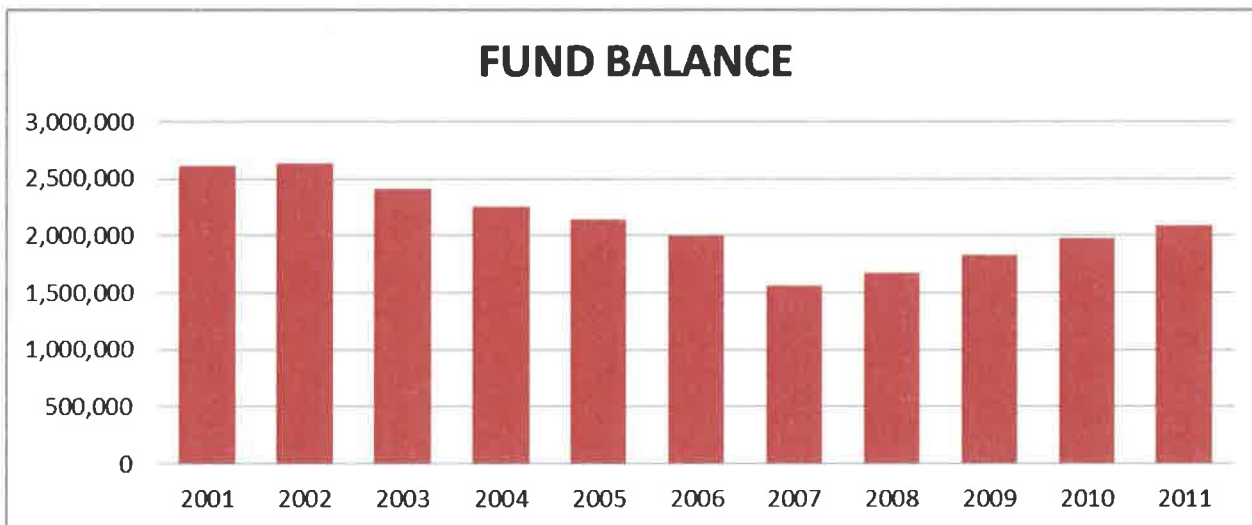
The first section of the Statement of Activities shows the relationship between expenses and offsetting revenues for various areas of Town government. The highway block grant is included in the operating grant number. The fees charged by various departments for services are included in the charges for services. The lower section shows the categories of general revenues. Taxes and motor vehicle registrations are just that. The largest components of licenses and other fees are building permits and the cable television franchise fee. The changes in net assets were described earlier.

The change in long-term debt resulted from annual bond payments. In addition the bond for the Landfill was paid off in 2011 leaving only the bond for the Library expansion.

The year 2011 ended with an unassigned fund balance in the General Fund of \$2,093,651. The unassigned fund balance at the beginning of 2011 was \$1,980,339. For 2011 revenues in excess of estimates were \$359,770. Unexpended or unencumbered appropriations were \$104,628. This is shown in the Statement of Revenues, Expenditures and Change in Fund Balance. For 2011 \$350,000 from fund balance was used to reduce taxes. A change in reporting requirements also resulted in a reduction in allowance for uncollected taxes which increase the fund balance by \$251,463.

The Department of Revenue Administration and the Government Finance Officers Association recommend a retained fund balance of between 5% and 15% of the total of the town's appropriation, plus state and local education taxes, and precinct taxes. This total for 2011 was \$26,479,702. Therefore, the recommended amount to be retained is between \$1,323,985 and \$3,971,955. The Town's retained fund balance of \$2,093,652 is just under 8%. The fund balance was declining for several years from a high of \$2,643,456 but has increased for the last 4 years since hitting a low of \$1,566,219 in 2007.

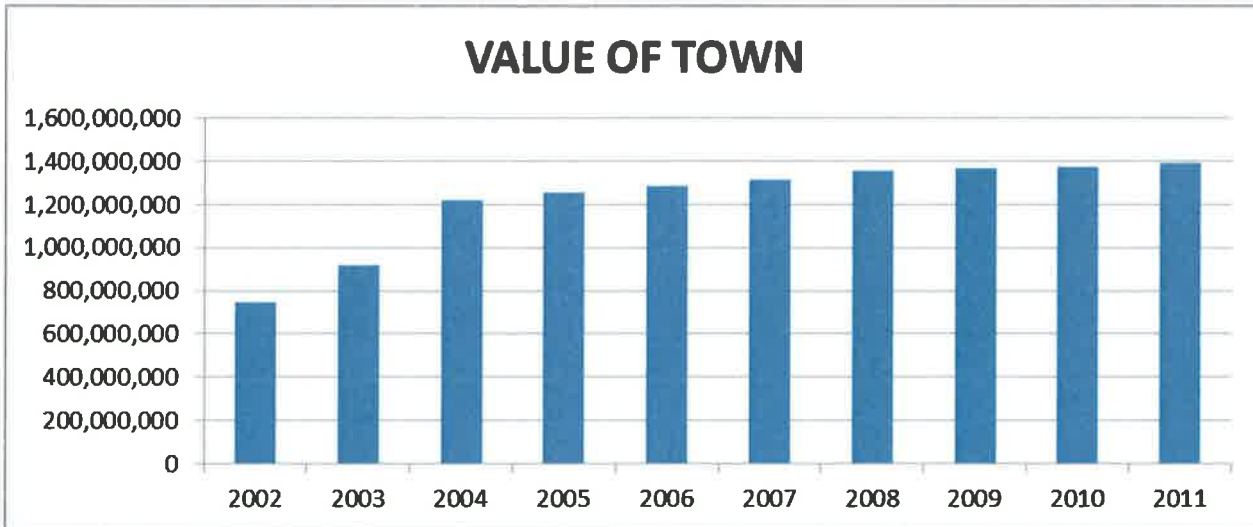
The following chart shows the change in unrestricted fund balance over the past 10 years.



