

TOWN OF WOLFEBORO, NEW HAMPSHIRE

Financial Statements

December 31, 2008

and

Independent Auditor's Report

**Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

TOWN OF WOLFEBORO, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen and Town Manager
Town of Wolfeboro, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolfeboro, New Hampshire (the Town) as of and for the year ended December 31, 2008, 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 Wolfeboro, New Hampshire'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolfeboro, New Hampshire, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2009, on our consideration of the Town of Wolfeboro, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages i-ix and 29-31, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wolfeboro, New Hampshire's basic financial statements. The

combining nonmajor fund and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund and fiduciary fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Wachon, Clukey & Co. PC

September 4, 2009

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2008

Presented herewith please find the Management Discussion & Analysis Report for the Town of Wolfeboro for the year ending December 31, 2008. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in material aspects. This report and its content have been designed to fairly present the Town's financial position, including the result of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the Town's financial activities have been included.

The Town's management is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Town of Wolfeboro using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the Town of Wolfeboro's financial statements. The basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

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

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 most private-sector companies.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and 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 Town's net assets changed during the most recent fiscal year. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2008

Both of the government-wide financial statements have separate sections for two types of activities:

Governmental activities – represent most of the Town's basic services

Business-type activities – account for the Town's water and sewer operations and receive a majority of their revenue from user fees.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain the control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. The Town maintains three fund types: governmental, proprietary, and fiduciary funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town'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 funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net assets and statement of activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund and the Permanent Funds, which are considered major funds. Other governmental funds are aggregated as non-major funds.

The Town adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds provide municipal electric, water and sewer services to customer, as well and charge a user fee. The Town of Wolfeboro also provides the Pop Whalen Ice Arena's facility for use by the public. This facility is partially subsidized by the general fund, however, other organizations and users are charged a fee. These funds are presented on the accrual basis of accounting.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the 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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2008**

Notes to the Basic 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.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the Town's major governmental funds and includes a reconciliation between the reported activity of the revenues, expenditures and operating transfers for budgetary purposes (Schedule 1) and the activity as presented in the governmental fund financial statements (Exhibit D). The Town's only major governmental fund with an adopted budget is the General Fund.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental funds.

Government-Wide Financial Analysis

Governmental Activities

Net assets of the Town of Wolfeboro governmental activities as of December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Current and other assets:		
Capital assets, net	\$ 21,701,102	\$ 20,349,413
Other assets	<u>13,233,084</u>	<u>13,366,720</u>
Total assets	<u>\$ 34,934,186</u>	<u>\$ 33,716,133</u>
Long-term liabilities	\$ 4,051,639	\$ 3,142,462
Other liabilities	<u>6,681,306</u>	<u>6,940,292</u>
Total liabilities	<u>\$ 10,732,945</u>	<u>\$ 10,082,754</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 18,448,879	\$ 18,011,721
Restricted	1,679,877	2,033,140
Unrestricted	<u>4,072,485</u>	<u>3,588,518</u>
Total net assets	<u>\$ 24,201,241</u>	<u>\$ 23,633,379</u>

The Town's net assets totaled \$24,201,241 at the end of fiscal year 2008, an increase of \$567,862 when compared to the end of the previous fiscal year. This increase is due largely to the increase in capital assets net of related debt of \$437,158, as well as the increase of \$ 483,967 in unrestricted net assets.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2008

A large portion of the Town's net assets reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. Another significant portion of the Town's net assets is restricted in regard to how they may be used. For the Town of Wolfeboro, those restrictions include those related to non-expendable trust funds, capital reserve funds, and conservation funds. The remaining unrestricted portion represents the part of net assets of the Town of Wolfeboro that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Changes in net assets for governmental activities for the year ending December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Program revenues:		
Charges for services	\$ 683,533	\$ 1,103,998
Operating grants and contributions	164,640	124,114
Capital grants and contributions	<u>118,677</u>	<u>195,222</u>
Total program revenues	<u>966,850</u>	<u>1,423,334</u>
General revenues:		
Property and other taxes	7,436,080	6,480,460
Licenses and permits	1,388,449	1,455,112
Intergovernmental revenue	340,822	301,567
Interest and investment earnings (losses)	(161,834)	243,359
Miscellaneous	162,551	198,044
Transfers	<u>(57,392)</u>	<u>(383,326)</u>
Total general revenues and transfers	<u>9,108,676</u>	<u>8,295,216</u>
Total revenues	<u>10,075,526</u>	<u>9,718,550</u>
Program expenses:		
General government	1,556,933	2,273,121
Public safety	3,344,277	3,227,329
Highways and streets	2,230,836	2,342,342
Health and welfare	248,358	174,981
Sanitation	850,464	1,052,388
Culture and recreation	1,122,739	1,084,933
Economic development	5,223	6,430
Interest and fiscal charges	<u>148,834</u>	<u>79,662</u>
Total expenses	<u>9,507,664</u>	<u>10,241,186</u>
Change in net assets	567,862	(522,636)
Net assets - beginning of year	<u>23,633,379</u>	<u>24,156,015</u>
Net assets - ending of year	<u>\$ 24,201,241</u>	<u>\$ 23,633,379</u>

As shown in the above statement the Town experienced a net increase in financial position of \$567,862 on the full accrual basis of accounting.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2008**

During the year ended December 31, 2008, program revenues covered 10% of program expenses. The remaining 90% was funded by general revenues (e.g. taxes, grants and contributions).

The Town's expenses cover a range of services. The largest expenses were for general government (16%), public safety (35%) and highways and streets (23%), which accounted for 74% of total expenses.

Business-type Activities

Net assets of the business type activities as of December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Current and other assets:		
Capital assets, net	\$ 30,699,162	\$ 25,723,127
Other assets	<u>5,156,562</u>	<u>7,337,669</u>
Total assets	<u>\$ 35,855,724</u>	<u>\$ 33,060,796</u>
Long-term liabilities	\$ 19,643,507	\$ 14,486,607
Other liabilities	<u>791,260</u>	<u>2,828,171</u>
Total liabilities	<u>\$ 20,434,767</u>	<u>\$ 17,314,778</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 11,106,444	\$ 9,088,775
Unrestricted	<u>4,314,513</u>	<u>6,657,243</u>
Total net assets	<u>\$ 15,420,957</u>	<u>\$ 15,746,018</u>

The largest portion of the Town's net assets for its business-type activities reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. These assets are utilized by the Town of Wolfeboro to provide services to its citizenry; therefore, they are not available for future spending.

Changes in net assets for the business-type activities for the year ending December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Program revenues:		
Charges for services	\$ 9,370,675	\$ 9,605,025
Operating grants and contributions		7,979
Capital grants and contributions	<u>225,044</u>	
Total program revenues	<u>9,595,719</u>	<u>9,613,004</u>
General revenues:		
Interest and investment earnings	41,985	73,988
Miscellaneous	14,716	25,591
Transfers	<u>57,392</u>	<u>383,326</u>
Total general revenues and transfers	<u>114,093</u>	<u>482,905</u>
Total revenues	<u>9,709,812</u>	<u>10,095,909</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2008**

Program expenses:		
Electric	7,167,818	6,648,912
Water	1,454,194	1,288,932
Sewer	1,170,130	985,789
Pop Whalen	<u>242,731</u>	<u>200,411</u>
Total program expenses	<u>10,034,873</u>	<u>9,124,044</u>
Change in net assets	(325,061)	971,865
Net assets - beginning of year, as restated	<u>15,746,018</u>	<u>14,774,153</u>
Net assets - ending of year	<u>\$ 15,420,957</u>	<u>\$ 15,746,018</u>

The primary funding source for business-type activities is the charges for services, which comprises 97% of all funding sources. Program revenues provided funding for only 96% of program expenses. This contributed to the overall decrease in net assets of (\$325,061). An additional contributing factor was the (\$ 325,934) decrease in transfers from other funds.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

General Fund

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the general fund had an unreserved, undesignated fund balance of \$2,142,897 while total fund equity was \$2,649,116. The total fund equity includes a reserve for encumbrances of \$502,383, as well as a reserve for special purposes of \$3,836. The General Fund balance increased \$209,696 from December 31, 2007.

During the tax setting process the Finance Department applies the calculation outlined in the vote of the 2002 Town Meeting under Article 18 in determining the appropriate amount of fund balance to retain for the following year. This calculation sets the balance below that recommended by the State of New Hampshire, Department of Revenue Administration's guidelines. Due to the modest level of available fund balance, none was used to offset the tax rate in 2008.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2008**

Permanent Funds

Permanent funds account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs. At December 31, 2008, the balance of \$653,697 was comprised of \$420,962 reserved for endowments and \$232,735 in total income.

