

# TOWN OF ENFIELD, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018

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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Town Manager and Members of the Board of Selectmen  
Town of Enfield  
Enfield, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Enfield, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***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 fair 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 policies 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on Governmental Activities***

As discussed in Note I.B.3. to the financial statements, management has not determined its liability or annual cost for postemployment benefits other than pensions (OPEB) in governmental activities. Accounting principles generally accepted in the United States of America require that management recognize OPEB expense for the required contributions and a liability for unpaid required contributions, which would increase the liabilities, decrease net position, and increase expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

**Adverse Opinion**

In our opinion, because of the significance of the matter discussed 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 governmental activities of the Town of Enfield, as of December 31, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town of Enfield, as of December 31, 2018, and the respective changes in financial position thereof and budgetary comparisons of the major funds, 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 management’s discussion and analysis and pension information on pages 4 through 9 and 39 through 41 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. 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 Enfield’s basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor governmental and individual general fund schedules and the schedule of expenditures of federal awards 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 combining nonmajor and individual general fund schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, on our consideration of the Town of Enfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Accordingly, we express no such opinion. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Roberts & Heine, PLLC*

Concord, New Hampshire  
September 27, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Enfield, we offer readers this narrative overview and analysis of the financial activities of the Town of Enfield, New Hampshire for the year ended December 31, 2018.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government'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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, water distribution and treatment, sanitation, welfare, culture and recreation, and economic development.

**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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by the *Governmental Accounting Standards Board*.

## **B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total assets exceeded liabilities by \$9,808,952 (i.e., net position), an increase of \$2,378,260 in comparison to the prior year restated balance (see Note III.D. of the financial statements).
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$3,883,764, an increase of \$1,261,556 in comparison with the prior year restated balance (see Note III.D. of the financial statements).
- At the end of the current fiscal year, fund balance for the general fund was \$24,517, a change of \$352,379 in comparison with the prior year.
- Total long-term debt (i.e., bonds payable and capital leases) at the close of the current fiscal year was \$6,784,535, a change of \$65,9192 in comparison to the prior year.

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of condensed government-wide financial data comparing current and prior fiscal year:

**STATEMENT OF NET POSITION**

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017</b>
Current and Other Assets	\$ 9,655,428	\$ 8,985,871
Capital Assets, net of Depreciation	15,188,322	14,174,710
Deferred Outflows	<u>595,198</u>	<u>803,684</u>
Total Assets	<u>25,438,948</u>	<u>23,964,265</u>
Current Liabilities	5,176,616	5,449,285
Non-Current Liabilities	9,993,727	10,514,399
Deferred Inflows	<u>459,653</u>	<u>569,889</u>
Total Liabilities	<u>15,629,996</u>	<u>16,533,573</u>
Net Position:		
Investments in Capital Assets, Net of Related Debt	8,403,787	7,271,206
Restricted	899,196	614,144
Unrestricted	<u>505,969</u>	<u>(454,658)</u>
Total Net Position	<u>\$ 9,808,952</u>	<u>\$ 7,430,692</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$9,808,952, a change of \$2,378,260 from the prior year.

The largest portion of net position \$8,403,787 reflects our investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of 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.

An additional portion of net position \$899,196 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$505,969 may be used to meet the government's ongoing obligations to citizens and creditors.