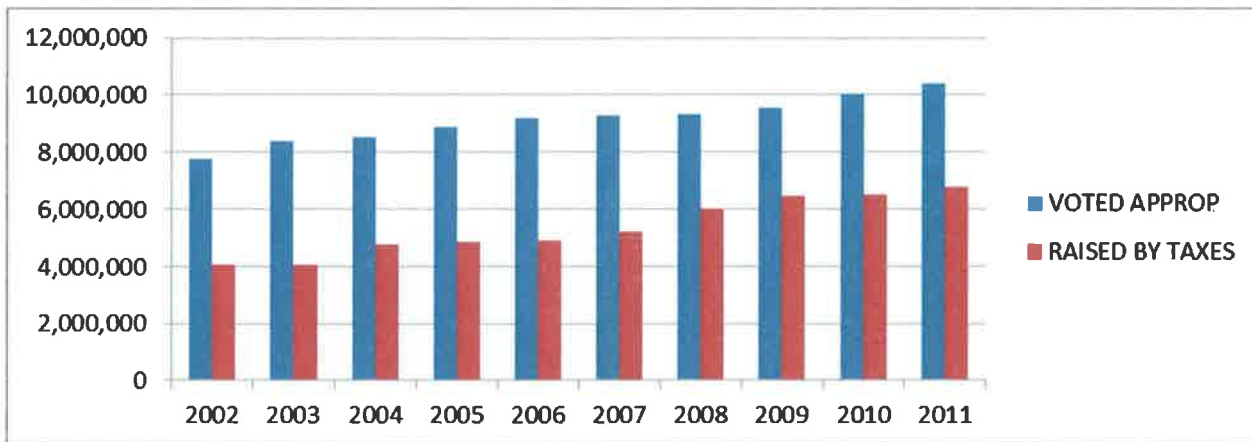
In the past 10 years the total net assessment for the Town of Conway has increased from 745,459,470 to

1,389,429,265 or about 186%. The increase in value to the Town has stalled as the real estate market has cooled and commercial construction has slowed. Current trends could force an adjustment of values down in order to stay at or below 100%.

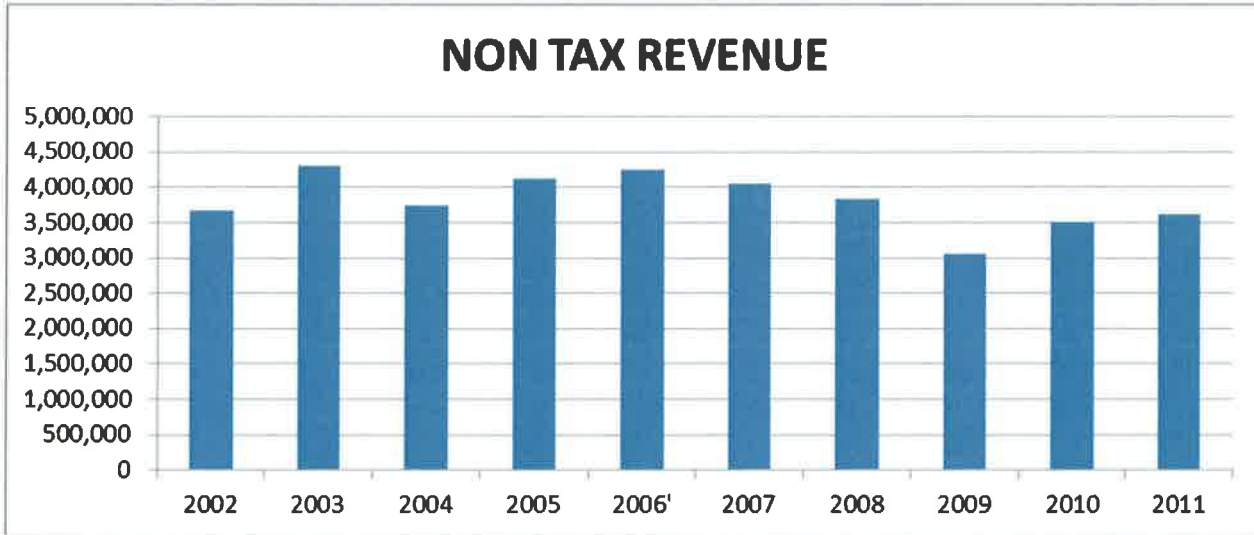
The 10 year increase in value is shown in the chart below.



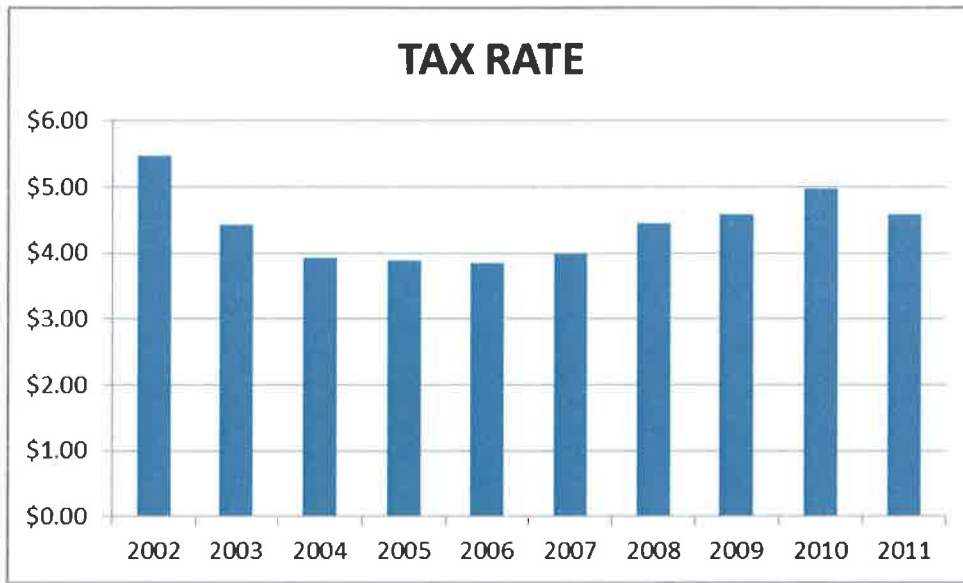
For the same period the relationship between total appropriations and the amount to be raised by taxes is shown in the chart below.



Non tax revenues, which were increasing, dropped off sharply in 2009. They are beginning to increase slightly. It is, however, likely that revenues from the State of New Hampshire will continue to decline.



The following chart shows the Municipal tax rate for the same 10-year period.



The information in the following spreadsheet was used to create the charts you have seen previously.

