

TOWN OF ATKINSON, NEW HAMPSHIRE

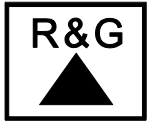
ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012

**TOWN OF ATKINSON, NEW HAMPSHIRE
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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 24 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 and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Atkinson has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

Other Information

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

The combining nonmajor and individual general 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

July 31, 2013

Roberts & Green, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,761,415
Investments	1,063,956
Intergovernmental receivable	33,244
Other receivables, net of allowance for uncollectibles	766,609
Tax deeded property	885
Capital assets, not being depreciated:	
Land	4,511,917
Capital assets, net of accumulated depreciation:	
Land improvements	174,380
Buildings and building improvements	4,150,679
Machinery, vehicles and equipment	768,789
Infrastructure	2,069,477
Total assets	<u>21,301,351</u>
LIABILITIES	
Accounts payable	7,903
Accrued payroll and benefits	32,669
Accrued interest payable	22,791
Intergovernmental payable	6,379,049
Unearned revenue	23,529
Performance and escrow deposits	4,735
Noncurrent obligations:	
Due within one year:	
Bond payable	85,000
Unamortized bond premium	975
Due in more than one year:	
Bond payable	1,190,000
Unamortized bond premium	13,650
Compensated absences	8,853
Total liabilities	<u>7,769,154</u>
NET POSITION	
Net investment in capital assets	10,385,617
Restricted for:	
Endowments:	
Nonexpendable	83,313
Expendable	73,187
Other purposes	47,550
Unrestricted	2,942,530
Total net position	<u>\$ 13,532,197</u>

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

EXHIBIT 2
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2012

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes
	Expenses	Services	Contributions	in Net Position
Governmental activities:				
General government	\$ 972,205	\$ 128,618	\$ -	\$ (843,587)
Public safety	1,363,670	93,089	-	(1,270,581)
Highways and streets	732,953	-	136,553	(596,400)
Sanitation	504,318	-	-	(504,318)
Health	61,679	-	-	(61,679)
Welfare	57,552	-	-	(57,552)
Culture and recreation	687,817	61,076	33,248	(593,493)
Conservation	5,232	-	-	(5,232)
Interest on long-term debt	62,059	-	-	(62,059)
Capital outlay	10,853	-	-	(10,853)
Total governmental activities	<u>\$ 4,458,338</u>	<u>\$ 282,783</u>	<u>\$ 169,801</u>	<u>(4,005,754)</u>
General revenues:				
Property taxes				2,226,985
Other taxes				45,768
Licenses and permits				1,353,014
Grants and contributions not restricted to specific programs				300,714
Miscellaneous				85,810
Total general revenues				<u>4,012,291</u>
Change in net position				6,537
Net position, beginning				<u>13,525,660</u>
Net position, ending				<u>\$ 13,532,197</u>

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

EXHIBIT 3
TOWN OF ATKINSON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2012

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,648,400	\$ 113,015	\$ 7,761,415
Investments	9,117	1,054,839	1,063,956
Receivables, net of allowance for uncollectibles:			
Taxes	746,845	-	746,845
Accounts	-	19,764	19,764
Intergovernmental	33,244	-	33,244
Interfund receivable	-	552	552
Tax dedeed property held for resale	885	-	885
Total assets	<u>\$ 8,438,491</u>	<u>\$ 1,188,170</u>	<u>\$ 9,626,661</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,903	\$ 499	\$ 8,402
Accrued salaries and benefits	32,170	-	32,170
Intergovernmental payable	6,379,049	-	6,379,049
Interfund payable	552	-	552
Deferred revenue	502,598	-	502,598
Escrow and performance deposits	4,735	-	4,735
Total liabilities	<u>6,927,007</u>	<u>499</u>	<u>6,927,506</u>
Fund balances:			
Nonspendable	885	83,313	84,198
Restricted	-	120,737	120,737
Committed	2,039	983,621	985,660
Assigned	63,182	-	63,182
Unassigned	1,445,378	-	1,445,378
Total fund balances	<u>1,511,484</u>	<u>1,187,671</u>	<u>2,699,155</u>
Total liabilities and fund balances	<u>\$ 8,438,491</u>	<u>\$ 1,188,170</u>	<u>\$ 9,626,661</u>