**CHANGES IN NET POSITION**

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017</b>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,185,816	753,378
Operating Grants and Contributions	27,005	62,173
Capital Grants and Contributions	1,020,295	488,480
General Revenues:		
Property Taxes – General Purpose	4,294,968	4,175,882
Other Taxes	133,245	164,934
Licenses and Permits	1,133,353	1,087,432
Unrestricted Grants and Contributions	384,379	238,612
Miscellaneous	<u>258,067</u>	<u>95,339</u>
<b>Total Revenues</b>	<b><u>8,437,128</u></b>	<b><u>7,066,230</u></b>
Expenses:		
General Government and Administration	1,943,223	2,183,333
Public Safety–Police, Fire, Emerg. Mgmt	1,131,312	1,158,521
Highway Department	1,267,614	1,240,695
Sanitation	1,078,535	1,027,296
Water Distribution and Treatment	157,390	152,037
Health	2,203	2,200
Welfare	26,840	27,206
Culture and Recreation	260,977	267,259
Conservation	408	436
Economic Development	195	5,001
Interest and fees on Long-Term Debt	167,571	222,858
Capital Outlay	<u>22,600</u>	<u>55,425</u>
<b>Total Expenses</b>	<b><u>6,058,868</u></b>	<b><u>6,342,267</u></b>
Change in Net Position	2,378,260	723,963
Net Position – Beginning of Year	<u>7,430,692</u>	<u>6,706,729</u>
<b>Net Position – End of Year</b>	<b><u>\$ 9,808,952</u></b>	<b><u>\$ 7,430,692</u></b>

**D. FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$3,883,764, a change of \$1,126,556 in comparison with the prior year. Key elements of this change are as follows:

General fund operations, discussed further in section E	\$352,379
Sewer fund revenues over expenditures	150,713
Tax proceeds in the TIF District over expenditures	158,123
Grants and Betterment Assessment revenues over expenditures	302,385

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$(117,098), while total fund balance was \$24,517. The deficit is the result of the application of the “60-day rule” for receivables in accordance with GAAP.

The fund balance of the general fund changed by \$352,379 during the current fiscal year. Key factors in this change are as follows:

Unexpended balance of appropriation	\$553,290
Revenue shortfall	(49,641)
Increase in deferred tax revenue	(72,946)
Increase in nonspendable fund balance	(15,811)

**E. GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues of \$5,860,008 for the general fund for the current fiscal year were under the budgeted revenues of \$5,909,649 in the amount of \$(49,641).

Actual revenues in 2018 were within 1% of budgeted revenues, which represents a very minor deviation. Areas where the Town’s actual revenues fell short of budgeted revenues include income from departments (\$8,000), cable franchise fees (\$8,000) and miscellaneous revenue (\$11,000). However, these relatively minor shortfalls were overcome by actual revenues being in excess of budgeted revenues in several other instances (i.e., actual FEMA storm damage reimbursement payments were more than \$50,000 in excess of what had been anticipated/budgeted). Furthermore, the fact that \$97,500 in authorized borrowing under Warrant Article 6 (2018 Town Meeting) as bonds and notes was not issued in 2018 put the revenues into a shortfall.

Actual expenditures and encumbrances of \$5,358,759 for the general fund for the current fiscal year were in less than budgeted expenditures \$5,912,049 in the amount of \$553,290.

A significant portion of the difference between budgeted expenditures and actual expenditures in 2018 can be attributed to unspent budget in the area of Personnel Administration. More specifically, actual expenditures (\$985,522) in the Personnel Administration is approximately \$140,000 less than was budgeted (\$1,122,908), and this is largely a result of health insurance expenditures being less than was budgeted on account of staffing changes throughout the year. Other noteworthy areas where actual expenditures came in at an amount appreciably under budgeted levels were in Police (\$47,000), Fire (\$18,000), Ambulance (\$30,000), Highway (\$34,000), Solid Waste (\$44,000), Executive (\$37,000), Finance (\$20,000), and General Government Buildings (\$30,000). In many cases, actual expenditures came in well under budgeted expenditures due to the Town experiencing extended periods of time when positions were vacant or employees were otherwise not collecting their normal rates of pay (i.e., retirements, injury, etc.).

The result is a budget surplus of \$503,649.

**F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** Total investment in capital assets for governmental activities at year end amounted to \$15,188,322 (net of accumulated depreciation), a change of \$1,013,612 from the prior year. This investment in capital assets includes land, buildings and systems, improvements, machinery, and equipment.