Other Governmental Funds

Total Fund Balance in Other Governmental Funds is \$2,399,706. The various funds within this category are: Special Revenue Funds: Library Fund \$261,087; Conservation Commission \$42,970; Josiah Brown Fund \$293; Police Detail Fund \$22,274 and Expendable Trust Funds \$922,747. Various Capital Projects have a fund balance of \$11,864 and the previously noted Permanent Fund totals \$232,735. Also included in this total is Reserved for Encumbrances \$484,774 and Reserved for Endowments of \$420,962.

Proprietary Funds

The focus of the Town's proprietary funds is on total economic resources, and changes to net assets, much as it might be for a private-sector business.

The Town of Wolfeboro's proprietary funds consist of the Water Department, Sewer Department, Electric Department and Pop Whalen Ice Arena. Total net assets decreased a total of \$1,112,992 from December 31, 2007 to \$15,420,957. Net income (Loss) before capital distributions was as follows: Electric (\$408,631); Water \$125,698; Sewer (\$300,115) and Pop Whalen (\$24,449). A rate study performed by the engineering firm of Wright Pearce in 2007 indicated that the Town should anticipate rate increases over the next several years to cover the cost of operations and debt service in the Water Fund and the cost of operations in the Sewer Fund. The general fund currently subsidizes the cost of debt service in the Sewer Fund. Sewer rates on usage over 5,000 per quarter are scheduled to go into effect as of January 1, 2009.

It should also be noted that the Electric Department's current contract for purchased power was renegotiated during 2008. The results of these negotiations have lead to a scheduled rate increase in all usage categories effective January 1, 2009. The results of this new contract have also lead to a significant corresponding increase in the cost of purchased power expense from Constellation Energy and ISO New England. These firms provide the Town with supply and transmission services.

General Fund Budgetary Highlights

Revenues for the year exceeded original estimates by \$390,471. Revenues exceeded estimations in all categories as follows: Taxes 170,153; Licenses & permits \$19,910; Intergovernmental revenues \$72,634; Charges for services \$104,364; Investment income \$3,775 and Miscellaneous income \$19,635.

Expenditures for the year remained within appropriated amounts overall. The Town under-expended its budget by \$293,855 with resulting excess revenues over expenditures on a budgetary basis of \$440,230.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2008**

Capital Assets and Long-Term Obligations

Capital Assets

The Town considers a capital asset to be an asset whose costs exceeds \$5,000 to \$50,000 depending on the type of asset and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their useful life.

The Town's investment in capital assets for its governmental activities and business-type activities as of December 31, 2008 amounts to \$21,701,102 and \$30,220,751, respectively. This investment in capital assets includes infrastructure, buildings and improvements, vehicles and equipment. See Note 6 in the Notes to the Basic Financial Statements for a summary of all capital assets.

Long-Term Obligations

At December 31, 2008, the Town of Wolfeboro had total outstanding bonded debt of \$3,210,305 and \$14,125,124 in the governmental activities and business-type activities, respectively. Principal payments during the year reduced this outstanding debt by \$912,219 and new bonding activity totaling \$2,776,845, resulting in a combined balance at year-end of \$17,335,429.

Compensated absence at year-end totaled \$413,205 overall. The Town's estimated liability for miscellaneous landfill post closure costs as required by the State of NH Department of Environmental Services totaled \$437,000.

See Note 10 in the Notes to the Basic Financial Statements for a summary of all outstanding long-term obligations.

Economic Conditions

Assessed real estate value decreased from \$2,048,628,792 to \$2,041,598,701 or (\$7,030,091) as a result of the Town's ongoing revaluation of property by the Assessing Department.

This had the effect of increasing the tax rate a small amount although the rate remained relatively low overall at \$10.62. Totals for uncollected taxes at year end remained low.

The operating budget for calendar year 2008 was \$9,562,707. The town maintains a Capital Improvement Plan through the CIP Committee, who makes recommendations to the Board of Selectmen via the Planning Board. A number of recommendations forwarded by the CIP Committee were not included in the budget by the Board of Selectmen due to budget constraints, or subsequent action of the Town Budget Committee.

Economic conditions for Carroll County remained stable while not robust for the year ended December 31, 2008. The average unemployment rate for the year was 3.6%; lower than the national average. The yearly Consumer Price Index totaled 4.00%.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS**
Year Ending December 31, 2008

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of Wolfeboro's citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Peter A. Chamberlin, Finance Director, Town of Wolfeboro Finance Office, 84 South Main Street, Wolfeboro NH 03894. Telephone Number 603-569-8168.

EXHIBIT A
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Net Assets
December 31, 2008

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 11,402,654	\$ 303,468	\$ 11,706,122
Investments	1,828,863		1,828,863
Taxes receivable, net	1,921,270		1,921,270
Accounts receivable, net	1,021	1,118,470	1,119,491
Special assessments		3,796	3,796
Due from other governments	71,631	1,438,722	1,510,353
Internal balances	(2,046,272)	2,046,272	-
Prepaid expenses	53,917	15,025	68,942
Inventory		230,809	230,809
Total Current Assets	<u>13,233,084</u>	<u>5,156,562</u>	<u>18,389,646</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets	6,703,134	6,680,311	13,383,445
Depreciable capital assets, net	<u>14,997,968</u>	<u>24,018,851</u>	<u>39,016,819</u>
Total Noncurrent Assets	<u>21,701,102</u>	<u>30,699,162</u>	<u>52,400,264</u>
Total Assets	<u>\$ 34,934,186</u>	<u>\$ 35,855,724</u>	<u>\$ 70,789,910</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 303,628	\$ 466,155	\$ 769,783
Accrued expenses	107,784	16,182	123,966
Accrued interest payable	73,422	201,285	274,707
Deferred revenue	124,579	74,463	199,042
Deposits payable	6,393	29,825	36,218
Due to other governments	6,065,500	3,350	6,068,850
Current portion of deferred bond premiums	4,246	8,937	13,183
Current portion of bonds payable	198,652	824,574	1,023,226
Current portion of estimated liability for landfill postclosure care costs	<u>23,000</u>		<u>23,000</u>
Total Current Liabilities	<u>6,907,204</u>	<u>1,624,771</u>	<u>8,531,975</u>
Noncurrent Liabilities:			
Deferred bond premiums	37,672	78,640	116,312
Bonds payable	3,011,653	13,300,550	16,312,203
Other long-term obligations		5,380,017	5,380,017
Compensated absences	362,416	50,789	413,205
Estimated liability for landfill postclosure care costs	<u>414,000</u>		<u>414,000</u>
Total Noncurrent Liabilities	<u>3,825,741</u>	<u>18,809,996</u>	<u>22,635,737</u>
Total Liabilities	<u>10,732,945</u>	<u>20,434,767</u>	<u>31,167,712</u>
NET ASSETS			
Invested in capital assets, net of related debt	18,448,879	11,106,444	29,555,323
Restricted	1,679,877		1,679,877
Unrestricted	<u>4,072,485</u>	<u>4,314,513</u>	<u>8,386,998</u>
Total Net Assets	<u>24,201,241</u>	<u>15,420,957</u>	<u>39,622,198</u>
Total Liabilities and Net Assets	<u>\$ 34,934,186</u>	<u>\$ 35,855,724</u>	<u>\$ 70,789,910</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,556,933		\$ 36,314		\$ (1,520,619)		\$ (1,520,619)
Public safety	3,344,277	\$ 79,408	97,530		(3,167,339)		(3,167,339)
Highways and streets	2,230,836	262,999	30,796	\$ 99,955	(1,837,086)		(1,837,086)
Health and welfare	248,358				(248,358)		(248,358)
Sanitation	850,464	262,701			(587,763)		(587,763)
Culture and recreation	1,122,739	78,425			(1,044,314)		(1,044,314)
Economic development	5,223				(5,223)		(5,223)
Interest and fiscal charges	148,834			18,722	(130,112)		(130,112)
Total governmental activities	<u>9,507,664</u>	<u>683,533</u>	<u>164,640</u>	<u>118,677</u>	<u>(8,540,814)</u>	\$ -	<u>(8,540,814)</u>
Business-type activities:							
Electric	7,167,818	6,741,465		79,948		(346,405)	(346,405)
Water	1,454,194	1,555,236		145,096		246,138	246,138
Sewer	1,170,130	866,977				(303,153)	(303,153)
Pop Whalen Ice Arena	242,731	206,997				(35,734)	(35,734)
Total business-type activities	<u>10,034,873</u>	<u>9,370,675</u>	-	<u>225,044</u>	-	<u>(439,154)</u>	<u>(439,154)</u>
Total primary government	<u>\$ 19,542,537</u>	<u>\$ 10,054,208</u>	<u>\$ 164,640</u>	<u>\$ 343,721</u>	<u>(8,540,814)</u>	<u>(439,154)</u>	<u>(8,979,968)</u>
General revenues:							
Property and other taxes					7,436,080		7,436,080
Licenses and permits					1,388,449		1,388,449
Grants and contributions:							
State shared revenues					57,309		57,309
Rooms and meals tax distribution					283,513		283,513
Interest and investment earnings (losses)					(161,834)	41,985	(119,849)
Miscellaneous					162,551	14,716	177,267
Transfers					(57,392)	57,392	-
Total general revenues and transfers					<u>9,108,676</u>	<u>114,093</u>	<u>9,222,769</u>
Change in net assets					567,862	(325,061)	242,801
Net assets - beginning, as restated					<u>23,633,379</u>	<u>15,746,018</u>	<u>39,379,397</u>
Net assets - ending					<u>\$ 24,201,241</u>	<u>\$ 15,420,957</u>	<u>\$ 39,622,198</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2008

