

TOWN OF THORNTON,
NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

TOWN OF THORNTON, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

TABLE OF CONTENTS

<u>PAGES</u>	
1 - 2	INDEPENDENT AUDITOR'S REPORT
3 - 9	MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS	
10	Government-wide Financial Statements
11	Statement of Net Position
11	Statement of Activities
Fund Financial Statements	
<i>Governmental Funds</i>	
12	Balance Sheet
13	Reconciliation of Total Governmental Fund Balances to the Statement of Net Position
14	Statement of Revenues, Expenditures, and Changes in Fund Balances
14	Reconciliation of the Statement of Revenues, Expenditures, and
15	Changes in Fund Balances of Governmental Funds to the Statement of Activities
<i>Budgetary Comparison Information</i>	
16	Statement of Revenues, Expenditures, and Change in Fund Balance –
16	Budget and Actual (Non-GAAP Budgetary Basis) – General Fund
<i>Fiduciary Fund</i>	
17	Statement of Fiduciary Net Position
18 - 33	NOTES TO THE BASIC FINANCIAL STATEMENTS
INDIVIDUAL FUND SCHEDULES	
Governmental Fund	
<i>Major General Fund</i>	
34	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
35 - 36	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
37	Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Thornton, as of December 31, 2012, or the changes in financial position thereof for the year then ended.

Adverse Opinion

As discussed in Note 16 to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, net position and expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

Basis for Adverse Opinion on Governmental Activities

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Responsibility

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

Management's Responsibility for the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Town of Thornton as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Report on the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

Professional Association/Accountants & Auditors

PLODZIK & SANDERSON



Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Town of Thornton as of December 31, 2012, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 9) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The individual fund financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

September 27, 2013

*Bloddy & Sanderson
Professional Association*

**TOWN OF THORNTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2012**

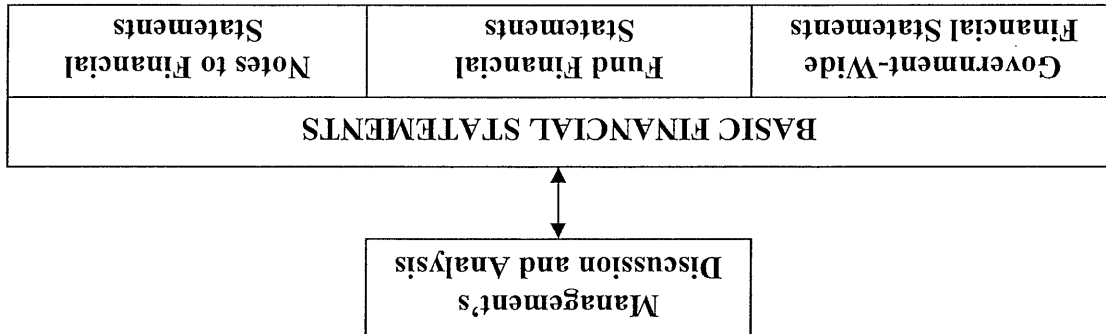
The following is a discussion and analysis of the activities of the Town of Thornton, New Hampshire (the "Town") for the year ending December 31, 2012. Readers are encouraged to consider the information presented here in conjunction with the Town's financial statements.

Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the Town's financial position, and the results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

Overview of the Financial Statements

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

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic 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 Position** presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes and earned but unused vacation leave).

**TOWN OF THORNTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2012
(Continued)**

The governmental activities of the Town include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation and conservation.

Fund Financial Statements

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

Governmental Funds: Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

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 government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

Fiduciary Funds: These are used to account for resources held for the benefit of parties outside of the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The Town's fiduciary funds include capital reserve funds held for the Thornton School District.

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 the fund financial statements.

Budgetary Comparison Information

The basic financial statements include required budgetary comparison information in Exhibit D. This exhibit includes a budgetary comparison schedule for the Town's major governmental fund and includes a reconciliation between the reported activity of the revenues, expenditures and operating transfers for budgetary purposes and the activity as presented in the governmental fund financial statements (Exhibit C-3). The Town's only major governmental funds for 2012 are the General Fund and the Expendable Trust Fund.

**TOWN OF THORNTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2012**

(Continued)

The following exhibit summarizes the major features of the Town's financial statements.

Fund Statements		Governmental		Fiduciary	
Government-Wide					
SCOPE		Entire Town government (except fiduciary funds)	All activities of the Town that are not proprietary or fiduciary	Instances in which the Town is the trustee or agent for someone else's resources.	
REQUIRED FINANCIAL STATEMENTS		Statement of Net Position	Balance Sheet	Statement of Fiduciary Assets	Statement of Changes in Fiduciary Net Position
ACCOUNTING BASIS		Accrual	Modified Accrual	Accrual	
MEASUREMENT FOCUS		Economic Resources	Current Financial Resources	Economic Resources	
TYPE OF INFORMATION ASSETS AND LIABILITIES		All assets and liabilities, both short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both short-term and long-term.	
TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES		All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when good or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	

**TOWN OF THORNTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2012
(Continued)
GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Statement of Net Position

The Town's net position totaled \$3,378,025 at the end of 2012, an increase of \$306,200 or 10% when compared to the end of the previous year. This change is primarily due to increases in asset accounts consisting of cash and cash equivalents in the amount of \$648,131, other receivables of \$81,823 and capital infrastructure of \$27,666. These increases in assets were partially offset by decreases in investments in the amount of (\$68,910) and the tax dedeed property for resale account in the amount of (\$19,117). Additionally, there were increases in accounts payable in the amount of \$40,212, unearned revenue of \$24,862 and intergovernmental payable of \$306,398, which were partially offset by a decrease in bonds payable of (\$15,000).