The following major capital assets were purchased during the current fiscal year:

NH Route 4A Sewer Line Extension	\$457,246
Lakeview Pump Station	385,000
2018 F 350 Pickup & Outfitting (shared Water & Sewer)	37,811
2018 Ford Explorer Cruiser (outfitted)	31,375
Marsh Well Pump	11,970
Lakeview Pump Station Generator	26,000
LSV Pump Station 36 KW Generator	19,600
Lake Street Paving	11,259
Stevens Street Paving	12,883
King James Road Paving	90,584
Crystal Lake Road Paving	110,618
Strategic Governance	28,750
Avitar Assessing Software & Other Modules	17,528
Accufund Financial Software	34,028
	<hr/>
	\$1,274,652

The remaining change resulted from depreciation expense.

Additional information on capital assets can be found in the footnotes to the financial statements.

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$6,784,535, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the footnotes to the financial statements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Enfield’s finances for all of those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Town Manager  
23 Main Street, PO Box 373  
Enfield, New Hampshire 03748

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,288,093
Investments	2,138,252
Intergovernmental receivable	36,625
Other receivables, net of allowance for uncollectibles	1,153,226
Prepaid items	21,025
Tax deeded property held for resale	18,207
Capital assets, not being depreciated:	
Land	1,774,832
Construction in progress	153,990
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	2,076,539
Machinery, vehicles and equipment	1,761,284
Infrastructure	9,421,677
Total assets	24,843,750
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	595,198
<b>LIABILITIES</b>	
Accounts payable	240,359
Accrued payroll and benefits	63,440
Accrued interest payable	106,639
Intergovernmental payable	4,710,805
Retainage payable	55,373
Noncurrent obligations:	
Due within one year:	
Bonds and notes payable	423,197
Capital leases payable	130,967
Due in more than one year:	
Bonds and notes payable	5,628,956
Capital leases payable	601,415
Compensated absences payable	102,819
Net pension liability	3,106,373
Total liabilities	15,170,343
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	18,596
Deferred amounts related to pensions	441,057
Total deferred inflows of resources	459,653
<b>NET POSITION</b>	
Net investment in capital assets	8,403,787
Restricted for:	
Endowments:	
Nonexpendable	204,101
Expendable	9,744
Other purposes	685,351
Unrestricted	505,969
Total net position	\$ 9,808,952

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

**EXHIBIT 2**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,943,223	\$ 191,707	\$ 8,164	\$ -	\$ (1,743,352)
Public safety	1,131,312	29,837	18,841	-	(1,082,634)
Highways and streets	1,267,614	1,516	-	79,740	(1,186,358)
Sanitation	1,078,535	708,520	-	-	(370,015)
Water distribution and treatment	157,390	202,212	-	-	44,822
Health	2,203	-	-	-	(2,203)
Welfare	26,840	-	-	-	(26,840)
Culture and recreation	260,977	52,024	-	-	(208,953)
Conservation	408	-	-	-	(408)
Economic development	195	-	-	-	(195)
Interest and fees on long-term debt	167,571	-	-	-	(167,571)
Capital outlay	22,600	-	-	940,555	917,955
Total primary government	<u>\$ 6,058,868</u>	<u>\$ 1,185,816</u>	<u>\$ 27,005</u>	<u>\$ 1,020,295</u>	<u>(3,825,752)</u>
General revenues:					
Property taxes					4,294,968
Other taxes					133,245
Licenses and permits					1,133,353
Grants and contributions not restricted to specific programs					384,379
Miscellaneous					258,067
Total general revenues					<u>6,204,012</u>
Change in net position					<u>2,378,260</u>
Net position, beginning, as restated, see Note III.D.					<u>7,430,692</u>
Net position, ending					<u>\$ 9,808,952</u>