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

EXHIBIT 4
TOWN OF ATKINSON, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2012

Total fund balances of governmental funds (Exhibit 3)		\$ 2,699,155
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	\$ 15,355,509	
Less accumulated depreciation	<u>(3,680,267)</u>	
		11,675,242
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (552)	
Payables	<u>552</u>	
		-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue		479,069
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(22,791)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond outstanding	\$ 1,275,000	
Unamortized bond premium	14,625	
Compensated absences payable	<u>8,853</u>	
		<u>(1,298,478)</u>
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 13,532,197</u></u>

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

EXHIBIT 5
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,298,411	\$ 300	\$ 2,298,711
Licenses, permits and fees	1,353,014	-	1,353,014
Intergovernmental	470,515	-	470,515
Charges for services	177,038	127,835	304,873
Miscellaneous	27,575	2,295	29,870
Total revenues	<u>4,326,553</u>	<u>130,430</u>	<u>4,456,983</u>
Expenditures:			
Current:			
General government	967,573	-	967,573
Public safety	1,181,711	73,476	1,255,187
Highways and streets	687,324	-	687,324
Sanitation	504,318	-	504,318
Health	61,679	-	61,679
Welfare	57,552	-	57,552
Culture and recreation	611,223	38,962	650,185
Conservation	5,232	-	5,232
Debt service:			
Principal	85,000	-	85,000
Interest	64,388	-	64,388
Capital outlay	134,902	175,475	310,377
Total expenditures	<u>4,360,902</u>	<u>287,913</u>	<u>4,648,815</u>
Deficiency of revenues under expenditures	<u>(34,349)</u>	<u>(157,483)</u>	<u>(191,832)</u>
Other financing sources (uses):			
Transfers in	-	90,697	90,697
Transfers out	(90,000)	(697)	(90,697)
Total other financing sources and uses	<u>(90,000)</u>	<u>90,000</u>	<u>-</u>
Net change in fund balances	(124,349)	(67,483)	(191,832)
Fund balances, beginning	1,635,833	1,255,154	2,890,987
Fund balances, ending	<u>\$ 1,511,484</u>	<u>\$ 1,187,671</u>	<u>\$ 2,699,155</u>

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

EXHIBIT 6
TOWN OF ATKINSON, 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, 2012

Net change in fund balances of governmental funds (Exhibit 5)			\$ (191,832)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.			
	Capitalized capital outlay	\$ 526,781	
	Depreciation expense	<u>(386,127)</u>	
			140,654
Transfers in and out between governmental funds are eliminated on the operating statement.			
	Transfers in	\$ (90,697)	
	Transfers out	<u>90,697</u>	
			-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.			
	Change in deferred tax revenue		(25,958)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.			
	Payment of bond principal	85,000	
	Bond premium amortization	<u>975</u>	
			85,975
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
	Decrease in accrued interest expense	\$ 1,354	
	Increase in compensated absences payable	<u>(3,656)</u>	
			<u>(2,302)</u>
Change in net position of governmental activities (Exhibit 2)			<u>\$ 6,537</u>

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

EXHIBIT 7
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ 56,461
Liabilities:	
Due to other governmental units	26,874
Due to developers	<u>29,587</u>
Total liabilities	<u>56,461</u>
Net position	<u><u>\$ -</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Atkinson (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2012.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Town of Atkinson is a municipal corporation governed by a board of selectmen consisting of three members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

I.B.2. *Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; and (2) operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The major governmental fund is reported in separate columns with composite columns for nonmajor funds.

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

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. However, for purposes of setting the tax rate, property tax revenues are recognized when committed, and no deferral is made.

Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are property taxes, intergovernmental amounts, charges for services, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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I.B.4. *Fund Types and Major Funds*

Governmental Funds

The Town reports the following major governmental fund:

General Fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

The Town also reports seven nonmajor governmental funds.