YEAR	2011	2010	2009	2008	2007
OPERATING BUDGET	8,998,983	8,929,327	9,199,343	9,339,365	8,812,428
SEPARATE	5,784				
WARRANT ARTICLES	1,232,299	937,938	153,000	338,681	285,137
NON PROFITS	177,326	158,565	183,049	191,615	177,749
TOTAL APPROPRIATIONS	10,414,392	10,025,830	9,535,392	9,869,661	9,275,314
AMOUNT RAISED BY TAXES	6,796,272	6,524,810	6,475,875	6,028,280	5,231,681
NON TAX REVENUES	3,618,120	3,501,020	3,059,517	3,841,381	4,043,633
MUNICIPAL TAX RATE	4.59	4.96	4.59	4.45	3.98
PERCENT RAISED BY TAXES	65%	65%	68%	61%	56%
VALUE FOR MUNICIPAL		1,374,926,76	1,368,950,30	1,354,679,41	1,313,281,39
RATE	1,389,429,265	5	0	3	0
UNASSIGNED FUND					
BALANCE	2,093,651	1,980,339	1,827,458	1,677,222	1,566,219
YEAR	2006	2005	2004	2003	2002
OPERATING BUDGET	8,709,232	8,481,897	8,088,055	7,774,767	7,364,717
SEPARATE				80,448	
WARRANT ARTICLES	287,840	338,102	253,545	347,718	207,102
NON PROFITS	175,549	174,963	178,028	176,828	175,862
TOTAL APPROPRIATIONS	9,172,621	8,994,962	8,519,628	8,379,761	7,747,681
AMOUNT RAISED BY TAXES	4,929,697	4,875,664	4,781,941	4,069,717	4,081,291
NON TAX REVENUES	4,242,924	4,119,298	3,737,687	4,310,044	3,666,390
MUNICIPAL TAX RATE	3.84	3.88	3.92	4.43	5.47
PERCENT RAISED BY TAXES	54%	54%	56%	49%	53%
VALUE FOR MUNICIPAL		1,255,015,32	1,219,036,92		
RATE	1,284,930,920	0	0	918,373,920	745,459,470
UNASSIGNED FUND					
BALANCE	1,997,872	2,146,740	2,257,645	2,417,092	2,643,456

Anyone wishing more information may contact Lucy Philbrick, Finance Director at 603-447-3811 extension 121.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF CONWAY, NEW HAMPSHIRE
Statement of Net Assets
December 31, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,455,623
Investments	7,569,791
Other receivables, net of allowances for uncollectible	2,762,725
Prepaid items	1,086
Capital assets, not being depreciated:	
Land	5,579,210
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	4,235,940
Machinery, equipment, and vehicles	1,922,041
Infrastructure	11,501,037
Intangible assets	25,729
Total assets	37,053,182
LIABILITIES	
Accounts payable	72,174
Accrued salaries and benefits	101,504
Contract payable	9,723
Intergovernmental payable	5,574,787
Accrued interest payable	7,051
Unearned revenue	25,276
Noncurrent obligations:	
Due within one year:	
Bonds	80,000
Compensated absences	30,370
Due in more than one year:	
Bonds	375,000
Compensated absences	572,293
Other postemployment benefits	369,269
Accrued landfill closure and postclosure care costs	898,730
Total liabilities	8,116,177
NET ASSETS	
Invested in capital assets, net of related debt	22,808,957
Restricted for perpetual care	230,902
Unrestricted	5,897,146
Total net assets	\$ 28,937,005

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

EXHIBIT B
TOWN OF CONWAY, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2011

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Assets
Governmental activities:				
General government	\$ 2,075,246	\$ 14,873	\$ 6,745	\$ (2,053,628)
Public safety	3,459,594	56,091	97,838	(3,305,665)
Highways and streets	2,083,151	26,577	285,002	(1,771,572)
Sanitation	738,413	295,832	1,656	(440,925)
Health	49,833	-	-	(49,833)
Welfare	147,560	2,350	-	(145,210)
Culture and recreation	940,311	76,156	19,128	(845,027)
Conservation	17,730	-	14,032	(3,698)
Interest on long-term debt	29,595	-	-	(29,595)
Capital outlay	3,089	-	3,089	-
Total governmental activities	<u>\$ 9,544,522</u>	<u>\$ 471,879</u>	<u>\$ 427,490</u>	<u>(8,645,153)</u>
General revenues:				
Taxes:				
Property				6,801,747
Other				403,728
Motor vehicle permit fees				1,434,395
Licenses and other fees				440,410
Grants and contributions not restricted to specific programs				740,715
Miscellaneous				74,742
Total general revenues				<u>9,895,737</u>
Change in net assets				1,250,584
Net assets, beginning				27,686,421
Net assets, ending				<u>\$ 28,937,005</u>

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

EXHIBIT C-1
TOWN OF CONWAY, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2011

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,272,470	\$ 182,057	\$ 3,454,527
Investments	2,000,208	1,225,398	3,225,606
Receivables, net of allowance for uncollectible:			
Taxes	2,667,455	-	2,667,455
Accounts	78,335	16,935	95,270
Prepaid items	1,086	-	1,086
Restricted - Cash and cash equivalents	1,096	-	1,096
Restricted - Investments	4,344,185	-	4,344,185
Total assets	\$ 12,364,835	\$ 1,424,390	\$ 13,789,225
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 72,174	\$ -	\$ 72,174
Accrued salaries and benefits	101,504	-	101,504
Contract payable	9,723	-	9,723
Intergovernmental payable	5,574,787	-	5,574,787
Deferred revenue	-	25,276	25,276
Total liabilities	5,758,188	25,276	5,783,464
Fund balances:			
Nonspendable:			
Permanent fund (principal balance)	-	73,244	73,244
Prepaid items	1,086	-	1,086
Restricted:			
Permanent fund (income balance)	-	157,658	157,658
Special revenue funds	-	325,561	325,561
Committed:			
Expendable trust funds	4,344,185	-	4,344,185
Special revenue funds	-	791,289	791,289
Assigned:			
Abatements	138,000	-	138,000
DARE	1,096	-	1,096
Capital outlay	28,629	-	28,629
Special revenue funds	-	51,362	51,362
Unassigned	2,093,651	-	2,093,651
Total fund balances	6,606,647	1,399,114	8,005,761
Total liabilities and fund balances	\$ 12,364,835	\$ 1,424,390	\$ 13,789,225

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

EXHIBIT C-2
TOWN OF CONWAY, NEW HAMPSHIRE
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets
December 31, 2011

Total fund balances of governmental funds (Exhibit C-1)		\$ 8,005,761
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	\$ 27,515,241	
Less accumulated depreciation	<u>(4,251,284)</u>	
		23,263,957
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(7,051)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Bonds	\$ 455,000	
Compensated absences	602,663	
Other postemployment benefits	369,269	
Accrued landfill closure and postclosure care costs	<u>898,730</u>	
		<u>(2,325,662)</u>
Total net assets of governmental activities (Exhibit A)		<u><u>\$ 28,937,005</u></u>