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 11,214,948	\$ 187,706	\$ 11,402,654
Investments		1,828,863	1,828,863
Taxes receivable, net	1,921,270		1,921,270
Accounts receivable	1,021		1,021
Due from other governments	9,306	62,325	71,631
Due from other funds	1,088,323	457,644	1,545,967
Prepaid expenses	53,917		53,917
Total Assets	<u>\$ 14,288,785</u>	<u>\$ 2,536,538</u>	<u>\$ 16,825,323</u>
LIABILITIES			
Accounts payable	\$ 303,628		\$ 303,628
Accrued expenses	107,784		107,784
Deferred revenue	1,697,953	\$ 3,004	1,700,957
Deposits payable	6,393		6,393
Due to other governments	6,065,500		6,065,500
Due to other funds	3,458,411	133,828	3,592,239
Total Liabilities	<u>11,639,669</u>	<u>136,832</u>	<u>11,776,501</u>
FUND BALANCES			
Reserved for encumbrances	502,383	484,774	987,157
Reserved for endowments		420,962	420,962
Reserved for special purposes	3,836		3,836
Unreserved, reported in:			
General fund	2,142,897		2,142,897
Special revenue funds		1,249,371	1,249,371
Permanent funds		232,735	232,735
Capital project funds		11,864	11,864
Total Fund Balances	<u>2,649,116</u>	<u>2,399,706</u>	<u>5,048,822</u>
Total Liabilities and Fund Balances	<u>\$ 14,288,785</u>	<u>\$ 2,536,538</u>	

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	21,701,102
Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis	1,576,378
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(3,210,305)
Deferred bond premiums	(41,918)
Accrued interest on long-term obligations	(73,422)
Compensated absences	(362,416)
Estimated liability for landfill postclosure care costs	(437,000)
Net assets of governmental activities	<u>\$ 24,201,241</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,145,092	\$ 6,259	\$ 7,151,351
Licenses and permits	1,388,449		1,388,449
Intergovernmental revenues	555,818	68,321	624,139
Charges for services	651,445	32,088	683,533
Interest and investment income (loss)	55,775	(217,609)	(161,834)
Miscellaneous	114,698	47,853	162,551
Total Revenues	<u>9,911,277</u>	<u>(63,088)</u>	<u>9,848,189</u>
Expenditures:			
Current operations:			
General government	1,403,387	8,531	1,411,918
Public safety	3,156,237	26,710	3,182,947
Highways and streets	1,787,193		1,787,193
Health and welfare	245,885		245,885
Sanitation	801,451		801,451
Culture and recreation	671,943	387,142	1,059,085
Economic development	5,223		5,223
Capital outlay	1,215,434	992,722	2,208,156
Debt service:			
Principal retirement	144,137		144,137
Interest and fiscal charges	135,255		135,255
Total Expenditures	<u>9,566,145</u>	<u>1,415,105</u>	<u>10,981,250</u>
Excess of revenues over (under) expenditures	<u>345,132</u>	<u>(1,478,193)</u>	<u>(1,133,061)</u>
Other financing sources (uses):			
Proceeds from bonds issued	131,500	885,250	1,016,750
Bond premium	4,500	24,750	29,250
Transfers in	377,563	371,228	748,791
Transfers out	(428,620)	(377,563)	(806,183)
Total other financing sources (uses)	<u>84,943</u>	<u>903,665</u>	<u>988,608</u>
Net change in fund balances	430,075	(574,528)	(144,453)
Fund balances at beginning of year, as restated	<u>2,219,041</u>	<u>2,974,234</u>	<u>5,193,275</u>
Fund balances at end of year	<u>\$ 2,649,116</u>	<u>\$ 2,399,706</u>	<u>\$ 5,048,822</u>

TOWN OF WOLFEBORO, 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, 2008

Change in Fund Balances - Total Governmental Funds	\$ (144,453)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, 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 capital outlays exceed depreciation in the current period.	1,351,689
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	284,729
Proceeds from bond issues are an other financing source in the funds, but bond issues increase long-term liabilities in the statement of net assets.	(1,016,750)
Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(27,903)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	144,137
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(14,926)
Some expenses reported in the statement of activities, such as the estimated liability for landfill postclosure care costs and compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(8,661)
Change in net assets of governmental activities	<u>\$ 567,862</u>

EXHIBIT E
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Net Assets
Proprietary Funds
December 31, 2008

	Business-type Activities				Totals
	Electric Department	Water Department	Sewer Department	Pop Whalen Ice Arena Fund	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 303,468				\$ 303,468
Accounts receivable, net	573,708	\$ 319,832	\$ 224,657	\$ 273	1,118,470
Special assessments			3,796		3,796
Due from other governments		741,253	697,469		1,438,722
Due from other funds	984,906	1,903,408		112,453	3,000,767
Prepaid expenses	7,066	4,020	3,132	807	15,025
Inventory	230,809				230,809
Total Current Assets	<u>2,099,957</u>	<u>2,968,513</u>	<u>929,054</u>	<u>113,533</u>	<u>6,111,057</u>
Noncurrent Assets:					
Capital assets:					
Non-depreciable capital assets	46,733	26,825	6,606,753		6,680,311
Depreciable capital assets, net	6,303,062	13,049,307	3,567,358	1,099,124	24,018,851
Total Noncurrent Assets	<u>6,349,795</u>	<u>13,076,132</u>	<u>10,174,111</u>	<u>1,099,124</u>	<u>30,699,162</u>
Total Assets	<u>\$ 8,449,752</u>	<u>\$ 16,044,645</u>	<u>\$ 11,103,165</u>	<u>\$ 1,212,657</u>	<u>\$ 36,810,219</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 122,692	\$ 54,589	\$ 272,424	\$ 16,450	\$ 466,155
Accrued expenses	6,250	6,508	2,259	1,165	16,182
Accrued interest payable	5,895	156,322	32,228	6,840	201,285
Deferred revenue	33,543	6,188	6,751	27,981	74,463
Deposits payable	29,825				29,825
Due to other governments	3,350				3,350
Due to other funds			954,495		954,495
Current portion of deferred bond premiums		5,043	2,910	984	8,937
Current portion of bonds payable	265,000	453,886	88,913	16,775	824,574
Total Current Liabilities	<u>466,555</u>	<u>682,536</u>	<u>1,359,980</u>	<u>70,195</u>	<u>2,579,266</u>
Noncurrent Liabilities:					
Deferred bond premiums		44,568	25,811	8,261	78,640
Bonds payable	3,690,000	7,714,746	1,590,824	304,980	13,300,550
Other long-term obligations			5,380,017		5,380,017
Compensated absences payable	30,837	18,191	1,761		50,789
Total Noncurrent Liabilities	<u>3,720,837</u>	<u>7,777,505</u>	<u>6,998,413</u>	<u>313,241</u>	<u>18,809,996</u>
Total Liabilities	<u>4,187,392</u>	<u>8,460,041</u>	<u>8,358,393</u>	<u>383,436</u>	<u>21,389,262</u>
NET ASSETS					
Invested in capital assets, net of related debt	2,394,795	4,857,889	3,085,636	768,124	11,106,444
Unrestricted (deficit)	1,867,565	2,726,715	(340,864)	61,097	4,314,513
Total Net Assets	<u>4,262,360</u>	<u>7,584,604</u>	<u>2,744,772</u>	<u>829,221</u>	<u>15,420,957</u>
Total Liabilities and Net Assets	<u>\$ 8,449,752</u>	<u>\$ 16,044,645</u>	<u>\$ 11,103,165</u>	<u>\$ 1,212,657</u>	<u>\$ 36,810,219</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities				Totals
	Electric Department	Water Department	Sewer Department	Pop Whalen Ice Arena Fund	
Operating revenues:					
Charges for services	\$ 6,741,465	\$ 1,555,236	\$ 866,977	\$ 206,997	\$ 9,370,675
Miscellaneous		2,989	1,707	10,020	14,716
Total operating revenues	<u>6,741,465</u>	<u>1,558,225</u>	<u>868,684</u>	<u>217,017</u>	<u>9,385,391</u>
Operating expenses:					
Cost of operations	1,938,450	647,142	868,303	129,316	3,583,211
Cost of power	4,484,945				4,484,945
Administration	280,656	77,032	77,029	35,026	469,743
Depreciation	319,251	360,288	178,292	62,846	920,677
Total operating expenses	<u>7,023,302</u>	<u>1,084,462</u>	<u>1,123,624</u>	<u>227,188</u>	<u>9,458,576</u>
Operating income (loss)	<u>(281,837)</u>	<u>473,763</u>	<u>(254,940)</u>	<u>(10,171)</u>	<u>(73,185)</u>
Non-operating revenues (expenses):					
Interest revenue	17,722	21,667	1,331	1,265	41,985
Interest expense	<u>(144,516)</u>	<u>(369,732)</u>	<u>(46,506)</u>	<u>(15,543)</u>	<u>(576,297)</u>
Net non-operating revenues (expenses)	<u>(126,794)</u>	<u>(348,065)</u>	<u>(45,175)</u>	<u>(14,278)</u>	<u>(534,312)</u>
Income (Loss) before capital contributions and transfers	(408,631)	125,698	(300,115)	(24,449)	(607,497)
Capital contributions	79,948	145,096			225,044
Transfers in			45,991	11,401	57,392
Change in net assets	(328,683)	270,794	(254,124)	(13,048)	(325,061)
Total net assets at beginning of year, as restated	<u>4,591,043</u>	<u>7,313,810</u>	<u>2,998,896</u>	<u>842,269</u>	<u>15,746,018</u>
Total net assets at end of year	<u>\$ 4,262,360</u>	<u>\$ 7,584,604</u>	<u>\$ 2,744,772</u>	<u>\$ 829,221</u>	<u>\$ 15,420,957</u>