Fiduciary Funds

The Town reports the following fiduciary fund:

Agency Funds – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town's agency funds are used to account for performance bonds held in escrow; amounts held on behalf of the Atkinson Basketball Program; and amounts held for school impact fees belonging to the Timberlane Regional School District.

I.C. *Assets, Liabilities, and Net Assets or Fund Equity*

I.C.1. *Cash and Investments*

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383.22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments are stated at fair value based on quoted market prices. Investments include amounts held by the New Hampshire Public Deposit Investment Pool, which is an external investment pool regulated by the New Hampshire Bank Commissioner and the Commissioner's Advisory Committee. Participation in the Pool is voluntary and the fair value of its investments is the same as the value of pool shares. The Town library also invests in a 24-month certificate of deposit held at Pentucket Bank, a mutual chartered bank of New Hampshire and Massachusetts.

TOWN OF ATKINSON, NEW HAMPSHIRE
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New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

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

I.C.2. *Capital Assets and Depreciation*

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

	<u>Years</u>
Land improvements	20
Buildings and building improvements	15-40
Machinery, vehicles and equipment	3-20
Infrastructure	15-50

I.C.3. *Long-Term Debt*

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

I.C.4. *Compensated Absences*

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums based on the number of years in employment. Employees are only permitted to accrue an amount equal to ten days over their annual entitlement. Employees are entitled to their vacation leave upon termination.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Compensated absences are reported as accrued in the governmental activities financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

I.C.5. *Equity*

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the balance of the permanent funds whose principal balance is required to be retained in perpetuity and whose income balance is to be used for Town purposes in accordance with trust purposes.
- Restricted for other purposes, which consists of the balance of the library funds.
- Unrestricted, which consists of the remaining balance of net assets.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds, and tax deeded property.
- Restricted, which represents the expendable income from permanent funds and the library fund, whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed and assigned balances.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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I.D. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2012, \$286,465 of the fund balance from 2011 was used.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, water distribution and treatment, health, welfare, culture and recreation, conservation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. *Receivables, Uncollectible Accounts and Deferred Revenue*

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2011 property taxes on April 18th.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Timberlane Regional School District, and Rockingham County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2012, upon which the 2012 property tax levy was based was:

For the New Hampshire education tax	\$ 831,076,689
For all other taxes	\$ 839,305,289

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

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$2.98	\$ 2,499,273
School portion:		
State of New Hampshire	\$2.46	2,042,608
Local	\$12.30	10,323,441
County portion	\$1.06	893,376
Total property taxes assessed		<u>\$ 15,758,698</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2012	\$ 501,895
Unredeemed (under tax lien):	
Levy of 2011	107,925
Levy of 2010	86,805
Levy of 2009	49,666
Levy of 2008 and prior	89,891
Timber	663
Less: allowance for estimated uncollectible taxes	(90,000)
Net taxes receivable	<u>\$ 746,845</u>

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

Deferred Revenue

Deferred revenue of \$502,598 at December 31, 2012 represents \$479,069 of 2012 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, and \$23,529 collected in advance of the 2013 property tax levy.

III.A.3. Capital Assets

Changes in Capital Assets

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

	Balance, beginning	Additions	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 4,361,917	\$ 150,000	\$ 4,511,917
Being depreciated:			
Land improvements	58,885	134,062	192,947
Buildings and building improvements	5,731,133	116,701	5,847,834
Machinery, vehicles and equipment	1,817,399	92,028	1,909,427
Infrastructure	2,859,394	33,990	2,893,384
Total capital assets being depreciated	10,466,811	376,781	10,843,592
Total all capital assets	14,828,728	526,781	15,355,509
Less accumulated depreciation:			
Land improvements	(11,703)	(6,864)	(18,567)
Buildings and building improvements	(1,550,454)	(146,701)	(1,697,155)
Machinery, vehicles and equipment	(1,063,020)	(77,618)	(1,140,638)
Infrastructure	(668,963)	(154,944)	(823,907)
Total accumulated depreciation	(3,294,140)	(386,127)	(3,680,267)
Net book value, capital assets being depreciated	7,172,671	(9,346)	7,163,325
Net book value, all capital assets	\$ 11,534,588	\$ 140,654	\$ 11,675,242

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

Depreciation Expense

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

Governmental activities:	
General government	\$ 36,914
Public safety	107,276
Highways and streets	164,476
Culture and recreation	77,461
Total depreciation expense	<u>\$ 386,127</u>

III.A.4. Restricted Net Assets

The government-wide statement of net assets includes restricted net assets of \$156,500 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures.