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

EXHIBIT C-3
TOWN OF CONWAY, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,161,473	\$ 38,527	\$ 7,200,000
Licenses and permits	1,874,805	-	1,874,805
Intergovernmental	1,092,577	32,966	1,125,543
Charges for services	237,184	234,694	471,878
Miscellaneous	93,264	40,810	134,074
Total revenues	10,459,303	346,997	10,806,300
Expenditures:			
Current:			
General government	1,959,321	2,132	1,961,453
Public safety	3,340,243	64,211	3,404,454
Highways and streets	1,832,068	-	1,832,068
Sanitation	665,940	77,423	743,363
Health	49,833	-	49,833
Welfare	149,613	-	149,613
Culture and recreation	831,501	67,166	898,667
Conservation	17,730	-	17,730
Debt service:			
Principal	395,000	-	395,000
Interest	32,846	-	32,846
Capital outlay	1,194,360	3,089	1,197,449
Total expenditures	10,468,455	214,021	10,682,476
Excess (deficiency) of revenues over (under) expenditures	(9,152)	132,976	123,824
Other financing sources (uses):			
Transfers in	36,075	-	36,075
Transfers out	-	(36,075)	(36,075)
Total other financing sources and uses	36,075	(36,075)	-
Net change in fund balances	26,923	96,901	123,824
Fund balances, beginning, as restated (see Note 12)	6,579,724	1,302,213	7,881,937
Fund balances, ending	\$ 6,606,647	\$ 1,399,114	\$ 8,005,761

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

EXHIBIT C-4
TOWN OF CONWAY, 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, 2011

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 123,824
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 1,442,639	
Depreciation expense	<u>(519,796)</u>	922,843
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (36,075)	
Transfers out	<u>36,075</u>	-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.		
Repayment of bond/note principal		395,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 3,251	
Increase in compensated absences payable	(33,510)	
Increase in postemployment benefits payable	(119,764)	
Increase in accrued landfill closure and postclosure care costs	<u>(41,060)</u>	<u>(191,083)</u>
Changes in net assets of governmental activities (Exhibit B)		<u>\$ 1,250,584</u>

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

EXHIBIT D
TOWN OF CONWAY, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 7,002,712	\$ 7,161,473	\$ 158,761
Licenses and permits	1,823,700	1,874,805	51,105
Intergovernmental	974,355	1,025,717	51,362
Charges for services	166,700	237,184	70,484
Miscellaneous	60,850	88,908	28,058
Total revenues	<u>10,028,317</u>	<u>10,388,087</u>	<u>359,770</u>
Expenditures:			
Current:			
General government	1,983,186	1,841,952	141,234
Public safety	3,265,100	3,273,382	(8,282)
Highways and streets	1,800,462	1,819,668	(19,206)
Sanitation	676,527	665,940	10,587
Health	50,840	49,833	1,007
Welfare	136,309	149,613	(13,304)
Culture and recreation	822,570	831,501	(8,931)
Conservation	17,250	17,730	(480)
Debt service:			
Principal	395,000	395,000	-
Interest	34,849	32,846	2,003
Capital outlay	230,000	230,000	-
Total expenditures	<u>9,412,093</u>	<u>9,307,465</u>	<u>104,628</u>
Excess of revenues over expenditures	<u>616,224</u>	<u>1,080,622</u>	<u>464,398</u>
Other financing sources (uses):			
Transfers in	36,075	36,075	-
Transfers out	(1,002,299)	(1,002,299)	-
Total other financing sources and uses	<u>(966,224)</u>	<u>(966,224)</u>	<u>-</u>
Net change in fund balances	<u>\$ (350,000)</u>	114,398	<u>\$ 464,398</u>
Increase in nonspendable fund balance		(1,086)	
Unassigned fund balance, beginning		1,980,339	
Unassigned fund balance, ending		<u>\$ 2,093,651</u>	

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

EXHIBIT E-1
TOWN OF CONWAY, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2011

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ -	\$ 113,283
Investments	140,202	2,962,632
Total assets	<u>140,202</u>	<u>3,075,915</u>
LIABILITIES		
Due to other governmental units	-	2,317,505
Due to others	-	758,410
Total liabilities	<u>-</u>	<u>3,075,915</u>
NET ASSETS		
Held in trust for special purposes	<u>\$ 140,202</u>	<u>\$ -</u>

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

EXHIBIT E-2
TOWN OF CONWAY, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended December 31, 2011

	Private Purpose Trust
ADDITIONS	
Investment earnings:	
Interest and dividends	\$ 91
New funds	21,415
Total additions	21,506
DEDUCTIONS	
Trust income distributions	(4,000)
Change in net assets	17,506
Net assets, beginning	122,696
Net assets, ending	\$ 140,202

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Conway, New Hampshire (the Town), are presented 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 Conway is a municipal corporation governed by an elected 5-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 Basis of Presentation

Government-wide Financial Statements – The government-wide financial statements display information about the Town as a whole. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. The effect of interfund activity has been eliminated from these statements.

The Statement of Net Assets 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 assets. Net assets are reported as one of three categories: invested in capital assets, net of related debt; restricted; or unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different functions of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include (1) charges to customers or applicants for goods received, services rendered or privileges provided, and (2) grants and contributions that are restricted to meeting operational requirements of a particular function. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund has a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized as major funds or nonmajor funds within the governmental and fiduciary statements, with an emphasis placed on the major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- (a) Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type;
- (b) Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined; and
- (c) In addition, any other governmental fund that the Town believes is particularly important to the financial statement users may be reported as a major fund.

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Governmental Activities – Governmental funds are identified as general, special revenue, and permanent funds, based upon the following guidelines:

General Fund – is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purpose other than capital projects.

Permanent Funds – are used to account for resources legally held in trust. All resources of the fund, including earnings on invested resources, may be used to support the Town.

Fiduciary Fund Types – These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. Fiduciary fund types are not part of the reporting entity in the government-wide financial statements, but are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. These funds are as follows:

Private Purpose Trust Funds – are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds – are used to account for resources held by the Town in a purely custodial capacity, for individuals, private organizations, and/or governmental units.

Major Fund – 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.

Nonmajor Funds – The Town also reports eight nonmajor governmental funds.

1-C Measurement Focus

Government-wide and Fiduciary Fund Financial Statements – The government-wide and fiduciary fund financial statements, except for agency funds which have no measurement focus, are reported using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a 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.

Governmental Fund Financial Statements – 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 susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues (except property taxes mentioned below) to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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 they are needed.

Revenues – Exchange Transactions – 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 the modified accrual basis revenue is recorded when the exchange takes place in the fiscal year in which the resources are measurable and become available.