See accompanying notes to the basic financial statements

EXHIBIT G
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities				Totals
	Electric Department	Water Department	Sewer Department	Pop Whalen Ice Arena Fund	
Cash flows from operating activities:					
Cash received from customers	\$ 6,964,305	\$ 1,639,925	\$ 880,792	\$ 247,452	\$ 9,732,474
Other operating cash receipts		2,989	1,707	10,020	14,716
Cash paid to suppliers	(6,328,190)	(422,543)	(894,426)	(146,598)	(7,791,757)
Cash paid to employees	(324,809)	(393,271)	(116,398)	(31,560)	(866,038)
Net cash provided (used) by operating activities	<u>311,306</u>	<u>827,100</u>	<u>(128,325)</u>	<u>79,314</u>	<u>1,089,395</u>
Cash flows from noncapital financing activities:					
Transfer from other funds			45,991	11,401	57,392
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>45,991</u>	<u>11,401</u>	<u>57,392</u>
Cash flows from capital financing activities:					
Purchases of capital assets	(358,925)	(959,861)	(4,251,619)	(1,738)	(5,572,143)
Capital contributions	79,948	145,096			225,044
Proceeds from bonds issued		660,000	820,000	331,000	1,811,000
Proceeds from other long-term obligations			3,416,207		3,416,207
Payments on bond anticipation notes			(1,754,000)	(480,900)	(2,234,900)
Principal paid on long-term debt	(265,000)	(423,665)	(54,417)	(25,000)	(768,082)
Interest paid on long-term debt	(144,792)	(357,634)	(47,421)	(19,578)	(569,425)
Net cash (used) by capital financing activities	<u>(688,769)</u>	<u>(936,064)</u>	<u>(1,871,250)</u>	<u>(196,216)</u>	<u>(3,692,299)</u>
Cash flows from investing activities:					
Interest on investments	17,722	21,667	1,331	1,265	41,985
Net cash provided by investing activities	<u>17,722</u>	<u>21,667</u>	<u>1,331</u>	<u>1,265</u>	<u>41,985</u>
Net (decrease) in cash and cash equivalents	(359,741)	(87,297)	(1,952,253)	(104,236)	(2,503,527)
Cash and cash equivalents at beginning of year	1,648,115	1,990,705	997,758	216,689	4,853,267
Cash and cash equivalents (deficiency) at end of year	<u>\$ 1,288,374</u>	<u>\$ 1,903,408</u>	<u>\$ (954,495)</u>	<u>\$ 112,453</u>	<u>\$ 2,349,740</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (281,837)	\$ 473,763	\$ (254,940)	\$ (10,171)	\$ (73,185)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	319,251	360,288	178,292	62,846	920,677
Changes in assets and liabilities:					
Accounts receivable, net	217,306	30,407	12,891	12,474	273,078
Special assessments			2,314		2,314
Due from other governments		56,172			56,172
Prepaid expenses	(7,066)	(4,020)	(3,132)	(807)	(15,025)
Inventory	46,101	11,723	686		58,510
Accounts payable	87	(67,294)	(57,800)	(13,255)	(138,262)
Accrued expenses	1,908	871	1,078	246	4,103
Retainage payable		(29,678)	(7,131)		(36,809)
Deferred revenue	6,814	(1,890)	(1,390)	27,981	31,515
Deposits payable	(1,280)				(1,280)
Due to other governments	3,238				3,238
Compensated absences payable	6,784	(3,242)	807		4,349
Net cash provided (used) by operating activities	<u>\$ 311,306</u>	<u>\$ 827,100</u>	<u>\$ (128,325)</u>	<u>\$ 79,314</u>	<u>\$ 1,089,395</u>
Noncash Transactions Affecting Financial Position:					
Amortization on deferred bond premiums		\$ 3,359	\$ 684		\$ 4,043
Capital asset additions included in year end liabilities	\$ 30,564	44,793	249,212		324,569
	<u>\$ 30,564</u>	<u>\$ 48,152</u>	<u>\$ 249,896</u>	<u>\$ -</u>	<u>\$ 328,612</u>

See accompanying notes to the basic financial statements

EXHIBIT H
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008

	Private- Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 9,980	\$ 217,040
Investments	<u>225,517</u>	<u>969,767</u>
Total Assets	<u><u>\$ 235,497</u></u>	<u><u>\$ 1,186,807</u></u>
LIABILITIES		
Performance deposits		\$ 217,040
Due to other governments		<u>969,767</u>
Total Liabilities	<u>\$ -</u>	<u><u>\$ 1,186,807</u></u>
NET ASSETS		
Held in trust	<u>235,497</u>	
Total Net Assets	<u><u>\$ 235,497</u></u>	

See accompanying notes to the basic financial statements

EXHIBIT I
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2008

	Private- Purpose Trust Funds
ADDITIONS:	
Investment earnings (losses) :	
Investment income	\$ 13,021
Net decrease in the fair value of investments	<u>(101,415)</u>
Net investment earnings (losses)	<u>(88,394)</u>
Total Additions	<u>(88,394)</u>
DEDUCTIONS:	
Benefits	<u>11,652</u>
Total Deductions	<u>11,652</u>
Change in Net Assets	(100,046)
Net assets - beginning of year	<u>335,543</u>
Net assets - end of year	<u>\$ 235,497</u>

See accompanying notes to the basic financial statements

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Wolfeboro, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Wolfeboro, New Hampshire (the "Town") was incorporated in 1770. The Town operates under the Town Meeting/Board of Selectmen/Town Manager form of government and performs local governmental functions as authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibilities. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Fund Accounting

The Town uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the Town's major governmental fund:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following are the Town's major proprietary funds:

The Electric Department accounts for all revenues and expenses pertaining to the Town's electric operations.

The Water Department accounts for all revenues and expenses pertaining to the Town's water operations.

The Sewer Department accounts for all revenues and expenses pertaining to the Town's sanitation operations.

The Pop Whalen Ice Arena Fund accounts for all revenues and expenses pertaining to the Town's ice arena.