	2011 (Restated)	2012	Change
Current assets	\$ 4,399,126	\$ 5,060,346	\$ 661,220
Capital assets	983,653	989,336	5,683
Total assets	5,382,779	6,049,682	666,903
Current liabilities	2,278,203	2,634,845	356,642
Long-term liabilities	32,751	36,812	4,061
Total liabilities	2,310,954	2,671,657	360,703
Net assets:			
Invested in capital assets, net of related debt	1,001,838	989,336	(12,502)
Restricted for perpetual care	368,859	20,294	(348,565)
Unrestricted	1,701,128	2,368,395	667,267
Total net position	\$ 3,071,825	\$ 3,378,025	\$ 306,200

A large portion of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF THORNTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2012
(Continued)**

Statement of Activities

During the current year the Town's net position increased by \$306,200. Total revenues of \$2,552,531 exceeded expenses of \$2,246,331.

Property and other taxes generated \$1,483,309 in revenues for the Town. Motor vehicle, permit fees, licenses and other fees generated \$395,873 in revenues. Other revenues consisted of charges for services, grants, contributions, interest and investment earnings and miscellaneous revenues.

Changes in net position for the year ending December 31, 2012 are as follows:

	2011 (Restated)	2012	Change
Revenues:			
Program revenues:			
Charges for services	\$ 306,169	\$ 345,413	\$ 39,244
Operating grants and contributions	121,365	92,976	(28,389)
General revenues:			
Property and other taxes	1,446,702	1,483,309	36,607
Licenses and permits	384,222	395,873	11,651
Grants and contributions	111,207	111,970	763
Interest and investment earnings	659	2,137	1,478
Miscellaneous	65,145	120,853	55,708
Total revenues	2,435,469	2,552,531	117,062
Expenditures:			
General government	674,946	702,894	27,948
Public safety	594,083	612,318	18,235
Highways and streets	497,781	377,442	(120,339)
Sanitation	346,774	388,651	41,877
Health and welfare	78,586	88,209	9,623
Culture and recreation	48,137	66,593	18,456
Conservation efforts	326	354	28
Interest on long-term debt	614	500	(114)
Capital outlay	500	9,370	8,870
Total expenditures	2,241,747	2,246,331	4,584
Increase in net position	260,092	306,200	46,108
Net position, beginning of year	2,811,733	3,071,825	260,092
Net position, end of year	\$ 3,071,825	\$ 3,378,025	\$ 306,200

The Town's expenses cover a range of services. The largest expenses were for general government (31.29%), public safety (27.26%), highways and streets (16.80%), and sanitation (17.30%), which accounted for 92.65% of total expenditures.

TOWN OF THORNTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2012
(Continued)

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, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of each year.

General Fund

The General Fund is the operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$1,065,622 while total General Fund equity was \$2,192,569. The total fund equity includes nonspendable, restricted, committed, assigned and unassigned fund balances at year-end. The General Fund unassigned fund balance decreased by \$98,455 from December 31, 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues on the budgetary basis exceeded the budgeted amount by \$219,020. This is primarily due to higher revenues from the following budgeted sources: \$82,886 from taxes, \$25,573 from licenses, permits and fees, \$40,459 in charges for services, \$38,117 from miscellaneous and \$28,597 from other financing sources.

The Town under expended its budget by \$127,408. This is primarily due to savings realized in election and registration of \$9,014, legal of \$6,017, personnel administration of \$17,557, public safety – police of \$6,984, public safety – building inspection of \$6,905, highway and streets of \$104,586, health and welfare of \$7,307, interest on tax anticipation notes of \$3,000 and the capital outlay for the town hall parking lot of \$28,200. These savings were partially offset by overages in general government buildings of (\$48,642) and the capital outlay for a police cruiser of (\$22,173).

OTHER FINANCIAL HIGHLIGHTS

Monies that were encumbered in 2011 in the amount of \$4,284 for various operating commitments were expended or released to the unassigned fund balance. \$50,500 of the remaining 2012 appropriations were encumbered to offset 2013 expenditures.

TOWN OF THORNTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2012
(Continued)

CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The Town considers a capital asset to be an asset whose cost exceeds \$10,000 and has an estimated minimum useful life in excess of one year. Capital assets are depreciated using the straight-line method over the course of the assets useful life.

The Town's gross investment in capital assets for its governmental activities as of December 31, 2012 amounts to \$1,590,840 with \$601,504 in accumulated depreciation. The net book value of capital assets for governmental activities is \$989,336 as of December 31, 2012. This investment in capital assets includes vehicles and equipment, building and building improvements and land and land improvements. See Note 7 of the Notes to the Basic Financial Statements for a summary of all capital assets.