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

Revenues – Nonexchange Transactions – Nonexchange transactions in which the Town receives value without directly giving equal value in return include property taxes, certain fees, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all grantor imposed 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 specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions also must be available before it can be recognized (Interpretation No. 1, as modified, 60-day rule), with the exception of property taxes which are committed and recognized as revenue in order to offset the liability due the school district to be paid in monthly installments over the next six months. This practice is consistent with the previous years.

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. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

New Hampshire statutes require that the Town Treasurer have custody of all money belonging to the Town and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all such moneys in participation units in the public deposit investment pool established pursuant to New Hampshire RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside 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 of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Restricted Assets

Certain cash and equivalents and investment accounts are classified as restricted assets on the Balance Sheet because they are maintained in separate bank accounts and their use is restricted for specified purposes; laws and/or enabling legislation.

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.

1-G Receivables

Receivables in the government-wide and governmental fund financial statements represent amounts due to the Town at December 31, recorded as revenue, which will be collected in the future and consist primarily of taxes, accounts, and intergovernmental receivables.

Tax revenue is recorded when a warrant for collection is committed to the tax collector. As prescribed by law, the tax collector executes a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the two year redemption period, the property is tax deeded to the Town.

Accounts receivable include various service charges which are recorded as revenue for the period when service was provided.

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

1-H Capital Assets

General capital assets are those assets of a capital nature which the Town owns. All capital assets are capitalized at cost (or estimated at historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of \$5,000 and more than one year of estimated useful life. Improvements to capital assets are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are expensed.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. All reported capital assets are depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

	Years
Buildings and building improvements	30-120
Machinery, equipment, and vehicles	15-20
Infrastructure	30-75
Intangible assets	15

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-I Allowance for Uncollectible Accounts

An allowance for uncollectible tax accounts has been established and recorded by management where collectability is in doubt.

1-J Deferred/Unearned Revenue

In the government-wide financial statements, deferred revenue is recognized when cash, receivables, or other assets are recorded prior to their being earned. In the governmental fund financial statements deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. On the government-wide Statements of Net Assets, deferred revenue is classified as unearned revenue.

1-K Compensated Absences

The Town's policy allows certain employees to earn varying amounts of vacation and sick pay based on the employee's length of employment. Upon retirement or termination of employment, employees are paid in full for any accrued leave earned as set forth by personnel policy.

Vested amount of both vacation and sick pay are reported as long-term liabilities in the Statement of Net Assets.

1-L Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide statements.

1-M 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.

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

1-N Equity/Fund Balance Classifications

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

- a) *Invested in capital assets, net of related debt* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested capital assets, net of related debt.
- b) *Restricted net assets* – Consists of net assets 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 assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Governmental Fund Balances Classification – The Town of Conway has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for this fiscal year ending December 31, 2011. GASB Statement No. 54 establishes fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the 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, as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year. These items were previously reported as reserved for special purposes, and reserved for endowments.

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, nonmajor Hubbard and Davis Public Forest Reserve and the income portion of permanent funds as being restricted. These items were previously reported as reserved for special purposes or unreserved-undesignated or unreserved-designated for special purposes.

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 (Town Meeting) 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, conservation commission, and recycling special waste funds, 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. These items were previously reported as reserved for special purposes or unreserved-designated for special purposes.

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. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund. The Town also has assigned funds consisting of encumbrances in the general fund at year-end. This amount was previously reported as encumbrances.

Unassigned – This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. This amount was previously reported as unreserved-undesignated.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 11). As discussed in Note 1-C, restricted funds are used first as appropriate, followed by committed resources, and then assigned resources, as appropriate opportunities arise. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

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

1-O 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-P Use of Estimates

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

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 2011, \$350,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 10,424,162
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Interest income earned on eliminated expendable trust funds	3,261
Miscellaneous income from eliminated DARE fund	1,096
On-behalf retirement contributions made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	66,860
Per Exhibit C-3 (GAAP basis)	\$ 10,495,379

(Continued)

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

Budgetary reconciliation to GAAP basis continued:

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 10,309,764
Adjustment:	
Basis differences:	
Encumbrances, beginning	12,400
Encumbrances, ending	(28,629)
GASB Statement No. 54:	
To record expendable trust expenditures during the year	1,110,359
To eliminate transfers between general and expendable trust funds	(1,002,299)
On-behalf retirement contributions made by the State of New Hampshire recognized as an expenditure on the GAAP basis, but not on the budgetary basis	66,860
Per Exhibit C-3 (GAAP basis)	\$ 10,468,455

DETAILED NOTES ON ALL FUNDS

NOTE 3 – INVESTMENTS

The Town maintains a portfolio investments, consisting of Certificates of Deposit and New Hampshire Public Deposit Investment Pool deposits. As of December 31, 2011, the Town had the following investments:

Certificate of deposit	\$ 262,144
New Hampshire Public Deposit Investment Pool	10,410,481
	\$ 10,672,625

Investment reconciliation:

Investment per Statement of Net Assets (Exhibit A)	\$ 7,569,791
Investment per Statement of Fiduciary Net Assets (Exhibit E-1)	3,102,834
Total investments	\$ 10,672,625

NOTE 4 – RESTRICTED ASSETS

Certain Town cash and equivalents and investments are restricted for the following purposes:

Cash and cash equivalents:	
General fund, DARE	\$ 1,096
Investments:	
General fund, expendable trust funds	4,344,185
Total restricted assets	\$ 4,345,281

NOTE 5 – TAXES RECEIVABLE

The property tax year is from April 1 to March 31 and all property taxes are assessed on the inventory taken in April of that year. The net assessed valuation as of April 1, 2011, upon which the 2011 property tax levy was based is:

For the New Hampshire education tax	\$ 1,366,143,400
For all other taxes	\$ 1,389,429,265

The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Taxes were levied on July 1 and December 1. Interest accrues at a rate of 12% on bills outstanding after the due dates. The first billing is considered an estimate only and is one half of the previous year's tax billing. The remaining balance of taxes due is billed in the fall after the New Hampshire Department of Revenue Administration has calculated and approved the Town's tax rate for the fiscal year.

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 abatements and refunds of property taxes, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any tax allowance at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Conway School District, several local precincts and districts, and Carroll County, which are remitted as required by law. The ultimate responsibility for the collection of taxes rests with the Town.