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

**EXHIBIT 3**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2018**

	General	Sewer	TIF District	Expendable Trust	Capital Project	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,852,406	\$ -	\$ 1,057,642	\$ 584,658	\$ 228,602	\$ 564,785	\$ 6,288,093
Investments	259,223	-	-	1,400,613	-	478,416	2,138,252
Receivables, net of allowance for uncollectibles:							
Taxes	833,505	-	-	-	-	-	833,505
Accounts	51,524	193,776	-	-	16,143	58,278	319,721
Intergovernmental	-	-	-	-	27,788	3,817	31,605
Interfund receivable	607,839	22,856	-	-	-	5,415	636,110
Prepaid items	15,811	2,960	-	-	82,816	2,254	103,841
Tax deeded property held for resale	18,207	-	-	-	-	-	18,207
Total assets	<u>\$ 5,638,515</u>	<u>\$ 219,592</u>	<u>\$ 1,057,642</u>	<u>\$ 1,985,271</u>	<u>\$ 355,349</u>	<u>\$ 1,112,965</u>	<u>\$ 10,369,334</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 110,437	\$ 104,487	\$ -	\$ 2	\$ 23,746	\$ 1,687	\$ 240,359
Accrued salaries and benefits	59,626	1,482	-	-	-	2,332	63,440
Intergovernmental payable	4,710,805	-	-	-	-	-	4,710,805
Retainage payable	-	-	-	-	55,373	-	55,373
Interfund payable	4,388	595,407	-	12,170	22,856	1,289	636,110
Total liabilities	<u>4,885,256</u>	<u>701,376</u>	<u>-</u>	<u>12,172</u>	<u>101,975</u>	<u>5,308</u>	<u>5,706,087</u>
<b>Deferred inflows of resources:</b>							
Deferred revenue	728,742	36,108	-	-	-	14,633	779,483
<b>Fund balances:</b>							
Nonspendable	34,018	2,960	-	-	82,816	206,355	326,149
Restricted	-	-	-	-	170,558	456,919	627,477
Committed	83,571	-	1,057,642	1,973,099	-	429,750	3,544,062
Assigned	24,026	-	-	-	-	-	24,026
Unassigned	(117,098)	(520,852)	-	-	-	-	(637,950)
Total fund balances	<u>24,517</u>	<u>(517,892)</u>	<u>1,057,642</u>	<u>1,973,099</u>	<u>253,374</u>	<u>1,093,024</u>	<u>3,883,764</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,638,515</u>	<u>\$ 219,592</u>	<u>\$ 1,057,642</u>	<u>\$ 1,985,271</u>	<u>\$ 355,349</u>	<u>\$ 1,112,965</u>	<u>\$ 10,369,334</u>

**EXHIBIT 4**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position**  
**December 31, 2018**

Total fund balances of governmental funds (Exhibit 3)		\$ 3,883,764
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	\$ 20,582,925	
Less accumulated depreciation	<u>(5,394,603)</u>	15,188,322
Long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Long-term intergovernmental receivable		5,020
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Prepaid principal and interest on debt		(82,816)
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (636,110)	
Payables	<u>636,110</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 686,192	
Unavailable ambulance revenue	23,954	
Unavailable water charges	14,633	
Unavailable sewer charges	<u>36,108</u>	760,887
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(106,639)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 6,052,153	
Capital leases outstanding	732,382	
Compensated absences payable	102,819	
Net pension liability	<u>3,106,373</u>	(9,993,727)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 595,198	
Deferred inflows of resources related to pensions	<u>(441,057)</u>	154,141
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 9,808,952</u></u>