The above Proprietary Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains eighteen private purpose trust funds, which account for monies designated to benefit individuals within the Town. The Town's agency funds are custodial in nature (assets equal liabilities)

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

and do not involve the measurement of results of operations. The Town's agency funds account for the capital reserve funds of the Governor Wentworth Regional School District, which are held by the Town as required by State law. Other agency funds consist of developer's performance bonds and engineering escrow funds.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the Statement of Net Assets.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

The private purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

In the government-wide financial statements and proprietary fund statements, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow the FASB pronouncements issued subsequent to November 30, 1989.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

1. Revenues – Exchange and Non-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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal 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 non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes and interest on investments.

Licenses and permits, charges for services, and miscellaneous revenues (except interest on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders and other commitments for expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed as an extension of formal budgetary integration in Governmental Funds. Encumbrances outstanding at year end are reported as a component of fund balance since they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

Cash and Cash Equivalents

The Town pools its cash resources for the governmental and proprietary funds. Cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Pop Whalen Ice Arena Fund</u>	<u>Totals</u>
Cash and cash equivalents	\$ 303,468				\$ 303,468
Due from other funds	984,906	\$ 1,903,408		\$ 112,453	3,000,767
Due to other funds			\$ (954,495)		(954,495)
Totals	<u>\$ 1,288,374</u>	<u>\$ 1,903,408</u>	<u>\$ (954,495)</u>	<u>\$ 112,453</u>	<u>\$ 2,349,740</u>

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at December 31, 2008 are recorded as receivables net of reserves for estimated uncollectibles of \$97,178.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2008 are recorded as prepaid items.

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net assets, but are not reported in the governmental fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$5,000 – \$50,000 depending on the type of asset, and more than one year of estimated life. The Town’s infrastructure consists of roads, bridges, sidewalks, water purification and distribution systems, sewer collection and treatment systems, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of proprietary capital assets is also capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Infrastructure	5-75
Buildings and building improvements	10-50
Machinery, equipment and vehicles	5-10
Improvements other than buildings	3-20

Compensated Absences

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to the Town personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused vacation and sick pay earned and upon severance of employment, will be compensated for such amounts at current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Deferred Bond Premiums

The issuance of general obligation bonds that result in a difference between the acquisition price and the carrying value of the debt have been reported in the accompanying financial statements as deferred bond premiums. The deferred bond premiums are amortized as a component of interest expense over the lives of the related bonds. The balance of the deferred bond premiums as of December 31, 2008 are \$41,918, \$49,611, \$28,721, and \$9,245 in the governmental activities, water fund, sewer fund, and Pop Whalen ice arena fund, respectively.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The Town reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Interfund purchases and sales are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the water fund and sewer fund, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include depreciation expense and the allowance for uncollectible taxes.

NOTE 2—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$2,041,327,228 as of April 1, 2008) and are due in two installments on July 1, 2008 and December 1, 2008. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property is tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Governor Wentworth Regional School District and Carroll County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes which are remitted directly to the school district. Total taxes appropriated during the year were \$12,231,887 and \$1,925,519 for the Governor Wentworth Regional School District and Carroll County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

NOTE 3—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2008, the Town was a member of the Local Government Center (LGC) and the New Hampshire Public Risk Management Exchange (PRIMEX). The Town currently reports all of its risk management activities in its General Fund. These Trusts are classified as "Risk Pools" in accordance with accounting principles generally accepted in the United States of America.

The Trust agreements permit the Trusts to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trusts foresee no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2008.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Property and Liability Insurance

The LGC provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the LGC, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000.

Worker's Compensation

PRIMEX provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 4—DEPOSITS AND INVESTMENTS

The Town has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance.

Deposits and investments as of December 31, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 11,706,122
Investments	1,828,863
Statement of Fiduciary Net Assets:	
Cash and cash equivalents	227,020
Investments	1,195,284
Total deposits and investments	<u>\$ 14,957,289</u>

Deposits and investments as of December 31, 2008 consist of the following:

Cash on hand	\$ 633
Deposits with financial institutions	13,935,254
Investments	1,021,402
Total deposits and investments	<u>\$ 14,957,289</u>

The Town's investment policy for governmental and business-type funds requires that deposits be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town limits its investments to demand deposits, money market accounts, certificates of deposit, and overnight repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. Investments of the library fund are at the discretion of the Library Trustees. Responsibility for the investments of the expendable trust funds, permanent funds, private purpose trust funds and school

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

district agency funds is with the Board of Trustees, who have employed professional banking assistance in accordance with New Hampshire state law (RSA 31:38a).

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. None of the investments held by the Town as of December 31, 2008 are rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town has an investment policy for assurance against custodial credit risk which requires collateralization for all Town deposits in excess of the Federal Deposit Insurance limits.

Of the Town's deposits with financial institutions at year end, the entire balance was collateralized by securities held by the bank in the bank's name. As of December 31, 2008, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

	<u>Investment Type</u>	<u>Reported Amount</u>
Mutual funds		<u>\$ 983,625</u>

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 5—DUE FROM OTHER GOVERNMENTS

Receivables from other governments at December 31, 2008 consist of various state and federal funding and reimbursements. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables is as follows:

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Governmental activities:	
State of New Hampshire - Landfill grant	\$ 9,306
State of New Hampshire - Department of Transportation	62,325
Business-type activities:	
State of New Hampshire - Filtration grant	741,253
State of New Hampshire - State revolving funds	<u>697,469</u>
	<u>\$ 1,510,353</u>

NOTE 6—CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental funds:

	Balance 1/1/08	Additions	Reductions	Balance 12/31/08
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 5,865,914	\$ 294,426		\$ 6,160,340
Construction in progress	<u>184,034</u>	<u>458,461</u>	\$ (99,701)	<u>542,794</u>
Total capital assets not being depreciated	<u>6,049,948</u>	<u>752,887</u>	<u>(99,701)</u>	<u>6,703,134</u>
Other capital assets:				
Infrastructure	16,926,820	1,085,815		18,012,635
Buildings and building improvements	1,433,711	285,990		1,719,701
Machinery, equipment and vehicles	4,315,023			4,315,023
Improvements other than buildings	<u>1,099,497</u>	<u>21,686</u>		<u>1,121,183</u>
Total other capital assets at historical cost	<u>23,775,051</u>	<u>1,393,491</u>	-	<u>25,168,542</u>
Less accumulated depreciation for:				
Infrastructure	(5,060,366)	(278,192)		(5,338,558)
Buildings and building improvements	(713,023)	(36,420)		(749,443)
Machinery, equipment and vehicles	(2,872,396)	(340,444)		(3,212,840)
Improvements other than buildings	<u>(829,801)</u>	<u>(39,932)</u>		<u>(869,733)</u>
Total accumulated depreciation	<u>(9,475,586)</u>	<u>(694,988)</u>	-	<u>(10,170,574)</u>
Total other capital assets, net	<u>14,299,465</u>	<u>698,503</u>	-	<u>14,997,968</u>
Total capital assets, net	<u>\$ 20,349,413</u>	<u>\$ 1,451,390</u>	<u>\$ (99,701)</u>	<u>\$ 21,701,102</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 8,097
Public safety	147,168
Highways and streets	426,637
Sanitation	65,165
Culture and recreation	<u>47,921</u>
Total governmental activities depreciation expense	<u>\$ 694,988</u>

The following is a summary of changes in capital assets in the proprietary funds:

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

	Balance <u>1/1/08</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/08</u>
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 115,005	\$ 1,000,000		\$ 1,115,005
Construction in progress	<u>2,872,073</u>	<u>3,022,881</u>	\$ (329,648)	<u>5,565,306</u>
Total capital assets not being depreciated	<u>2,987,078</u>	<u>4,022,881</u>	<u>(329,648)</u>	<u>6,680,311</u>
Other capital assets:				
Buildings and systems	16,675,911	838,158		17,514,069
Machinery, equipment and vehicles	<u>15,495,500</u>	<u>1,365,321</u>		<u>16,860,821</u>
Total other capital assets at historical cost	<u>32,171,411</u>	<u>2,203,479</u>	<u>-</u>	<u>34,374,890</u>
Less accumulated depreciation for:				
Buildings and systems	(3,467,990)	(357,128)		(3,825,118)
Machinery, equipment and vehicles	<u>(5,967,372)</u>	<u>(563,549)</u>		<u>(6,530,921)</u>
Total accumulated depreciation	<u>(9,435,362)</u>	<u>(920,677)</u>	<u>-</u>	<u>(10,356,039)</u>
Total other capital assets, net	<u>22,736,049</u>	<u>1,282,802</u>	<u>-</u>	<u>24,018,851</u>
Total capital assets, net	<u>\$ 25,723,127</u>	<u>\$ 5,305,683</u>	<u>\$ (329,648)</u>	<u>\$ 30,699,162</u>

Depreciation expense was charged to proprietary funds as follows:

Electric Department	\$ 319,251
Water Department	360,288
Sewer Department	178,292
Pop Whalen Ice Arena Fund	<u>62,846</u>
Total business-type activities depreciation expense	<u>\$ 920,677</u>

NOTE 7—DUE TO OTHER GOVERNMENTS

In accordance with State law, the Town collects taxes for the Governor Wentworth Regional School District and Carroll County, both independent governmental units, which are remitted to them as required by law. At December 31, 2008, the balance of the property tax appropriation due to the Governor Wentworth Regional School District is \$6,058,421. Other governmental payables consist of monies due to the State of New Hampshire for town clerk fees in the amount of \$7,079 and electric consumption taxes in the amount of \$3,350.