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	<u>\$4.91</u>	<u>\$ 6,811,865</u>
School portion:		
State of New Hampshire	\$2.54	3,475,856
Local	\$8.70	12,094,168
County portion	\$1.05	1,457,149
Precinct portions:		
Redstone Fire	\$0.72	52,103
Fire Assessment	\$0.83	262,477
North Conway Water	\$3.06	1,762,743
East Conway Fire	\$1.70	51,934
Kearsarge Lighting	\$0.13	11,625
Intervale Lighting	\$0.07	4,527
Conway Village Fire	\$3.39	647,122
Center Conway Fire	\$0.70	142,329
Total		<u>\$ 26,773,898</u>

During the current fiscal year, the tax collector executed a lien on May 5 for all uncollected 2010 property taxes.

Taxes receivable at December 31, 2011, are as follows:

Property:	
Levy of 2011	\$ 1,916,076
Unredeemed (under tax lien):	
Levy of 2010	467,550
Levy of 2009	272,858
Levies of 2008 and prior	100,154
Yield	215
Land use change	120
Less: allowance for estimated uncollectible taxes	(89,518)
Net taxes receivable	<u>\$ 2,667,455</u>

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2011, consisted of accounts (billings for services 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 CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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DECEMBER 31, 2011

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 5,573,735	\$ 21,491	\$ (16,016)	\$ 5,579,210
Being depreciated:				
Buildings and building improvements	5,066,085	309,560	-	5,375,645
Machinery, equipment, and vehicles	3,440,844	358,272	(142,446)	3,656,670
Infrastructure	11,946,534	911,778	-	12,858,312
Intangible assets	45,404	-	-	45,404
Total capital assets being depreciated	<u>20,498,867</u>	<u>1,579,610</u>	<u>(142,446)</u>	<u>21,936,031</u>
Total all capital assets	<u>26,072,602</u>	<u>1,601,101</u>	<u>(158,462)</u>	<u>27,515,241</u>
Less accumulated depreciation:				
Buildings and building improvements	(1,032,334)	(107,371)	-	(1,139,705)
Machinery, equipment, and vehicles	(1,647,467)	(212,939)	125,777	(1,734,629)
Infrastructure	(1,035,039)	(322,236)	-	(1,357,275)
Intangible assets	(16,648)	(3,027)	-	(19,675)
Total accumulated depreciation	<u>(3,731,488)</u>	<u>(645,573)</u>	<u>125,777</u>	<u>(4,251,284)</u>
Net book value, capital assets being depreciated	<u>16,767,379</u>	<u>934,037</u>	<u>(16,669)</u>	<u>17,684,747</u>
Net book value, all governmental activities capital assets	<u>\$ 22,341,114</u>	<u>\$ 955,528</u>	<u>\$ (175,131)</u>	<u>\$ 23,263,957</u>

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	\$ 22,027
Public safety	49,119
Highways and streets	454,321
Sanitation	58,053
Culture and recreation	62,053
Total depreciation expense	<u>\$ 645,573</u>

NOTE 8 – INTERFUND TRANSFERS

The interfund transfer during the year ended December 31, 2011 of \$36,075 consists of a transfer from the nonmajor public library fund to the general fund.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2011, consist of the following:

Balance of 2011-2012 district assessment due to the Conway School District	\$ 5,570,024
Fees due to the State of New Hampshire	4,763
Total intergovernmental payables due from the general fund	<u>\$ 5,574,787</u>

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

NOTE 10 – LONG-TERM LIABILITIES

Changes in the Town’s long-term obligations consisted of the following for the year ended December 31, 2011:

	General Obligation Bonds Payable	Compensated Absences Payable	Accrued Landfill Closure and Postclosure Care Costs Payable	Other Postemployment Benefits Payable	Total
Balance, beginning	\$ 850,000	\$ 569,153	\$ 857,670	\$ 249,505	\$ 2,526,328
Additions	-	33,510	41,060	119,764	194,334
Reductions	(395,000)	-	-	-	(395,000)
Balance, ending	<u>\$ 455,000</u>	<u>\$ 602,663</u>	<u>\$ 898,730</u>	<u>\$ 369,269</u>	<u>\$ 2,325,662</u>

Long-term liabilities payable are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2011	Current Portion
General obligation bonds payable:						
Library addition	\$ 1,178,250	2002	2017	3.5-4.3	\$ 455,000	\$ 80,000
Compensated absences payable:						
Vested sick and accrued vacation leave					602,663	30,370
Other postemployment benefits payable					369,269	
Accrued landfill closure and postclosure care costs payable					898,730	-
Total					<u>\$ 2,325,662</u>	<u>\$ 110,370</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2011, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2012	\$ 80,000	\$ 16,004	\$ 96,004
2013	75,000	12,804	87,804
2014	75,000	9,804	84,804
2015	75,000	6,312	81,312
2016	75,000	3,187	78,187
2017	75,000	1,613	76,613
Totals	<u>\$ 455,000</u>	<u>\$ 49,724</u>	<u>\$ 504,724</u>

Accrued Landfill Closure and Postclosure Care Costs

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 closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$904,800 as of December 31, 2011, which is based on 35% usage (filled) of the landfill. It is estimated that an additional \$1,663,000 will be recognized as closure and postclosure care costs between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2041). The estimated total current cost of the landfill closure and postclosure care (\$2,567,800) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2011. However, the actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The State of New Hampshire Department of Environmental Services requires that all entities which receive licensing for landfills since 1991 meet general financial assurance requirements. The Town has established a capital reserve fund for landfill closure and postclosure care costs. The balance of this capital reserve fund was \$1,807,930 at year-end.

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 – GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the government-wide Statement of Net Assets at December 31, 2011 include the following:

Invested in capital assets, net of related debt:	
Capital assets, net of accumulated depreciation	\$ 23,263,957
Less:	
Bonds payable and other long-term debt	(455,000)
Total invested in capital assets, net of related debt	22,808,957
Restricted for perpetual care	230,902
Unrestricted	5,897,146
Total net assets	\$ 28,937,005

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

Fund equity at January 1, 2011 was restated to record funds previously recorded as special revenue funds, that under GASB Statement No. 54 are now considered part of the general fund, as follows:

	General Fund	Expendable Trust Fund	Other Governmental Funds
Adjustments:			
Expendable trust funds	\$ 4,448,984	\$ (4,448,984)	\$ -
DARE fund	1		(1)
Net assets/fund balance, as previously reported	2,130,739	4,448,984	1,302,214
Net assets/fund balance, as restated	\$ 6,579,724	\$ -	\$ 1,302,213

NOTE 13 – 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. Through June 30, 2011, all employees except police officers and firefighters were required to contribute 5% of earnable compensation. Police officers and firefighters were required to contribute 9.3% of gross earnings. Effective July 1, 2011, the contribution rates changed to 7% for employees other than police officers and firefighters, 11.55% for police officers, and 11.80% for firefighters. The Town's contribution rates for 2011 were as follows:

	Police	Firefighters	Other Employees
January 1 through June 30	14.63%	18.52%	9.16%
July 1 through July 31	25.57%	30.90%	11.09%
August 1 through December 31	19.95%	22.89%	8.80%

The contribution requirements for the Town of Conway for the fiscal years 2009, 2010, and 2011 were \$391,522, \$416,200, and \$497,124, respectively, which were paid in full in each year.