III.B. Liabilities

III.B.1 Intergovernmental Payable

The amount due to other governments at December 31, 2012 consists of \$6,379,049 due to the Timberlane Regional School District for the balance of the 2012-2013 school district assessment.

III.B.2 Long-Term Debt

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These bonds are backed by the full faith and credit of the Town. Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2012	Current Portion
General obligation bonds payable:						
Library project	\$ 1,714,500	2007	2027	4.0-5.0	\$ 1,275,000	\$ 85,000
Unamortized bond premium					14,625	975
Compensated absences payable:						
Accrued vacation leave					8,853	-
					<u>\$ 1,298,478</u>	<u>\$ 85,975</u>

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2012:

	General Obligation Bonds Payable	Unamortized Bond Premium	Compensated Absences Payable	Total
Balance, beginning	\$ 1,360,000	\$ 15,600	\$ 5,197	\$ 1,380,797
Additions	-	-	3,656	3,656
Reductions	(85,000)	(975)	-	(85,975)
Balance, ending	<u>\$ 1,275,000</u>	<u>\$ 14,625</u>	<u>\$ 8,853</u>	<u>\$ 1,298,478</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bond outstanding as of year-end are as follow:

Fiscal Year Ending December 31,	Principal	Interest	Total
2013	\$ 85,000	\$ 60,775	\$ 145,775
2014	85,000	57,163	142,163
2015	85,000	53,550	138,550
2016	85,000	49,300	134,300
2017	85,000	45,050	130,050
2018-2022	425,000	162,137	587,137
2023-2027	425,000	60,561	485,561
Totals	<u>\$ 1,275,000</u>	<u>\$ 488,536</u>	<u>\$ 1,763,536</u>

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

III.C.1. *Receivables and Payables*

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

The amount due to the nonmajor funds from the General Fund represents \$552 paid out of the Police Special Duty Fund in error that should have been out of the General Fund.

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

III.C.2. Transfers

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

The amount transferred to the Expendable Trust Fund (\$90,000) from the General Fund represent voted appropriations. The amount transferred to the Kimball Library (\$697) from the Trustees of Trust Funds represents accrued interest earned in an endowment fund.

III.D. Fund Equity

The components of fund balance, as described in note I.C.5, are classified for the following purposes:

	General Fund	Nonmajor Fund	Total
Nonspendable:			
Endowments	\$ -	\$ 83,313	\$ 83,313
Tax deeded property	885	-	885
Total nonspendable	<u>885</u>	<u>83,313</u>	<u>84,198</u>
Restricted:			
General government	-	72,537	72,537
Culture and recreation	-	48,200	48,200
Total restricted	<u>-</u>	<u>120,737</u>	<u>120,737</u>
Committed:			
General government	-	308,879	308,879
Public safety	-	361,711	361,711
Highways and streets	-	15,047	15,047
Culture and recreation	-	22,926	22,926
Conservation	2,039	275,058	277,097
Total committed	<u>2,039</u>	<u>983,621</u>	<u>985,660</u>
Assigned:			
Culture and recreation	1,500	-	1,500
Conservation	1,240	-	1,240
Capital outlay	60,442	-	60,442
Total assigned	<u>63,182</u>	<u>-</u>	<u>63,182</u>
Unassigned	1,445,378	-	1,445,378
Total fund balance	<u><u>\$ 1,511,484</u></u>	<u><u>\$ 1,187,671</u></u>	<u><u>\$ 2,699,155</u></u>

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the Local Government Center Property-Liability Trust, Inc., which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

Local Government Center Property-Liability Trust, Inc. (the Trust) – This Trust is organized to provide certain property and liability protection to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30.