NOTE 8—DEFINED BENEFIT PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Funding Policy

Covered public safety employees are required to contribute 9.3% of their covered salary, whereas general employees are required to contribute 5.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees, and general employees were 11.84%, 15.92% and 8.74%, respectively. The Town contributes 65% of the employer cost for police officers and fire employees, and the State contributes the remaining 35% of the employer cost. The Town contributes 100% of the employer cost for general employees of the Town. In accordance with accounting principles generally accepted in the United States of America (GASB Statement #24), on-behalf fringe benefits contributed by the State of New Hampshire of \$92,263 have been reported as a revenue and expenditure in the General Fund in these financial statements.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending December 31, 2008, 2007, and 2006 were \$374,031, \$325,764, and \$283,183, respectively, equal to the required contributions for each year.

NOTE 9—SHORT-TERM OBLIGATIONS

During the year the Town issued general obligation bonds to refund "Bond Anticipation Notes" issued in the prior year in order to finance certain preliminary expenses for various Town projects authorized at the 2007 Annual Town Meeting.

The changes in short-term debt obligations for the year ended December 31, 2008 are as follows:

Governmental activities:	
Balance - January 1, 2008	\$ 500,000
Additions	-
Reductions	(500,000)
Balance - December 31, 2008	<u>\$ -</u>
Business-type activities:	
Balance - January 1, 2008	\$ 2,234,900
Additions	-
Reductions	(2,234,900)
Balance - December 31, 2008	<u>\$ -</u>

NOTE 10—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2008 are as follows:

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

	Balance <u>1/1/08</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/08</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 2,337,692	\$ 1,016,750	\$ (144,137)	\$ 3,210,305	\$ 198,652
Compensated absences	330,755	48,084	(16,423)	362,416	-
Estimated liability for landfill postclosure care costs	460,000		(23,000)	437,000	23,000
Total governmental activities	<u>\$ 3,128,447</u>	<u>\$ 1,064,834</u>	<u>\$ (183,560)</u>	<u>\$ 4,009,721</u>	<u>\$ 221,652</u>
Business-type activities:					
Bonds payable	\$ 13,133,111	\$ 1,760,095	\$ (768,082)	\$ 14,125,124	\$ 824,574
Other long-term obligations	1,266,341	4,113,676		5,380,017	-
Compensated absences	46,440	7,591	(3,242)	50,789	-
Total business-type activities	<u>\$ 14,445,892</u>	<u>\$ 5,881,362</u>	<u>\$ (771,324)</u>	<u>\$ 19,555,930</u>	<u>\$ 824,574</u>

Payments on the general obligation bonds and estimated liability for landfill postclosure care costs of the governmental activities are paid out of the General Fund. Payments on the general obligation bonds and other long-term obligations of the business-type activities are paid out of the Electric, Water, Sewer and Pop Whalen Ice Arena Funds. Compensated absences will be paid from the fund where the employee's salary is paid.

General Obligation Bonds

Governmental Activities:

Bonds payable at December 31, 2008 are comprised of the following individual issues:

	Original Issue <u>Amount</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>12/31/08</u>
Landfill Closure bond	\$ 600,000	5.80 %	July 2017	\$ 270,000
Public Improvements bond	578,500	5.125 - 5.50%	August 2020	342,867
Friend Street Water System bonds	396,514	4.0 - 4.30%	January 2026	350,688
General Projects bond	1,292,315	4.0 - 5.0%	August 2027	1,230,000
Town Hall Renovations bond	485,920	4.0 - 5.25%	August 2028	485,920
ADA Restrooms Compliance bond	301,800	4.0 - 5.25%	August 2028	301,800
Land Purchase bond	131,500	4.0 - 5.25%	August 2028	131,500
Sidewalks - Pickering/Clark bond	97,530	4.0 - 5.25%	August 2028	97,530
Totals	<u>\$ 3,884,079</u>			<u>\$ 3,210,305</u>

Debt service requirements to retire general obligation bonds for governmental activities at December 31, 2008 are as follows:

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 198,652	\$ 155,642	\$ 354,294
2010	196,122	143,145	339,267
2011	191,122	134,418	325,540
2012	191,122	125,397	316,519
2013	191,122	116,226	307,348
2014-2018	925,548	437,938	1,363,486
2019-2023	738,689	227,917	966,606
2024-2028	577,928	68,996	646,924
	<u>\$ 3,210,305</u>	<u>\$ 1,409,679</u>	<u>\$ 4,619,984</u>

As included on the Statement of Activities (Exhibit B), interest expense for the year ended December 31, 2008 was \$148,834 on general obligation debt for governmental activities.

The State of New Hampshire annually reimburses the Town for its share of water and landfill closure related debt service payments. For the year ended December 31, 2008, the reimbursement was \$9,416 and \$9,306 for water and landfill closure related debt service payments, respectively.

Business-type Activities:

Bonds payable at December 31, 2008 are comprised of the following individual issues:

	Original Issue <u>Amount</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>12/31/08</u>
Water Treatment Facility bond	\$ 3,000,000	4.50%	June 2025	\$ 1,758,772
Water System Improvements	450,000	4.50%	March 2021	285,989
Water System Improvements	550,000	4.50%	May 2025	333,927
Water System Improvements	1,183,080	4.25%	November 2033	1,019,896
Water System Improvements	1,650,011	4.0 - 4.30%	January 2026	1,459,313
Water Projects bond	2,816,295	4.0 - 5.0%	August 2027	2,670,000
Water System Improvements	640,735	4.0 - 5.25%	August 2028	640,735
Sewer Infiltration/Inflow Project	535,000	5.125 - 5.50%	August 2020	317,132
Sewer Projects bond	592,990	4.0 - 5.0%	August 2027	565,000
Sewer Infiltration/Inflow Project	797,605	4.0 - 5.25%	August 2028	797,605
Electric Distribution Upgrade bonds	5,281,000	2.25 - 4.25%	June 2023	3,955,000
Pop Whalen Rink bond	321,755	4.0 - 5.25%	August 2028	321,755
Totals	<u>\$ 17,818,471</u>			<u>\$ 14,125,124</u>

Debt service requirements to retire general obligation bonds for business-type activities at December 31, 2008 are as follows:

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2009	\$ 824,574	\$ 600,188	\$ 1,424,762
2010	831,055	562,485	1,393,540
2011	836,887	531,088	1,367,975
2012	837,758	497,883	1,335,641
2013	838,667	463,677	1,302,344
2014-2018	4,138,561	1,786,362	5,924,923
2019-2023	3,866,275	895,503	4,761,778
2024-2028	1,747,372	229,982	1,977,354
2029-2033	203,975	22,557	226,532
	<u>\$ 14,125,124</u>	<u>\$ 5,589,725</u>	<u>\$ 19,714,849</u>

As included on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds (Exhibit F), interest expense for the year ended December 31, 2008 was \$576,297 on general obligation debt for business-type activities.

The Town is due to receive from the State of New Hampshire, a percentage of the annual charges on the original costs resulting from the construction of water treatment facilities, to offset debt payments in the Water Department Fund. For the year ended December 31, 2008, the annual reimbursement was \$56,173.