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

**EXHIBIT 5**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2018**

	General	Sewer	TIF District	Expendable Trust	Capital Project	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 4,030,023	\$ -	\$ 325,244	\$ -	\$ -	\$ -	\$ 4,355,267
Licenses, permits and fees	1,133,353	-	-	-	-	-	1,133,353
Intergovernmental	464,119	-	-	-	940,555	23,841	1,428,515
Charges for services	111,040	686,251	-	-	178,375	202,332	1,177,998
Miscellaneous	48,265	-	-	186,187	11,339	62,993	308,784
Total revenues	<u>5,786,800</u>	<u>686,251</u>	<u>325,244</u>	<u>186,187</u>	<u>1,130,269</u>	<u>289,166</u>	<u>8,403,917</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	1,923,293	-	-	6,850	21,604	2,920	1,954,667
Public safety	1,049,333	-	-	17,750	-	17,368	1,084,451
Highways and streets	1,164,338	-	-	-	-	-	1,164,338
Sanitation	480,253	525,634	-	-	-	-	1,005,887
Water distribution and treatment	-	-	-	-	-	137,714	137,714
Health	2,203	-	-	-	-	-	2,203
Welfare	28,105	-	-	343	-	-	28,448
Culture and recreation	237,293	-	-	916	-	19,405	257,614
Conservation	408	-	-	-	-	-	408
Economic development	195	-	-	-	-	-	195
<b>Debt service:</b>							
Principal	6,861	6,861	75,237	40,600	895,143	11,594	1,036,296
Interest	918	3,043	87,009	32,284	33,185	1,844	158,283
Other	2,125	-	-	106,194	-	-	108,319
Capital outlay	360,740	-	4,875	129,447	835,152	524	1,330,738
Total expenditures	<u>5,256,065</u>	<u>535,538</u>	<u>167,121</u>	<u>334,384</u>	<u>1,785,084</u>	<u>191,369</u>	<u>8,269,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>530,735</u>	<u>150,713</u>	<u>158,123</u>	<u>(148,197)</u>	<u>(654,815)</u>	<u>97,797</u>	<u>134,356</u>
<b>Other financing sources (uses):</b>							
Transfers in	262	-	-	372,368	-	2,277	374,907
Transfers out	(348,618)	-	-	-	-	(26,289)	(374,907)
Long-term debt issued	-	-	-	-	957,200	-	957,200
Inception of capital leases	170,000	-	-	-	-	-	170,000
Total other financing sources and uses	<u>(178,356)</u>	<u>-</u>	<u>-</u>	<u>372,368</u>	<u>957,200</u>	<u>(24,012)</u>	<u>1,127,200</u>
Net change in fund balances	352,379	150,713	158,123	224,171	302,385	73,785	1,261,556
Fund balances, beginning, as restated, see Note III.D.	(327,862)	(668,605)	899,519	1,748,928	(49,011)	1,019,239	2,622,208
Fund balances, ending	<u>\$ 24,517</u>	<u>\$ (517,892)</u>	<u>\$ 1,057,642</u>	<u>\$ 1,973,099</u>	<u>\$ 253,374</u>	<u>\$ 1,093,024</u>	<u>\$ 3,883,764</u>

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

**EXHIBIT 6**  
**TOWN OF ENFIELD, 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, 2018**

Net change in fund balances of governmental funds (Exhibit 5)		\$ 1,261,556
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 1,444,652	
Depreciation expense	<u>(377,752)</u>	1,066,900
The net effect of other transactions involving capital assets is to decrease net position.		(53,288)
Debt payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Prepaid principal and interest on debt		(82,816)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (374,907)	
Transfers out	<u>374,907</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue	\$ 72,946	
Change in unavailable ambulance revenue	1,014	
Change in unavailable water charges	(120)	
Change in unavailable sewer charges	<u>6,924</u>	80,764
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of bonds	\$ (957,200)	
Amortization of loan forgiveness	(2,510)	
Inception of capital lease	(170,000)	
Repayment of bond and note principal	1,086,918	
Repayment of capital lease principal	<u>106,194</u>	63,402
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	\$ 27,541	
Decrease in compensated absences payable	<u>16,436</u>	43,977
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 285,642	
Cost of benefits earned, net of employee contributions	<u>(287,877)</u>	(2,235)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 2,378,260</u></u>