Contributions paid in 2012 for fiscal year 2013, ending June 30, 2013, to be recorded as an insurance expenditure/expense totaled \$55,186. There were no unpaid contributions for the year ending June 30, 2013 and due in 2012. The Town paid \$33,962 for workers' compensation for the year ended December 31, 2012. The Town also paid \$6,497 for unemployment compensation for the year. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for the members and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution for police officers and other employees was 11.55% and 7% respectively. The rate of contribution for pension and the medical subsidy by Town were 19.95% for police and 8.80% for other employees. Employer contributions from the Town during the years 2010, 2011 and 2012 were \$47,522, \$65,273 and \$82,538, respectively. The amounts are paid on a monthly basis as due.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

IV.C. Contingent Liabilities

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

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 8
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 2,313,927	\$ 2,272,453	\$ (41,474)
Licenses, permits and fees	1,299,036	1,353,014	53,978
Intergovernmental	472,646	470,515	(2,131)
Charges for services	177,092	177,038	(54)
Miscellaneous	20,820	27,551	6,731
Total revenues	<u>4,283,521</u>	<u>4,300,571</u>	<u>17,050</u>
EXPENDITURES			
Current:			
General government	951,829	920,073	31,756
Public safety	1,166,685	1,181,711	(15,026)
Highways and streets	762,412	687,324	75,088
Sanitation	625,028	504,318	120,710
Health	62,019	61,679	340
Welfare	55,143	57,552	(2,409)
Culture and recreation	577,979	624,685	(46,706)
Conservation	6,003	6,472	(469)
Debt service:			
Principal	85,000	85,000	-
Interest	64,388	64,388	-
Capital outlay	75,500	75,622	(122)
Total expenditures	<u>4,431,986</u>	<u>4,268,824</u>	<u>163,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(148,465)</u>	<u>31,747</u>	<u>180,212</u>
Other financing uses:			
Transfers out	<u>(138,000)</u>	<u>(138,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (286,465)</u>	<u>(106,253)</u>	<u>\$ 180,212</u>
Unassigned fund balance, beginning		2,030,700	
Unassigned fund balance, ending		<u>\$ 1,924,447</u>	

The notes to the required supplementary information are an integral part of this statement.

TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2012

Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 8 (budgetary basis)	\$ 4,300,571
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	505,027
Tax revenue deferred in the current year	(479,069)
Perspective difference:	
Interest earned in Mosquito Control Expendable Trust Fund	24
Per Exhibit 5 (GAAP basis)	<u>\$ 4,326,553</u>
Expenditures and other financing uses:	
Per Exhibit 8 (budgetary basis)	\$ 4,406,824
Adjustments:	
Basis difference:	
Encumbrances, beginning	107,760
Encumbrances, ending	(63,182)
Perspective difference:	
Transfers from General Fund to Mosquito Control Expendable Trust Fund	(48,000)
Expenditures from Mosquito Control Expendable Trust Fund	47,500
Per Exhibit 5 (GAAP basis)	<u>\$ 4,450,902</u>
Fund balances:	
Per Exhibit 8 (budgetary basis)	\$ 1,924,447
Adjustments:	
Basis difference:	
Deferred tax revenue, 60-day rule	(479,069)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,445,378</u>

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 9
TOWN OF ATKINSON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2012