Long-Term Obligations

During 2012, the Town made long-term obligation payments totaling \$15,000. See Note 10 of the Notes to the Basic Financial Statements for a summary of all outstanding long-term obligations. GASB #34 requires that these liabilities be reflected as a reduction in net position.

ECONOMIC CONDITIONS

The Town is currently planning for expansion in future years of the town hall and police department offices.

The Town is not considering any major changes in staffing levels at this time.

The Town is continuing to actively pursue the use of capital reserve accounts to save monies incrementally that will be used toward the payment of future purchases. Several new capital reserves were requested and approved in 2012.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of Thornton 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: Town of Thornton, Selectmen's Office, 16 Merrill Access Road, Thornton, NH 03285.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF THORNTON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2012

Governmental	
Activities	
	<hr/>
	\$ 2,881,087
Cash and cash equivalents	
Investments	750,518
Intergovernmental	111,837
Other receivables, net of allowance for uncollectible	1,206,150
Tax dedeed property, subject to resale	110,754
Capital assets, not being depreciated:	
Land	154,045
Capital assets, net of accumulated depreciation:	
Land improvements	187,314
Buildings and building improvements	358,011
Equipment and vehicles	262,300
Infrastructure	27,666
Total assets	<u>6,049,682</u>
	<hr/>
	87,592
Accounts payable	
Intergovernmental payable	2,520,641
Unearned revenue	25,592
Noncurrent liabilities:	
Due within one year:	
Accrued landfill postclosure care costs	1,020
Due in more than one year:	
Compensated absences	12,332
Accrued landfill postclosure care costs	24,480
Total liabilities	<u>2,671,657</u>
	<hr/>
	989,336
Net investment in capital assets	
Restricted	20,294
Unrestricted	2,368,395
Total net position	<u>\$ 3,378,025</u>

EXHIBIT B
TOWN OF THORNTON, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2012

Net (Expense) Revenue and Change in Net Position	Program Revenues			Expenses	Governmental activities:
	Operating Charges	for Grants and Contributions	Services		
\$ (702,894)	\$ -	\$ 1,000	\$ 54,647	\$ 702,894	General government
(556,671)	-	90,612	-	612,318	Public safety
(286,830)	-	-	-	377,442	Highways and streets
(97,885)	-	-	290,766	388,651	Sanitation
(46,488)	-	-	-	46,488	Health
(41,721)	-	-	-	41,721	Welfare
(66,593)	-	-	-	66,593	Culture and recreation
1,010	1,364	-	-	354	Conservation
(500)	-	-	-	500	Interest on long-term debt
(9,370)	-	-	-	9,370	Capital outlay
(1,807,942)	\$ 92,976	\$ 345,413	\$ 2,246,331	\$ 2,246,331	Total governmental activities

General revenues:	
Taxes:	1,333,159
Property	150,150
Other	385,749
Motor vehicle permit fees	10,124
Licenses and other fees	111,970
Grants and contributions not restricted to specific programs	2,137
Unrestricted investment earnings	120,853
Miscellaneous	2,114,142
Total general revenues	306,200
Change in net position	3,071,825
Net position, beginning, as restated (see Note 14)	\$ 3,378,025
Net position, ending	\$ 3,378,025

**EXHIBIT C-1
TOWN OF THORNTON, NEW HAMPSHIRE**

Governmental Funds

Balance Sheet

December 31, 2012

	Other Governmental	Fund (Permanent)	Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,843,221	\$ 37,866	\$ 2,881,087
Investments	552,376	198,142	750,518
Receivables, net of allowance for uncollectible:			
Taxes	1,206,150	-	1,206,150
Intergovernmental	111,837	-	111,837
Interfund receivable	2,056	-	2,056
Voluntary tax liens	1,513	-	1,513
Voluntary tax liens reserved until collected	(1,513)	-	(1,513)
Tax deduced property, subject to resale	110,754	-	110,754
Total assets	\$ 4,826,394	\$ 236,008	\$ 5,062,402
LIABILITIES			
Accounts payable	\$ 87,592	\$ -	\$ 87,592
Intergovernmental payable	2,520,641	-	2,520,641
Interfund payable	-	2,056	2,056
Deferred revenue	25,592	-	25,592
Total liabilities	2,633,825	2,056	2,635,881
FUND BALANCES			
Nonspendable	110,754	222,108	332,862
Restricted	8,450	11,844	20,294
Committed	957,243	-	957,243
Assigned	50,500	-	50,500
Unassigned	1,065,622	-	1,065,622
Total fund balances	2,192,569	233,952	2,426,521
Total liabilities and fund balances	\$ 4,826,394	\$ 236,008	\$ 5,062,402

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

EXHIBIT C-2
TOWN OF THORNTON, NEW HAMPSHIRE
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position
December 31, 2012

	Total fund balances of governmental funds (Exhibit C-1)
	\$ 2,426,521
	Amounts reported for governmental activities in the Statement of Net Position are different because:
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	Cost
	\$ 1,590,840
	Less accumulated depreciation
	(601,504)
	<u>989,336</u>
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.	Receivables
	\$ (2,056)
	Payables
	<u>2,056</u>
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	Compensated absences
	\$ 12,332
	Acrued landfill postclosure care costs
	<u>25,500</u>
Net position of governmental activities (Exhibit A)	<u><u>\$ 3,378,025</u></u>
	<u>(37,832)</u>