TOWN OF CONWAY, NEW HAMPSHIRE
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For the first six months of 2011, the State of New Hampshire funded 25% of the total employer normal contribution rate for police officers and firefighters employed by the Town. As of July 1, House Bill 2 (Chapter 0224, *Laws of 2011*) amended RSA 100-A:16 by eliminating the State's cost sharing, thereby requiring employers to fund 100% of the total employer contributions. The total amount contributed by the State for 2011, \$66,860, is reported as an "on-behalf payment" as an expenditure and revenue on the governmental fund operating statement, and as an expense and revenue on the government-wide Statement of Activities.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to pension benefits described in preceding Note, the Town provides postemployment benefit options for health care and dental 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 Town has only partially funded (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty-years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2011:

Annual required contribution/OPEB cost	\$ 360,507
Interest on net OPEB obligations	624
Adjustment to ARC	<u>(4,478)</u>
Annual OPEB cost (expense)	356,653
Contributions made (assumed middle of year)	<u>(236,889)</u>
Increase in net OPEB obligation	119,764
Net OPEB obligation, beginning	<u>249,505</u>
Net OPEB obligation, ending	<u><u>\$ 369,269</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 was as follows:

Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
December 31, 2009	\$ 333,309	\$ (201,839)	60.6%	\$ 131,470
December 31, 2010	\$ 344,611	\$ (226,576)	65.7%	118,035
December 31, 2011	\$ 356,653	\$ (236,889)	66.4%	<u>119,764</u>
				<u><u>\$ 369,269</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for Other Postemployment Benefits Plan, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 15 – 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 2011, the Town was a member of the Local Government Center Property-Liability Trust, LLC, and Workers' Compensation 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 Local Government Center Property-Liability Trust, LLC, is a Trust organized to provide certain property and liability insurance coverages to member Towns, cities and other qualified political subdivisions of New Hampshire. As a member of the Local Government Center Property-Liability Trust, LLC, 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. The program maintains a self-insured retention above which it purchases reinsurance and excess insurance. This policy covers property, auto physical damage, crime, general liability, and public officials' liability subject to a \$1,000 deductible.

Contributions paid in fiscal year ending December 31, 2011, to be recorded as an insurance expenditure totaled \$105,795. There were no unpaid contributions for the year ended December 31, 2011. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years. The Town also paid \$79,922 for workers' compensation and \$9,417 for unemployment compensation for the year ended December 31, 2011.

NOTE 16 – CONTINGENT LIABILITIES

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

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

In March 2009 the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The requirements of Statement No. 54 are mandatory for the Town for fiscal year ended December 31, 2011 and accordingly have been implemented. GASB Statement No. 60 through No. 64, were issued during 2010 and 2011, but are not effective for financial statements until the subsequent years.

NOTE 18 – 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 June 29, 2012, the date the December 31, 2011 financial statements were issued, and no events occurred that require recognition or disclosure.

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – KEITH HENNEY TRUST

The Town was a beneficiary in 1984 of the Keith Henney Trust. In accordance with the bequest, the trustee is Bank of America Investment Services. The bequest provides that net income from 32% of the initial trust corpus shall be utilized primarily to defray the expenses of maintaining, operating, and improving the Nella Braddy Henney History Room at the Public Library. Expended from funds in 2011 was \$33,528. The market value of the fund at December 31, 2011 was \$505,949, as reported by the bank. The income is reported in the Public Library fund (a special revenue fund). The reports of Bank of America Investment Services are not included in the audit of the Town's records.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF CONWAY, NEW HAMPSHIRE
Schedule of Funding Progress for Other Postemployment Benefit Plan
For the Fiscal Year Ended December 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (a)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2009	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 3,959,525	47.43%
December 31, 2010	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 4,088,525	45.93%

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

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

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

As required by GASB Statement No. 45, Exhibit F represents the actuarial determined costs associated with the Town's other postemployment benefits for the fiscal year ended December 31, 2011.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF CONWAY, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2011

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 6,667,570	\$ 6,796,272	\$ 128,702
Land use change	39,500	38,797	(703)
Yield	24,000	32,330	8,330
Excavation	400	389	(11)
Payment in lieu of taxes	21,242	20,357	(885)
Interest and penalties on taxes	250,000	273,328	23,328
Total from taxes	<u>7,002,712</u>	<u>7,161,473</u>	<u>158,761</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	19,200	30,727	11,527
Motor vehicle permit fees	1,390,000	1,434,395	44,395
Building permits	18,000	42,039	24,039
Other	396,500	367,644	(28,856)
Total from licenses, permits, and fees	<u>1,823,700</u>	<u>1,874,805</u>	<u>51,105</u>
Intergovernmental:			
State:			
Meals and rooms distribution	451,839	451,839	-
Highway block grant	242,377	242,377	-
Other	280,139	288,876	8,737
Federal:			
FEMA	-	42,625	42,625
Total from intergovernmental	<u>974,355</u>	<u>1,025,717</u>	<u>51,362</u>
Charges for services:			
Income from departments	<u>166,700</u>	<u>237,184</u>	<u>70,484</u>
Miscellaneous:			
Sale of municipal property	50,000	70,069	20,069
Interest on investments	3,000	2,818	(182)
Fines and forfeits	7,500	15,145	7,645
Other	350	876	526
Total from miscellaneous	<u>60,850</u>	<u>88,908</u>	<u>28,058</u>
Other financing sources:			
Transfers in	<u>36,075</u>	<u>36,075</u>	<u>-</u>
Total revenues and other financing sources	10,064,392	<u>\$ 10,424,162</u>	<u>\$ 359,770</u>
Unassigned fund balance used to reduce tax rate	350,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 10,414,392</u>		

SCHEDULE 2
TOWN OF CONWAY, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2011