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

**EXHIBIT 7**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 4,099,236	\$ 4,102,969	\$ 3,733
Licenses, permits and fees	1,077,086	1,133,353	56,267
Intergovernmental	457,844	464,119	6,275
Charges for services	131,131	111,040	(20,091)
Miscellaneous	46,852	48,265	1,413
Total revenues	<u>5,812,149</u>	<u>5,859,746</u>	<u>47,597</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,168,733	1,938,038	230,695
Public safety	1,146,372	1,041,683	104,689
Highways and streets	1,200,215	1,164,338	35,877
Sanitation	525,206	480,253	44,953
Health	2,350	2,203	147
Welfare	35,027	28,105	6,922
Culture and recreation	293,809	237,533	56,276
Conservation	1,165	408	757
Economic development	150	195	(45)
Debt service:			
Principal	6,861	6,861	-
Interest on long-term debt	918	918	-
Interest on tax anticipation note	7,000	-	7,000
Debt service fees	2,125	2,125	-
Capital outlay	173,500	107,481	66,019
Total expenditures	<u>5,563,431</u>	<u>5,010,141</u>	<u>553,290</u>
Excess of revenues over expenditures	<u>248,718</u>	<u>849,605</u>	<u>600,887</u>
Other financing sources (uses):			
Transfers in	-	262	262
Transfers out	(348,618)	(348,618)	-
Long-term debt issued	97,500	-	(97,500)
Total other financing sources and uses	<u>(251,118)</u>	<u>(348,356)</u>	<u>(97,238)</u>
Net change in fund balance	<u>\$ (2,400)</u>	501,249	<u>\$ 503,649</u>
Increase in nonspendable fund balance		(15,811)	
Decrease in restricted fund balance		401	
Unassigned fund balance, beginning		<u>83,255</u>	
Unassigned fund balance, ending		<u>\$ 569,094</u>	

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

**EXHIBIT 8**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Sewer Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Year Ended December 31, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 649,586	\$ 686,251	\$ 36,665
<b>EXPENDITURES</b>			
Current:			
Sanitation	637,842	525,634	112,208
Debt service:			
Principal	8,317	6,861	1,456
Interest	3,427	3,043	384
Capital outlay	30,000	-	30,000
Total expenditures	<u>679,586</u>	<u>535,538</u>	<u>144,048</u>
Excess (deficiency) of revenues over (under) expenditures	(30,000)	150,713	180,713
Other financing sources:			
Long-term debt issued	30,000	-	(30,000)
Net change in fund balance	<u>\$ -</u>	150,713	<u>\$ 150,713</u>
Increase in nonspendable fund balances		(2,960)	
Unassigned fund balance, beginning		(668,605)	
Unassigned fund balance, ending		<u>\$ (520,852)</u>	

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

**EXHIBIT 9**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2018**

	Private Purpose Trust	Agency
<b>Assets:</b>		
Cash and cash equivalents	\$ 5,388	\$ 9,919
Investments	46,111	-
Total assets	<u>51,499</u>	<u>9,919</u>
<b>Liabilities:</b>		
Accounts payable	106	-
Due to other governmental units	586	-
Due to developers	-	9,919
Total liabilities	<u>692</u>	<u>9,919</u>
<b>Net position:</b>		
Held in trust for specific purposes	<u>\$ 50,807</u>	<u>\$ -</u>

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

**EXHIBIT 10**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2018**

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	Private Purpose Trust
Additions:	
New funds	\$ 94
Investment earnings:	
Interest and dividends	786
Total additions	880
Deductions:	
Trust distributions	786
Change in net position	94
Net position, beginning	50,713
Net position, ending	\$ 50,807

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

**NOTES TO THE BASIC FINANCIAL STATEMENT**

**TOWN OF ENFIELD, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018**

**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 Enfield (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, 2018.