**EXHIBIT C-3
TOWN OF THORNTON, NEW HAMPSHIRE**

**Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances**

For the Fiscal Year Ended December 31, 2012

	Other Governmental Fund (Permanent)	Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,483,310	\$ -	\$ 1,483,310
Licenses and permits	395,873	-	395,873
Intergovernmental	204,946	-	204,946
Charges for services	346,459	-	346,459
Investment earnings	2,008	128	2,136
Miscellaneous	116,384	3,423	119,807
Total revenues	2,548,980	3,551	2,552,531
EXPENDITURES			
Current:			
General government	679,906	2,627	682,533
Public safety	600,722	-	600,722
Highways and streets	374,313	-	374,313
Sanitation	386,223	-	386,223
Health	46,488	-	46,488
Welfare	41,721	-	41,721
Culture and recreation	66,593	-	66,593
Conservation	354	-	354
Debt service:			
Principal	14,993	-	14,993
Interest	500	-	500
Capital outlay	48,343	-	48,343
Total expenditures	2,260,156	2,627	2,262,783
Excess of revenues over expenditures	288,824	924	289,748
OTHER FINANCING SOURCES (USES)			
Transfers in	2,056	-	2,056
Transfers out	-	(2,056)	(2,056)
Total other financing sources (uses)	2,056	(2,056)	-
Net change in fund balances	290,880	(1,132)	289,748
Fund balances, beginning, as restated (see Note 14)	1,901,689	235,084	2,136,773
Fund balances, ending	\$ 2,192,569	\$ 233,952	\$ 2,426,521

EXHIBIT C-4
TOWN OF THORNTON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2012

	Net change in fund balances of governmental funds (Exhibit C-3)
	\$ 289,748
Amounts reported for governmental activities in the Statement of Activities	
are different because:	
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.	\$ 71,103
Capitalized capital outlay	(65,420)
Depreciation expense	5,683
Transfers in and out between governmental funds are eliminated on the Statement of Activities.	
Transfers in	\$ (2,056)
Transfers out	2,056
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.	
Repayment of bond principal	15,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	
Increase in compensated absences payable	(4,231)
Changes in net position of governmental activities (Exhibit B)	\$ 306,200

EXHIBIT D
TOWN OF THORNTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2012

	Original and Final Budget	Actual	Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 1,400,424	\$ 1,483,310	\$ 82,886
Licenses and permits	370,300	395,873	25,573
Intergovernmental	201,558	204,946	3,388
Charges for services	306,000	346,459	40,459
Investment earnings	550	771	221
Miscellaneous	77,000	114,896	37,896
Total revenues	<u>2,355,832</u>	<u>2,546,255</u>	<u>190,423</u>
EXPENDITURES			
Current:			
General government	716,281	729,906	(13,625)
Public safety	616,424	600,722	15,702
Highways and streets	475,115	370,529	104,586
Sanitation	386,499	386,223	276
Health	59,172	46,488	12,684
Welfare	36,344	41,721	(5,377)
Culture and recreation	2,001	2,100	(99)
Conservation	700	354	346
Debt service:			
Principal	15,000	14,993	7
Interest	3,502	500	3,002
Capital outlay	55,350	48,343	7,007
Total expenditures	<u>2,366,388</u>	<u>2,241,879</u>	<u>124,509</u>
Excess (deficiency) of revenues over (under) expenditures	(10,556)	304,376	314,932
OTHER FINANCING SOURCES (USES)			
Transfers in	-	28,597	28,597
Transfers out	(303,444)	(300,545)	2,899
Total other financing sources (uses)	<u>(303,444)</u>	<u>(271,948)</u>	<u>31,496</u>
Net change in fund balance	\$ (314,000)	32,428	\$ 346,428
Increase in nonspendable fund balance		19,117	
Increase in committed fund balance		(150,000)	
Unassigned fund balance, beginning, as restated (see Note 14)		1,164,077	
Unassigned fund balance, ending		<u>\$ 1,065,622</u>	

EXHIBIT E
TOWN OF THORNTON, NEW HAMPSHIRE
Fiduciary Fund
Statement of Net Position
December 31, 2012

Agency Fund	
\$ 1,141	ASSETS
	Cash and cash equivalents
	LIABILITIES
\$ 1,141	Due to other governmental units

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

NOTE

1	Summary of Significant Accounting Policies
1-A	Reporting Entity
1-B	Basis of Presentation
1-C	Measurement Focus
1-D	Cash and Cash Equivalents
1-E	Investments
1-F	Receivables
1-G	Interfund Balances
1-H	Capital Assets
1-I	Deferred/Unearned Revenue
1-J	Net Position Flow Assumption
1-K	Fund Balance Flow Assumptions
1-L	Revenues and Expenditures
1-M	Compensated Absences
1-N	Long-Term Obligations
1-O	Claims and Judgments
1-P	Interfund Activities
1-Q	Equity/Fund Balance Policy/Classifications
1-R	Impact of Recently Issued Accounting Principles
2	Stewardship, Compliance, and Accountability
2-A	Budgetary Information
2-B	Budgetary Reconciliation to GAAP Basis