Other Long-Term Obligations

Business-type Activities:

The U.S. Environmental Protection Agency sponsors a low interest rate loan program. The loans are administered by the States and are used by local communities to improve their water systems. The Town has drawn \$5,380,017 in funds under the State of New Hampshire, State Water Pollution Control Revolving Loan Fund Program for the improvements to the Wastewater Treatment Facility and Pump Stations. Payments are not scheduled to commence until the first anniversary of the scheduled completion date of the project or the date of substantial completion, whichever is earliest. Interest is accrued at 1% during the construction period of the project and is to be paid upon completion of the construction project within the following year. Subsequent to year end, \$5,820,364 of state revolving loan funds payable was converted into general obligation bonds (see Note 17).

NOTE 11—LANDFILL POSTCLOSURE CARE COSTS

State and federal 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 for thirty years after closure. An estimated liability has been recorded based on the future post-closure care costs that will be incurred. The estimated liability for landfill post-closure care costs has a balance of \$437,000 as of December 31, 2008. The Town's landfill was closed during fiscal year 1997. The estimated total current cost of the landfill post-closure care 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, 2008. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

The closure costs were financed through the issuance of debt under the State of New Hampshire, State Water Pollution Control Revolving Fund Program. The remaining post-closure care costs are expected to be financed through annual appropriations.

The following is a summary of changes in the estimated liability for post-closure care costs for the year ended December 31, 2008:

Balance January 1, 2008	\$ 460,000
Expenditures recognized in the General Fund	(17,005)
Net change in estimated liability for post-closure care costs	<u>(5,995)</u>
Balance December 31, 2008	<u>\$ 437,000</u>

NOTE 12—INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Also, the General Fund paid for various items that are to be reimbursed from the Nonmajor Governmental Funds. The balance of expenditure reimbursements due to the General Fund are reflected as an interfund receivable. Interfund balances at December 31, 2008 are as follows:

	General Fund	Due from Nonmajor Governmental		Sewer Department	Totals
		Funds	Department		
General Fund		\$ 133,828	\$ 954,495		\$ 1,088,323
Nonmajor Governmental Funds	\$ 457,644				457,644
Electric Department	984,906				984,906
Water Department	1,903,408				1,903,408
Pop Whalen Ice Arena Fund	112,453				112,453
	<u>\$ 3,458,411</u>	<u>\$ 133,828</u>	<u>\$ 954,495</u>		<u>\$ 4,546,734</u>

During the year, interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2008 are as follows:

	General Fund	Transfer from Nonmajor Governmental	
		Funds	Totals
General Fund		\$ 377,563	\$ 377,563
Nonmajor Governmental Funds	\$ 371,228		371,228
Sewer Department	45,991		45,991
Pop Whalen Ice Arena Fund	11,401		11,401
	<u>\$ 428,620</u>	<u>\$ 377,563</u>	<u>\$ 806,183</u>

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

NOTE 13—RESTRICTED NET ASSETS

Net assets are restricted for specific purposes as follows:

	Governmental <u>Activities</u>
Endowments	\$ 420,962
Expendable Trusts	719,307
Capital Projects	496,638
Conservation Commission	<u>42,970</u>
	<u>\$ 1,679,877</u>

NOTE 14—PERMANENT FUNDS

Permanent funds account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs. Principal and income balances at December 31, 2008 are as follows:

	<u>Principal</u>	<u>Income</u>	<u>Total</u>
Cemetery Funds	\$ 108,928	\$ 29,056	\$ 137,984
Library Funds	12,806	(1,300)	11,506
Aide to Elderly	83,664	36,479	120,143
Town Roads	88,360	82,113	170,473
Town Concerts	8,964	(749)	8,215
Town Park	32,014	15,518	47,532
Other Various	<u>86,226</u>	<u>71,618</u>	<u>157,844</u>
	<u>\$ 420,962</u>	<u>\$ 232,735</u>	<u>\$ 653,697</u>

NOTE 15—COMMITMENTS AND CONTINGENCIES

Litigation

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

Federal Grants

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 16—RESTATEMENT OF EQUITY

Business-type Activities

During the year ended December 31, 2008, it was determined that other long-term obligations and capital assets were understated as of January 1, 2008.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008

Net assets of the business-type activities and the Sewer Fund as of January 1, 2008 have been restated as follows:

	Exhibit B Business-type <u>Activities</u>	Exhibit G Sewer <u>Fund</u>
Net Assets - January 1, 2008 (as previously reported)	\$ 16,533,949	\$ 3,786,827
Amount of restatement due to:		
Understatement of capital assets	478,410	478,410
Understatement of other long-term obligations	<u>(1,266,341)</u>	<u>(1,266,341)</u>
Net Assets - January 1, 2008, as restated	<u>\$ 15,746,018</u>	<u>\$ 2,998,896</u>

Governmental Fund Statements

During the year ended December 31, 2008, it was determined that the deferred bond premium was overstated in the General Fund.

The fund balance of the General Fund as of January 1, 2008 has been restated as follows:

	General <u>Fund</u>
Fund balance - January 1, 2008 (as previously reported)	\$ 2,205,026
Amount of restatement due to:	
Overstatement of deferred bond premium	<u>14,015</u>
Fund balance - January 1, 2008, as restated	<u>\$ 2,219,041</u>

NOTE 17—SUBSEQUENT EVENTS

In June 2009, the Town converted \$5,820,364 of state revolving loan funds for improvements to the Wastewater Treatment Facility and Pump Stations, into general obligation bonds with interest at 2.352% and an administrative fee of 1.0%, maturing March 1, 2029.

During July 2009, the Town issued general obligation bonds for various projects in the amount of \$637,560 with interest at 3.02% to 4.02%, maturing August 15, 2019.

SCHEDULE 1

TOWN OF WOLFEBORO, NEW HAMPSHIRE

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,259,668	\$ 7,259,668	\$ 7,429,821	\$ 170,153
Licenses and permits	1,368,539	1,368,539	1,388,449	19,910
Intergovernmental revenues	390,921	390,921	463,555	72,634
Charges for services	1,016,104	547,081	651,445	104,364
Interest and investment income	52,000	52,000	55,775	3,775
Miscellaneous	95,063	95,063	114,698	19,635
Total Revenues	<u>10,182,295</u>	<u>9,713,272</u>	<u>10,103,743</u>	<u>390,471</u>
Expenditures:				
Current:				
General government	1,821,641	1,375,899	1,384,396	(8,497)
Public safety	3,333,965	3,333,965	3,064,358	269,607
Highways and streets	1,763,964	1,763,964	1,794,587	(30,623)
Health and welfare	176,907	176,907	245,885	(68,978)
Sanitation	852,787	852,787	822,809	29,978
Culture and recreation	705,957	682,676	673,779	8,897
Economic development	4,852	4,852	5,223	(371)
Capital outlay	1,643,664	1,526,844	1,434,011	92,833
Debt service:				
Principal retirement	144,138	144,138	144,137	1
Interest and fiscal charges	136,263	136,263	135,255	1,008
Total Expenditures	<u>10,584,138</u>	<u>9,998,295</u>	<u>9,704,440</u>	<u>293,855</u>
Excess of revenues over (under) expenditures	<u>(401,843)</u>	<u>(285,023)</u>	<u>399,303</u>	<u>684,326</u>
Other financing sources (uses):				
Proceeds from bonds issued	136,000	136,000	131,500	(4,500)
Bond premium			4,500	4,500
Transfers in	610,308	610,308	377,563	(232,745)
Transfers out	(417,269)	(417,269)	(428,620)	(11,351)
Total other financing sources (uses)	<u>329,039</u>	<u>329,039</u>	<u>84,943</u>	<u>(244,096)</u>
Net change in fund balances	(72,804)	44,016	484,246	440,230
Fund balance at beginning of year				
- Budgetary Basis	<u>3,238,865</u>	<u>3,238,865</u>	<u>3,238,865</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 3,166,061</u>	<u>\$ 3,282,881</u>	<u>\$ 3,723,111</u>	<u>\$ 440,230</u>

See accompanying notes to the required supplementary information

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2008

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary expenditures were adjusted for encumbrances and on-behalf payments for fringe benefits.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Exhibit D	\$ 10,424,840	\$ 9,994,765
Difference in property taxes meeting susceptible to accrual criteria	284,729	
Encumbrances, December 31, 2008		502,383
Encumbrances, December 31, 2007		(271,825)
On-behalf fringe benefits	<u>(92,263)</u>	<u>(92,263)</u>
Schedule 1	<u>\$ 10,617,306</u>	<u>\$ 10,133,060</u>

NOTE 2—BUDGETARY FUND BALANCES

The components of the budgetary fund balance for the General Fund are as follows:

Reserved for special purposes	\$ 3,836
Unreserved:	
Designated for subsequent years' expenditures	116,820
Undesignated	<u>3,602,455</u>
	<u>\$ 3,723,111</u>