	Special Revenue Funds				Capital Project Fund		
	Kimball Library	Police Special Duty	Conservation Commission	Recreation Revolving	Capital Reserves	Permanent Fund	Total
ASSETS							
Cash and cash equivalents	\$ 47,550	\$ -	\$ 49,360	\$ 16,105	\$ -	\$ -	\$ 113,015
Investments	-	-	225,643	-	672,696	156,500	1,054,839
Accounts receivable	-	19,764	-	-	-	-	19,764
Interfund receivable	-	552	-	-	-	-	552
Total assets	<u>\$ 47,550</u>	<u>\$ 20,316</u>	<u>\$ 275,003</u>	<u>\$ 16,105</u>	<u>\$ 672,696</u>	<u>\$ 156,500</u>	<u>\$ 1,188,170</u>
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ -	\$ 499	\$ -	\$ -	\$ -	\$ -	\$ 499
Fund balances:							
Nonspendable	-	-	-	-	-	83,313	83,313
Restricted	47,550	-	-	-	-	73,187	120,737
Committed	-	19,817	275,003	16,105	672,696	-	983,621
Total fund balances	<u>47,550</u>	<u>19,817</u>	<u>275,003</u>	<u>16,105</u>	<u>672,696</u>	<u>156,500</u>	<u>1,187,671</u>
Total liabilities and fund balances	<u>\$ 47,550</u>	<u>\$ 20,316</u>	<u>\$ 275,003</u>	<u>\$ 16,105</u>	<u>\$ 672,696</u>	<u>\$ 156,500</u>	<u>\$ 1,188,170</u>

EXHIBIT 10
TOWN OF ATKINSON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2012

	Special Revenue Funds					Capital Project Fund		
	Kimball Library	Police Special Duty	Conservation Commission	Recreation Revolving	DARE	Capital Reserves	Permanent Fund	Total
REVENUES								
Taxes	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 300
Charges for services	22,090	93,089	-	12,656	-	-	-	127,835
Miscellaneous	18	-	453	-	-	712	1,112	2,295
Total revenues	<u>22,108</u>	<u>93,089</u>	<u>753</u>	<u>12,656</u>	<u>-</u>	<u>712</u>	<u>1,112</u>	<u>130,430</u>
EXPENDITURES								
Current:								
Public safety	-	73,444	-	-	32	-	-	73,476
Culture and recreation	26,646	-	-	12,316	-	-	-	38,962
Capital outlay	-	16,000	150,000	-	-	9,475	-	175,475
Total expenditures	<u>26,646</u>	<u>89,444</u>	<u>150,000</u>	<u>12,316</u>	<u>32</u>	<u>9,475</u>	<u>-</u>	<u>287,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,538)</u>	<u>3,645</u>	<u>(149,247)</u>	<u>340</u>	<u>(32)</u>	<u>(8,763)</u>	<u>1,112</u>	<u>(157,483)</u>
Other financing sources (uses):								
Transfers in	697	-	-	-	-	90,000	-	90,697
Transfers out	-	-	-	-	-	-	(697)	(697)
Total other financing sources and uses	<u>697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>(697)</u>	<u>90,000</u>
Net change in fund balances	(3,841)	3,645	(149,247)	340	(32)	81,237	415	(67,483)
Fund balances, beginning	51,391	16,172	424,250	15,765	32	591,459	156,085	1,255,154
Fund balances, ending	<u>\$ 47,550</u>	<u>\$ 19,817</u>	<u>\$ 275,003</u>	<u>\$ 16,105</u>	<u>\$ -</u>	<u>\$ 672,696</u>	<u>\$ 156,500</u>	<u>\$ 1,187,671</u>

EXHIBIT 11
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2012

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,273,973	\$ 2,226,985	\$ (46,988)
Timber	203	203	-
Interest and penalties on delinquent taxes	39,751	45,265	5,514
Total taxes	<u>2,313,927</u>	<u>2,272,453</u>	<u>(41,474)</u>
Licenses, permits and fees:			
Business licenses and permits	-	7,597	7,597
Motor vehicle permits	1,188,417	1,257,191	68,774
Building permits	21,910	57,534	35,624
Other	88,709	30,692	(58,017)
Total licenses, permits and fees	<u>1,299,036</u>	<u>1,353,014</u>	<u>53,978</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	300,762	300,714	(48)
Highway block grant	136,553	136,553	-
Library generator grant	35,331	33,245	(2,086)
Other governmental	-	3	3
Total intergovernmental	<u>472,646</u>	<u>470,515</u>	<u>(2,131)</u>
Charges for services:			
Income from departments	128,382	52,687	(75,695)
Other	48,710	124,351	75,641
Total charges for services	<u>177,092</u>	<u>177,038</u>	<u>(54)</u>
Miscellaneous:			
Sale of property	14,978	13,982	(996)
Interest on investments	5,842	5,271	(571)
Other	-	8,298	8,298
Total miscellaneous	<u>20,820</u>	<u>27,551</u>	<u>6,731</u>
Total revenues	4,283,521	<u>\$ 4,300,571</u>	<u>\$ 17,050</u>
Use of fund balance to reduce taxes	286,465		
Total revenues and use of fund balance	<u>\$ 4,569,986</u>		