DETAILED NOTES ON ALL FUNDS

3	Cash and Cash Equivalents
4	Investments
5	Taxes Receivable
6	Other Receivables
7	Capital Assets
8	Interfund Balances and Transfers
9	Intergovernmental Payables
10	Long-Term Liabilities
11	Encumbrances
12	Governmental Activities Net Position
13	Governmental Fund Balances
14	Prior Period Adjustment
15	Employee Retirement Plan
16	Other Postemployment Benefits (OPFB)
17	Risk Management
18	Contingencies
19	Joint Ventures

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

Implementation of New GASB Pronouncements..... 20

Subsequent Events..... 21

TOWN OF THORNTON, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

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

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

1-B Basis of Presentation

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

The Statement of Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, liabilities, and net position, with the exception of the long-term costs of retirement, health care, and obligations for other postemployment benefits, which have been omitted because the liability and expense have not been determined. Net position is reported as one of three categories: net investment in capital assets; restricted; or unrestricted.

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

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

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

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

Governmental Activities – Governmental funds are identified as general and permanent funds, based upon the following guidelines:

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

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

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

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

Major Funds – The Town reports the following major governmental fund:

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

Nonmajor Funds – The Town also reports one nonmajor governmental fund, the permanent fund.

1-C Measurement Focus

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

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

Revenues – Nonexchange Transactions – Nonexchange transactions in which the Town receives value without directly giving equal value in return include property taxes, certain fees, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all grantor imposed eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions also must be available before it can be recognized (Interpretation No. 1, as modified, 60-day rule), with the exception of property taxes which are committed and recognized as revenue in order to offset the liability due the school district to be paid in monthly installments over the next six months. This practice is consistent with the previous years.

1-D Cash and Cash Equivalents

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

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:
New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

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

1-F Receivables

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

1-G Interfund Balances

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

1-H Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated minimum useful life in excess of one year. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

Land is not depreciated. The other property, plant, and equipment of the Town are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Years
Land improvements	30
Buildings and building improvements	10-50
Equipment and vehicles	3-20
Infrastructure	20

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

I-I Deferred/Unearned Revenue

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

I-J Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as *restricted net position* and *unrestricted net position* in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider *restricted net position* to have been depleted before *unrestricted net position* is applied.

I-K Fund Balance Flow Assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

I-L Revenues and Expenditures/Expenses

General Revenues - General revenues represent the following: tax revenue recorded when a warrant for collection is committed to the tax collector, motor vehicle fees, licenses, fees, unrestricted grants, investment income and other miscellaneous items recorded when collected/received.

Program Revenues - Amounts recorded as program revenues include: charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a function or segment, and grants and contributions (including special assessments) that are restricted to meeting the operational requirements of a particular function or segment.

Property Taxes - Property tax billings occur semiannually and are based on the assessed inventory values as of April 1 of each year. Billings for the year were on May 15 and November 7. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

In connection with the setting of the tax rate, Town officials, with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectible at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Pemi-Baker Regional School District, Thornton School District, Waterville Estates Village District, and Grafton County, which are remitted to these entities as required by law. The Town's net assessed valuation as of April 1, 2012 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 366,217,120
For all other taxes	\$ 371,790,720

The tax rates and amounts assessed for the year ended December 31, 2012 were as follows:

	Per \$1,000	Valuation				
Property		Assessed				
Taxes		of Assessed				
		Valuation				
	\$3.80	\$ 1,415,085				
Municipal portion:						
School portion:						
State of New Hampshire	\$2.25	824,999				
Local	\$10.64	3,954,278				
County portion	\$1.63	604,304				
Waterville Estates Village District	\$14.17	269,662				
Total		\$ 7,068,328				

I-M Compensated Absences

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

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

I-N Long-Term Obligations

Long-term obligations are reported as liabilities in the government-wide financial statements.

I-O Claims and Judgments

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

I-P Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

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

I-Q Equity/Fund Balance Policy/Classifications

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

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

Fund Balance Policy/Classifications

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific programs. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Town’s governmental fund financial statements are as follows:

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

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

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. Expendable trust funds and the conservation commission, as well as legislative body votes relative to the use of unassigned fund balance at year-end, are included in this classification.

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

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

It is the Town’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

In addition, the Board of Selectmen has adopted a fund balance policy with regards to maintaining an appropriate level of unassigned fund balance following the guidelines established by the NH Government Finance Officers Association (GFOA), which are as follows:

- a. 5% to 15% of regular general fund operating revenues, or
- b. 8% to 17% of regular general fund operating expenditures.

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

1-R Impact of Recently Issued Accounting Principles

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2012, \$314,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

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

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

	Revenues and other financing sources:
	Per Exhibit D (budgetary basis)
	Adjustment:
	Basis difference:
	GASB Statement No. 54:
1,234	To record income earned on eliminated expendable trust funds
1,487	To record income earned on eliminated library fund
3	To record income earned on eliminated conservation commission fund
(26,547)	To eliminate transfer between the general and expendable trust funds
7	To record transfer between the permanent and library funds
<u>\$ 2,551,036</u>	Per Exhibit C-3 (GAAP basis)
<u>(continued)</u>	

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

(continued from previous page)

Expenditures and other financing uses:
 Per Exhibit D (budgetary basis)