NOTE 3—RESERVED FOR SPECIAL PURPOSES

The balance reserved for special purposes at December 31, 2008 is as follows:

Police forfeiture funds	<u>\$ 3,836</u>
-------------------------	-----------------

NOTE 4—UNRESERVED DESIGNATED FUND BALANCES

Appropriations for certain projects and specific items not fully expended at year end are carried forward as continuing appropriations to the next year in which they supplement the appropriations of that year. At year end, continuing appropriations are reported as a component of unreserved fund balance and are detailed as follows:

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2008

Town road reclamation	\$ 32,111
Stump dump landfill	15,096
Bridge Falls path	3,451
Fire rescue pumper	490
Highway dump truck	4,544
Upgrade Town roads	3,813
GIS services	895
Online credit card system	3,600
Center Street drainage	52,820
	<u>\$ 116,820</u>

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Selectmen and Town Manager
Town of Wolfeboro, New Hampshire

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolfeboro, New Hampshire, as of and for the year ended December 31, 2008, and have issued our report thereon dated September 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Wolfeboro, New Hampshire's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion of the Town of Wolfeboro, New Hampshire's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting and its operation that we consider to be material weaknesses as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Town of Wolfeboro, New Hampshire's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct

and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Board of Selectmen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Wachon, Clukey & Co. PC

September 4, 2009

SCHEDULE A
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2008

	Special Revenue Funds	Permanent Funds	Capital Project Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 93,164	\$ 94,542		\$ 187,706
Investments	1,259,389	569,474		1,828,863
Due from other governments			\$ 62,325	62,325
Due from other funds	<u>22,274</u>		<u>435,370</u>	<u>457,644</u>
Total Assets	<u>\$ 1,374,827</u>	<u>\$ 664,016</u>	<u>\$ 497,695</u>	<u>\$ 2,536,538</u>
LIABILITIES				
Deferred revenues	\$ 3,004			\$ 3,004
Due to other funds	<u>122,452</u>	<u>\$ 10,319</u>	<u>\$ 1,057</u>	<u>133,828</u>
Total Liabilities	<u>125,456</u>	<u>10,319</u>	<u>1,057</u>	<u>136,832</u>
FUND BALANCES				
Reserved for encumbrances			484,774	484,774
Reserved for endowments		420,962		420,962
Unreserved, reported in:				
Special revenue funds	1,249,371			1,249,371
Permanent funds		232,735		232,735
Capital project funds			11,864	11,864
Total Fund Balances	<u>1,249,371</u>	<u>653,697</u>	<u>496,638</u>	<u>2,399,706</u>
Total Liabilities and Fund Balances	<u>\$ 1,374,827</u>	<u>\$ 664,016</u>	<u>\$ 497,695</u>	<u>\$ 2,536,538</u>

SCHEDULE A-1
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2008

	Library Fund	Conservation Commission	Josiah Brown Fund	Police Details Fund	Miscellaneous Grants Fund	Expendable Trust Funds	Combining Totals
ASSETS							
Cash and cash equivalents	\$ 78,846	\$ 11,021	\$ 293		\$ 3,004	\$ 1,032,977	\$ 93,164
Investments	188,635	37,777		\$ 22,274			1,259,389
Due from other funds				\$ 22,274			22,274
Total Assets	<u>\$ 267,481</u>	<u>\$ 48,798</u>	<u>\$ 293</u>	<u>\$ 22,274</u>	<u>\$ 3,004</u>	<u>\$ 1,032,977</u>	<u>\$ 1,374,827</u>
LIABILITIES							
Deferred revenue					\$ 3,004		\$ 3,004
Due to other funds	\$ 6,394	\$ 5,828				\$ 110,230	122,452
Total Liabilities	<u>6,394</u>	<u>5,828</u>	<u>-</u>	<u>-</u>	<u>3,004</u>	<u>110,230</u>	<u>125,456</u>
FUND BALANCES							
Unreserved, reported in:							
Special revenue funds	261,087	42,970	293	22,274		922,747	1,249,371
Total Fund Balances	<u>261,087</u>	<u>42,970</u>	<u>293</u>	<u>22,274</u>	<u>-</u>	<u>922,747</u>	<u>1,249,371</u>
Total Liabilities and Fund Balances	<u>\$ 267,481</u>	<u>\$ 48,798</u>	<u>\$ 293</u>	<u>\$ 22,274</u>	<u>\$ 3,004</u>	<u>\$ 1,032,977</u>	<u>\$ 1,374,827</u>

SCHEDULE B
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2008

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Capital Project <u>Funds</u>	Total Other Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 6,259			\$ 6,259
Intergovernmental revenues	5,996		\$ 62,325	68,321
Charges for services	32,088			32,088
Interest and investment income (loss)	(31,035)	\$ (186,574)		(217,609)
Miscellaneous	47,853			47,853
Total Revenues	<u>61,161</u>	<u>(186,574)</u>	<u>62,325</u>	<u>(63,088)</u>
Expenditures:				
Current operations:				
General government	5,996	2,535		8,531
Public safety	26,710			26,710
Culture and recreation	382,229	4,913		387,142
Capital outlay	167,658		825,064	992,722
Total Expenditures	<u>582,593</u>	<u>7,448</u>	<u>825,064</u>	<u>1,415,105</u>
Excess of revenues over (under) expenditures	<u>(521,432)</u>	<u>(194,022)</u>	<u>(762,739)</u>	<u>(1,478,193)</u>
Other financing sources (uses):				
Proceeds from bond issuances			885,250	885,250
Bond premium			24,750	24,750
Transfers in	371,228			371,228
Transfers out	(371,327)	(6,236)		(377,563)
Total other financing sources (uses)	<u>(99)</u>	<u>(6,236)</u>	<u>910,000</u>	<u>903,665</u>
Net change in fund balances	(521,531)	(200,258)	147,261	(574,528)
Fund balances at beginning of year	<u>1,770,902</u>	<u>853,955</u>	<u>349,377</u>	<u>2,974,234</u>
Fund balances at end of year	<u>\$ 1,249,371</u>	<u>\$ 653,697</u>	<u>\$ 496,638</u>	<u>\$ 2,399,706</u>

SCHEDULE B-1

TOWN OF WOLFEBORO, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds

December 31, 2008

	Library Fund	Conservation Commission	Josiah Brown Fund	Police Details Fund	Miscellaneous Grants Fund	Expendable Trust Funds	Combining Totals
Revenues:							
Taxes		\$ 6,259			\$ 5,996		\$ 6,259
Intergovernmental revenues							5,996
Charges for services	\$ (75,498)	653		\$ 32,088		\$ 43,810	32,088
Interest and investment income (loss)	30,422	431				17,000	(31,035)
Miscellaneous	(45,076)	7,343				60,810	47,853
Total Revenues			\$ -				61,161
Expenditures:							
Current operations:							
General government					5,996		5,996
Public safety				26,710			26,710
Culture and recreation	382,229						382,229
Capital outlay	164,505					3,153	167,658
Total Expenditures	546,734	-	-	26,710	5,996	3,153	582,593
Excess of revenues over (under) expenditures	(591,810)	7,343	-	5,378	-	57,657	(521,432)
Other financing sources (uses):							
Transfers in	367,028	4,200					371,228
Transfers out						(371,327)	(371,327)
Total other financing sources (uses)	367,028	4,200	-	-	-	(371,327)	(99)
Net change in fund balances	(224,782)	11,543	-	5,378	-	(313,670)	(521,531)
Fund balances at beginning of year	485,869	31,427	293	16,896	-	1,236,417	1,770,902
Fund balances at end of year	\$ 261,087	\$ 42,970	\$ 293	\$ 22,274	\$ -	\$ 922,747	\$ 1,249,371

SCHEDULE C
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - All Agency Funds
December 31, 2008

	School Agency <u>Funds</u>	Performance Bonds/Escrow <u>Funds</u>	Total Agency <u>Funds</u>
ASSETS			
Cash and cash equivalents		\$ 217,040	\$ 217,040
Investments	<u>\$ 969,767</u>		<u>969,767</u>
Total Assets	<u>\$ 969,767</u>	<u>\$ 217,040</u>	<u>\$ 1,186,807</u>
LIABILITIES			
Performance deposits		\$ 217,040	\$ 217,040
Due to other governments	<u>\$ 969,767</u>		<u>969,767</u>
Total Liabilities	<u>\$ 969,767</u>	<u>\$ 217,040</u>	<u>\$ 1,186,807</u>