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 217,640	\$ 216,969	\$ -	\$ 671
Election and registration	-	95,215	95,451	-	(236)
Financial administration	-	250,699	244,768	-	5,931
Revaluation of property	-	142,481	142,095	-	386
Legal	-	40,000	24,495	-	15,505
Personnel administration	-	896,233	785,003	-	111,230
Planning and zoning	-	162,136	162,910	-	(774)
General government buildings	-	118,876	112,820	-	6,056
Cemeteries	-	1	-	-	1
Insurance, not otherwise allocated	-	59,905	57,441	-	2,464
Total general government	-	1,983,186	1,841,952	-	141,234
Public safety:					
Police	-	2,774,524	2,770,688	-	3,836
Ambulance	-	154,000	154,000	-	-
Fire	-	267,063	278,629	-	(11,566)
Building inspection	-	69,513	70,065	-	(552)
Total public safety	-	3,265,100	3,273,382	-	(8,282)
Highways and streets:					
Administration	-	60,503	59,414	-	1,089
Highways and streets	12,400	1,739,959	1,772,654	-	(20,295)
Total highways and streets	12,400	1,800,462	1,832,068	-	(19,206)
Sanitation:					
Administration	-	60,400	59,356	-	1,044
Solid waste disposal	-	616,127	606,584	-	9,543
Total sanitation	-	676,527	665,940	-	10,587
Health:					
Pest control	-	3,275	2,268	-	1,007
Health agencies	-	47,565	47,565	-	-
Total health	-	50,840	49,833	-	1,007
Welfare:					
Administration	-	46,548	50,379	-	(3,831)
Direct assistance	-	35,000	44,473	-	(9,473)
Intergovernmental welfare payments	-	54,761	54,761	-	-
Total welfare	-	136,309	149,613	-	(13,304)
Culture and recreation:					
Parks and recreation	-	364,570	367,464	-	(2,894)
Library	-	446,300	451,198	-	(4,898)
Patriotic purposes	-	11,700	12,839	-	(1,139)
Total culture and recreation	-	822,570	831,501	-	(8,931)
Conservation	-	17,250	17,730	-	(480)
Debt service:					
Principal of long-term debt	-	395,000	395,000	-	-
Interest on long-term debt	-	32,349	32,349	-	-
Interest on tax anticipation notes	-	2,500	497	-	2,003
Total debt service	-	429,849	427,846	-	2,003

(Continued)

SCHEDULE 2 (Continued)
TOWN OF CONWAY, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2011

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Capital outlay	-	230,000	201,371	28,629	-
Other financing uses:					
Transfers out	-	1,002,299	1,002,299	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 12,400</u>	<u>\$ 10,414,392</u>	<u>\$ 10,293,535</u>	<u>\$ 28,629</u>	<u>\$ 104,628</u>

SCHEDULE 3
TOWN OF CONWAY, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2011

Unassigned fund balance, beginning		\$ 1,980,339
Changes:		
Unassigned fund balance used to reduce 2011 tax rate		(350,000)
2011 Budget summary:		
Revenue surplus (Schedule 1)	\$ 359,770	
Unexpended balance of appropriations (Schedule 2)	<u>104,628</u>	
2011 Budget surplus		464,398
Increase in nonspendable fund balance		<u>(1,086)</u>
Unassigned fund balance, ending		<u><u>\$ 2,093,651</u></u>

SCHEDULE 4
TOWN OF CONWAY, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2011

	Special Revenue Funds										Total	
	Public Library	Conservation Commission	Hubbard and Davis Public Forest Reserve	Police Commercial Detail	Recycling Special Waste	Recreation	Grants	Permanent Fund				
ASSETS												
Cash and cash equivalents	\$ 48,099	\$ -	\$ -	\$ 14,133	\$ 58,546	\$ 36,003	\$ 25,276	\$ -	\$ -	\$ 182,057		
Investments	262,144	717,034	15,318	-	-	-	-	230,902	-	1,225,398		
Accounts receivable	-	-	-	1,226	15,709	-	-	-	-	16,935		
Total assets	\$ 310,243	\$ 717,034	\$ 15,318	\$ 15,359	\$ 74,255	\$ 36,003	\$ 25,276	\$ 230,902	\$ -	\$ 1,424,390		
LIABILITIES AND FUND BALANCES												
Liabilities:												
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,276	\$ -	\$ -	\$ 25,276		
Fund balances:												
Nonspendable	-	-	-	-	-	-	-	73,244	-	73,244		
Restricted	310,243	-	15,318	-	-	-	-	157,658	-	483,219		
Committed	-	717,034	-	-	74,255	-	-	-	-	791,289		
Assigned	-	-	-	15,359	-	36,003	-	-	-	51,362		
Total fund balances	310,243	717,034	15,318	15,359	74,255	36,003	-	230,902	-	1,399,114		
Total liabilities and fund balances	\$ 310,243	\$ 717,034	\$ 15,318	\$ 15,359	\$ 74,255	\$ 36,003	\$ 25,276	\$ 230,902	\$ -	\$ 1,424,390		

SCHEDULE 5
TOWN OF CONWAY, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2011

	Special Revenue Funds										Total	
	Public Library	Conservation Commission	Hubbard and Davis Public Forest Reserve	Police Commercial Detail	Recycling Special Waste	Recreation	Grants	Permanent Fund				
Revenues:												
Taxes	\$ -	\$ 38,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,527
Intergovernmental	-	-	-	-	-	-	-	-	-	32,966	-	32,966
Charges for services	18,060	-	-	34,903	123,635	58,096	-	-	-	-	-	234,694
Miscellaneous	24,409	14,022	11	7	1,656	37	-	-	-	-	668	40,810
Total revenues	42,469	52,549	11	34,910	125,291	58,133	-	-	-	32,966	668	346,997
Expenditures:												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	2,132	2,132
Public safety	-	-	-	34,334	-	-	29,877	-	-	-	-	64,211
Sanitation	-	-	-	-	77,423	-	-	-	-	-	-	77,423
Culture and recreation	9,166	-	-	-	-	58,000	-	-	-	-	-	67,166
Capital outlay	-	-	-	-	-	-	3,089	-	-	-	-	3,089
Total expenditures	9,166	-	-	34,334	77,423	58,000	32,966	-	-	2,132	-	214,021
Excess (deficiency) of revenues over (under) expenditures	33,303	52,549	11	576	47,868	133	-	-	-	(1,464)	-	132,976
Other financing uses:												
Transfers out	(36,075)	-	-	-	-	-	-	-	-	-	-	(36,075)
Net change in fund balances	(2,772)	52,549	11	576	47,868	133	-	-	-	(1,464)	-	96,901
Fund balances, beginning	313,015	664,485	15,307	14,783	26,387	35,870	-	-	-	232,366	-	1,302,213
Fund balances, ending	\$ 310,243	\$ 717,034	\$ 15,318	\$ 15,359	\$ 74,255	\$ 36,003	\$ -	\$ -	\$ -	\$ 230,902	\$ -	\$ 1,399,114