	Adjustment:
	Basis differences:
	Encumbrances, beginning
4,284	Encumbrances, ending
(50,500)	GASB Statement No. 54:
64,493	To record expenditures incurred in the eliminated library fund
(233,000)	To eliminate transfer between the general and expendable trust funds
(67,545)	To eliminate transfer between the general and library funds
<u>\$ 2,260,156</u>	Per Exhibit C-3 (GAAP basis)

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2012, none of the Town's bank balances of \$2,882,409 was exposed to custodial credit risk as uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

	Cash per Statement of Net Position (Exhibit A)	\$ 2,881,087
	Cash per Statement of Fiduciary Net Position (Exhibit E)	1,141
	Total cash and cash equivalents	<u>\$ 2,882,228</u>

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town's funds. The Town maintains a portfolio of intermediate maturity investments that are reported at fair value, based on quoted market prices. The Town's fiscal agent or custodian provides the fair value of all intermediate maturity investments. As of December 31, 2012, the Town had the following investments:

	Certificate of deposit	\$ 176,402
	New Hampshire Public Deposit Investment Pool	552,377
	Mutual funds	21,739
		<u>\$ 750,518</u>

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that change could materially affect the amounts reported in the Statement of Net Position.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF THORNTON, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2012

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2012. The amount has been reduced by an allowance for an estimated uncollectible amount of \$14,000. Taxes receivable by year are as follows:

Property:	
Levy of 2012	\$ 786,459
Unredeemed (under tax lien):	
Levy of 2011	269,065
Levy of 2010	162,211
Levies of 2009 and prior	2,415
Less: allowance for estimated uncollectible taxes	(14,000)
Net taxes receivable	<u>\$ 1,206,150</u>

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2012, consisted of intergovernmental amounts arising from the transfer station agreement and the school's portion of library expenditures. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 consisted of the following:

At cost:				
Not being depreciated:				
Land	\$ 168,945	\$ -	\$ (14,900)	\$ 154,045
Being depreciated:				
Land improvements	341,032	16,800	-	357,832
Buildings and building improvements	474,337	-	-	474,337
Equipment and vehicles	535,423	41,537	-	576,960
Infrastructure	-	27,666	-	27,666
Total capital assets being depreciated	<u>1,350,792</u>	<u>86,003</u>	<u>-</u>	<u>1,436,795</u>
Total all capital assets	1,519,737	86,003	(14,900)	1,590,840
Less accumulated depreciation:				
Land improvements	(159,150)	(11,368)	-	(170,518)
Buildings and building improvements	(109,557)	(6,769)	-	(116,326)
Equipment and vehicles	(267,377)	(47,283)	-	(314,660)
Total accumulated depreciation	<u>(536,084)</u>	<u>(65,420)</u>	<u>-</u>	<u>(601,504)</u>
Net book value, capital assets being depreciated	814,708	20,583	-	835,291
Net book value, all capital assets	<u>\$ 983,653</u>	<u>\$ 20,583</u>	<u>\$ (14,900)</u>	<u>\$ 989,336</u>
Balance, beginning		Additions	Disposals	Balance, ending

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

General government	\$ 6,226
Public safety	12,390
Highways and streets	31,878
Sanitation	14,926
Total depreciation expense	<u>\$ 65,420</u>

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
		\$ 2,056

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

Interfund Transfers - The composition of interfund transfers in the amount of \$2,056 for the year ended December 31, 2012 consists of transfers from the general fund to the nonmajor permanent fund.

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$2,520,641 at December 31, 2012 consist of the following:

Balance of 2012-2013 district assessment due to the Thornton School District	Balance of 2012-2013 district assessment due to the Pemi-Baker Regional School District	Total
\$ 1,643,177	736,171	6,590
		\$ 2,520,641

NOTE 10 – LONG-TERM LIABILITIES

Changes in the Town's long-term obligations consisted of the following for the year ended December 31, 2012:

	General	Compensated	Postclosure Care	Total
Balance, beginning	\$ 15,000	\$ 8,101	\$ 25,500	\$ 48,601
Additions	-	4,231	-	4,231
Reductions	(15,000)	-	-	(15,000)
Balance, ending	\$ -	\$ 12,332	\$ 25,500	\$ 37,832

Long-term liabilities payable are comprised of the following:

	Outstanding at	2012	Portion	Current
Compensated absences payable:	December 31,	2012	-	-
Accrued vacation leave	-	-	-	-
Accrued landfill postclosure care costs payable	-	-	-	-
Total	-	-	-	-

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

Accrued Landfill Postclosure Care Costs - Federal and State laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated total current cost of the landfill postclosure care (\$25,500) is based on

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

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, 2012. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. The Town expects to finance the postclosure care costs by an annual appropriation.