EXHIBIT 12
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2012

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 145,396	\$ 143,581	\$ -	\$ 1,815
Election and registration	-	149,719	138,703	-	11,016
Financial administration	-	295,934	296,096	-	(162)
Legal	-	80,000	41,202	-	38,798
Personnel administration	-	40,536	40,459	-	77
Planning and zoning	-	34,801	24,283	-	10,518
General government buildings	-	97,916	137,159	-	(39,243)
Cemeteries	-	45,577	36,606	-	8,971
Insurance, not otherwise allocated	-	55,672	55,706	-	(34)
Advertising and regional associations	-	6,278	6,278	-	-
Total general government	-	951,829	920,073	-	31,756
Public safety:					
Police	-	805,827	796,243	-	9,584
Ambulance	-	1	-	-	1
Fire	-	272,844	291,504	-	(18,660)
Building inspection	-	48,473	49,465	-	(992)
Emergency management	-	650	5,805	-	(5,155)
Other	-	38,890	38,694	-	196
Total public safety	-	1,166,685	1,181,711	-	(15,026)
Highways and streets:					
Administration	-	64,801	69,952	-	(5,151)
Highways and streets	-	577,046	493,962	-	83,084
Bridges	-	86,465	85,261	-	1,204
Street lighting	-	34,100	38,149	-	(4,049)
Total highways and streets	-	762,412	687,324	-	75,088
Sanitation:					
Solid waste collection	-	35,427	29,335	-	6,092
Solid waste disposal	-	589,601	474,983	-	114,618
Total sanitation	-	625,028	504,318	-	120,710
Health:					
Administration	-	4,594	4,525	-	69
Pest control	-	18,181	17,910	-	271
Health agencies and hospitals	-	39,244	39,244	-	-
Total health	-	62,019	61,679	-	340
Welfare:					
Administration	-	40,743	47,105	-	(6,362)
Direct assistance	-	14,400	10,447	-	3,953
Total welfare	-	55,143	57,552	-	(2,409)

(continued)

EXHIBIT 12 (continued)
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2012

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	171,419	172,373	13,462	(14,416)
Public library	-	362,583	399,764	-	(37,181)
Patriotic purposes	-	3,225	2,751	-	474
Other	-	40,752	36,335	-	4,417
Total culture and recreation	-	577,979	611,223	13,462	(46,706)
Conservation	-	6,003	5,232	1,240	(469)
Debt service:					
Principal	-	85,000	85,000	-	-
Interest	-	64,388	64,388	-	-
Total debt service	-	149,388	149,388	-	-
Capital outlay:					
Machinery, vehicles and equipment	-	30,500	11,113	-	19,387
Buildings	107,760	45,000	123,789	48,480	(19,509)
Total capital outlay	107,760	75,500	134,902	48,480	(122)
Other financing uses:					
Transfers out:					
Expendable trust funds	-	138,000	138,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 107,760	\$ 4,569,986	\$ 4,451,402	\$ 63,182	\$ 163,162

EXHIBIT 13
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2012

Unassigned fund balance, beginning		\$	2,030,700
Changes:			
Unassigned fund balance used to reduce tax rate			(286,465)
Budget summary:			
Revenue surplus (Exhibit 11)	\$	17,050	
Unexpended balance of appropriations (Exhibit 12)		<u>163,162</u>	
Budget surplus			<u>180,212</u>
Unassigned fund balance, ending		\$	<u><u>1,924,447</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION OF NO MATERIAL WEAKNESSES

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

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Atkinson as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, the board of selectmen, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

July 31, 2013

Roberts & Greene, PLLC