NOTE 11 – ENCUMBRANCES

Encumbrances outstanding of \$50,500 at December 31, 2012, are as follows:

Description	Amount
Town Hall addition	\$ 50,000
Tax map updates	500
Total encumbrances	<u>\$ 50,500</u>

NOTE 12 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2012 include the following:

Net investment in capital assets	\$ 989,336
Restricted for special purposes:	
Perpetual care	11,844
Library purposes	8,450
Total restricted for special purposes	<u>20,294</u>
Unrestricted	<u>2,368,395</u>
Total net position	<u>\$ 3,378,025</u>

NOTE 13 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2012 include the following:

Nonspendable:	Amount
Major fund:	
General:	
Tax dedeed property, subject to resale	\$ 110,754
Nonmajor fund:	
Permanent:	
Principal portion	<u>222,108</u>
Total nonspendable fund balance	\$ 332,862
Restricted:	
Major fund:	
General:	
Library purposes	\$ 8,450
Nonmajor fund:	
Permanent:	
Interest portion	<u>11,844</u>
Total restricted fund balance	20,294

(Continued)

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

(Continued from previous page)

	Committed: Major fund: General:
	Warrant article from the March 12, 2013 annual meeting Expendable trusts Conservation commission
	Assigned: Major fund: General: Encumbrances Unassigned: Major fund: General:
	Total governmental fund balances
	Total committed fund balance
	957,243
	50,500
	1,065,622
	\$ 2,426,521

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Fund equity at January 1, 2012 was restated to remove a payable which had been carried forward from prior years, as follows:

	Government- wide Statements	Adjustment
	Fund	Net position/fund balance, as previously reported
	General	Net position/fund balance, as restated
	Unassigned	
	Fund Balance	
	\$ 33,185	\$ 33,185
	1,868,504	3,038,640
	\$ 1,901,689	\$ 3,071,825
	1,130,892	1,164,077
	\$ 33,185	\$ 33,185

NOTE 15 – EMPLOYEE RETIREMENT PLAN

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

The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. During 2012, all employees except police officers were required to contribute 7% of earnable compensation. Police officers were required to contribute 11.55% of gross earnings. The Town's contribution rates for 2012 for pension and medical subsidy were 19.95% for police officers, and 8.80% for all other employees.

The contribution requirements for the Town of Thornton for the fiscal years 2010, 2011, and 2012 were \$55,071, \$64,170, and \$67,223, respectively, which were paid in full in each year.

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to pension benefits described in preceding note, the Town provides postemployment benefit options for health care, life insurance, dental insurance, and disability income to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the Town's agreements, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include: years of service, employee

TOWN OF THORNTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

age, and whether the employee has vested in the respective retirement plan. The Town funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the Town subsidizing the remaining costs. Expenses for the postretirement health care benefits are recognized as eligible employee claims are paid.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45, which was effective for the Town on January 1, 2009, requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported on the financial statements. The Town has not implemented GASB Statement No. 45 at December 31, 2012 or contracted with an actuarial firm to assist in evaluating the impact of this new standard on the Town. The amounts that should be recorded as the annual required contribution/OPEB cost and the net OPEB obligation is unknown.

NOTE 17 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2012, the Town was a member of the Local Government Center Property-Liability Trust, LLC, and the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation Program. These entities are considered public entity risk pools, currently operating as common risk management and insurance programs for member Towns and cities.

The Local Government Center Property-Liability Trust, LLC, is a Trust organized to provide certain property and liability insurance coverages to member Towns, cities and other qualified political subdivisions of New Hampshire. As a member of the Local Government Center Property-Liability Trust, LLC, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. The program maintains a self-insured retention above which it purchases reinsurance and excess insurance. This policy covers property, auto physical damage, crime, general liability, and public officials' liability subject to a \$1,000 deductible.

Contributions paid in fiscal year ending December 31, 2012, to be recorded as an insurance expenditure totaled \$26,641. There were no unpaid contributions for the year ended December 31, 2012.

The New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation Program is a pooled risk management program under RSAs 5-B and 281-A. Coverage was provided from January 1, 2012 to December 31, 2012 by Primex, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town of Thornton billed and paid for the year ended December 31, 2012 was \$15,777 for workers' compensation.

NOTE 18 – CONTINGENCIES

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

NOTE 19 – JOINT VENTURES

The Town is a participant in the following joint ventures:

Campton-Thornton Intergovernmental Fire Service Agreement - The Towns of Campton, Thornton, and Ellsworth entered into an agreement to provide fire protection and emergency medical services. The agreement was renewed on December 5, 2011 to cover the period from January 1, 2012 to December 31, 2015. The Campton-Thornton Fire Department is governed by a joint Board of Commissioners who adopts an annual budget.

Each Town's rate of assessment is as follows:

Operating Budget	Capital Budget
Campton 58%	Campton 60%
Ellsworth 4%	Thornton 40%
Thornton 38%	

TOWN OF THORNTON, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2012

The Town of Thornton effectively owns 40% net equity in the Department's operation, which is not material to the Town of Thornton's financial statements at December 31, 2012. The Department has a special audit report issued independently, which may be obtained by contacting the Department at 196 NH Route 49, Campton, NH 03223; (603) 726-3300.

Intergovernmental Agreement for the Disposal of Solid Waste - The Towns of Campton, Thornton, and Ellsworth entered into an agreement to provide solid waste disposal and related services. The agreement was renewed on January 1, 2012 to cover the period from January 1, 2012 to December 31, 2014. The Town of Thornton pays the bills and requests reimbursement six times a year from the other two communities. Operating costs are assessed as follows:

Campton	64%
Ellsworth	2%
Thornton	34%

The Town budgets revenue and expenditures annually on a gross basis for these activities.

NOTE 20 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

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

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendments of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the Town beginning with its fiscal year ending December 31, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, will be effective for the Town beginning with its fiscal year ending December 2013. This Statement is intended to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62*, issued March 2012, will be effective for the Town beginning with its fiscal year ending December 31, 2013.

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued in June 2012, will be effective for the Town/City beginning with its fiscal year ending December 31, 2014. The guidance contained in this statement will change how governments calculate and report the costs and obligations associated with pensions in important ways. This replaces the requirements of Statements No. 27 and 50.

NOTE 21 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through September 27, 2013, the date the December 31, 2012 financial statements were issued, and no events occurred that require recognition or disclosure.

INDIVIDUAL FUND SCHEDULES

SCHEDULE 2

TOWN OF THORNTON, NEW HAMPSHIRE

Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2012

Current:	Encumbered	Year	Appropriations	Expenditures	Encumbered	Year	Variance	to Subsequent	
								Year	(Negative)
General government:									
Executive	\$	-	\$	150,256	\$	151,917	\$	-	\$
Election and registration	-	-	91,749	82,735	-	9,014	(1,661)	-	-
Financial administration	-	-	47,210	43,774	-	3,436	-	-	-
Revaluation of property	-	-	27,604	28,126	-	(522)	-	-	-
Legal	-	-	30,000	23,983	-	6,017	-	-	-
Personnel administration	-	-	246,328	228,771	-	17,557	-	-	-
Planning and zoning	-	-	22,924	26,278	-	(3,354)	-	-	-
General government buildings	-	-	25,001	23,643	50,000	(48,642)	-	-	-
Cemeteries	-	-	24,450	24,450	-	50	-	-	-
Insurance, not otherwise allocated	-	-	42,412	40,109	-	2,303	-	-	-
Advertising and regional associations	-	-	796	795	-	1	-	-	-
Other	500	500	7,501	5,325	500	2,176	-	-	-
Total general government	500	500	716,281	679,906	50,500	(13,625)	-	-	-
Public safety:									
Police	-	-	324,268	317,284	-	6,984	-	-	-
Fire	-	-	270,469	270,068	-	401	-	-	-
Building inspection	-	-	19,137	12,232	-	6,905	-	-	-
Emergency management	-	-	2,050	1,138	-	912	-	-	-
Other	-	-	500	-	-	500	-	-	-
Total public safety	-	-	616,424	600,722	-	15,702	-	-	-
Highways and streets	3,784	3,784	475,115	374,313	-	104,586	-	-	-
Sanitation:									
Administration	-	-	135,352	167,389	-	(32,037)	-	-	-
Solid waste collection	-	-	2,275	2,174	-	101	-	-	-
Solid waste disposal	-	-	247,372	216,560	-	30,812	-	-	-
Solid waste clean-up	-	-	1,500	100	-	1,400	-	-	-
Total sanitation	-	-	386,499	386,223	-	276	-	-	-
Health:									
Administration	-	-	1,523	-	-	1,523	-	-	-
Health agencies	-	-	57,649	46,488	-	11,161	-	-	-
Total health	-	-	59,172	46,488	-	12,684	-	-	-
Welfare:									
Direct assistance	-	-	5,924	29,967	-	(24,043)	-	-	-
Vendor payments	-	-	30,420	11,754	-	18,666	-	-	-
Total welfare	-	-	36,344	41,721	-	(5,377)	-	-	-
Culture and recreation:									
Parks and recreation	-	-	1,501	1,500	-	1	-	-	-
Patriotic purposes	-	-	500	600	-	(100)	-	-	-
Total culture and recreation	-	-	2,001	2,100	-	(99)	-	-	-
Conservation	-	-	700	354	-	346	-	-	-

(Continued)

SCHEDULE 2 (Continued)
TOWN OF THORNTON, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2012

Debt service:	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)	Capital outlay:	
						Principal of long-term debt	Interest on long-term debt
Principal of long-term debt	-	15,000	14,993	-	7	-	-
Interest on long-term debt	-	502	500	-	2	-	-
Interest on tax anticipation notes	-	3,000	-	-	3,000	-	-
Total debt service	-	18,502	15,493	-	3,009	-	-
Capital outlay:	-	-	22,173	-	(22,173)	-	-
Police cruiser	-	-	16,800	-	28,200	-	-
Town hall parking lot	-	45,000	9,370	-	980	-	-
Other	-	10,350	48,343	-	7,007	-	-
Total capital outlay	-	55,350	48,343	-	7,007	-	-
Other financing uses:	-	303,444	300,545	-	2,899	-	-
Transfers out	-	-	-	-	-	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 4,284	\$ 2,669,832	\$ 2,496,208	\$ 50,500	\$ 127,408		

SCHEDULE 3 TOWN OF THORNTON, NEW HAMPSHIRE Major General Fund Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis) For the Fiscal Year Ended December 31, 2012	
	Unassigned fund balance, beginning, as restated (see Note 14)
	\$ 1,164,077
Changes:	
	Unassigned fund balance used to reduce 2012 tax rate
	(314,000)
2012 Budget summary:	
	Revenue surplus (Schedule 1)
	\$ 219,020
	Unexpended balance of appropriations (Schedule 2)
	127,408
	2012 Budget surplus
	346,428
	Decrease in nonspendable fund balance
	19,117
	Increase in committed fund balance
	(150,000)
	Unassigned fund balance, ending
	<u>\$ 1,065,622</u>