**I.B. Financial Reporting Entity – Basis of Presentation**

**I.B.1. *Entity Defined***

The Town of Enfield 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 position 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 direct expenses of a given function offset by program revenues directly connected with the functional program. Direct expenses are those that are clearly identifiable with a specific function. 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; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which finance the acquisition, construction, or rehabilitation of capital assets. 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 ENFIELD, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018**

*Fund Financial Statements*

Fund financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual, governmental funds are reported in separate columns in the basic fund financial statements 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, except that the Town has not reported its annual cost for postemployment benefits other than pensions (OPEB) or its net OPEB obligation liability, if any, in the government-wide financial statements as required by GASB Statement No. 75.

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 sixty days of the end of the fiscal year. However, on the budgetary basis, tax revenue is not so deferred in accordance with the instructions of the State of New Hampshire Department of Revenue Administration. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond and note principal and interest, which are reported as expenditures in the year due.

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

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

**TOWN OF ENFIELD, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
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payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

**I.B.4. Fund Types and Major Funds**

*Governmental Funds*

The Town reports the following major governmental funds:

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

*Sewer Fund* – Accounts for all revenues and expenditures related to the Town’s sewage disposal operations.

*TIF District Fund* – Accounts for incremental revenues generated within the Town’s tax increment financing district and expenditures related to debt service for capital improvements within the district.

*Expendable Trust Fund* – This fund is operated as a capital project fund and used to account for funds established by Town Meeting as capital reserve or other expendable trust funds for the purpose of future capital outlays.

*Capital Project Fund* – This fund is used to report the financial activity associated with planning, design, rehabilitation and construction of wastewater infrastructure.

The Town also reports five nonmajor governmental funds.

*Fiduciary Funds*

The Town reports the following fiduciary funds:

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

*Agency Funds* – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town’s agency funds are used to account for performance bonds held in escrow.

**I.C. Assets, Liabilities, and Net Position 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

**TOWN OF ENFIELD, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018**

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.

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 acquisition value on the date donated. The Town generally capitalizes assets with cost of \$10,000 or more as purchases and construction outlays occur. The cost 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 account, and the resulting gain or loss is recorded in operations. Estimated useful lives, for depreciable assets are as follow:

	Years
Buildings and building improvements	20-50
Machinery, vehicles and equipment	5-20
Infrastructure	30-75

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

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

**TOWN OF ENFIELD, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018**

**I.C.4. *Compensated Absences***

Eligible employees earn vacation benefits in varying amounts depending on the number of years of employment, and can carry no more than the number of hours earned in the prior year. Employees are entitled to their vacation leave upon termination.

Eligible employees are granted sick leave benefits at the rate of eight (8) hours, (proportioned for less than full-time employees), for each calendar month of continuous employment, to a maximum accrual of 480 hours. Employees are entitled to 50% of their unused sick leave upon termination of employment if the employee is at least 55 years old or has had at least 20 years of Town employment.

**I.C.5. *Equity***

The government-wide statement of net position reports net position 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 fund where the principal must be permanently invested, and the income is allowed to be used only for the purpose of the fund.
- Restricted for other purposes, which consists of the balance of the library fund and grants fund whose purpose is restricted by state law or outside grantors and donors, and the restricted lease escrow account.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent fund, prepaid items, and tax deeded property held by the Town for resale.
- Restricted, representing the balance of the expendable income portion of the permanent fund, the library fund, and grants and donations received, but not yet spent.
- Committed, representing the balances for which the intended use has been established by Town Meeting vote, and would normally 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.

**TOWN OF ENFIELD, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018**

- Unassigned, which consists of the deficit balances of the General Fund and Sewer Fund.

**I.C.6. *Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**II. Stewardship, Compliance and Accountability**

**II.A. Budgetary Information**

An annual budget was adopted on a basis consistent with generally accepted accounting principles for the General and Sewer Funds, as well as some of the nonmajor funds. Unless encumbered, all governmental fund appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2018, \$2,400 of the fund balance from 2017 was so used.

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

Revenues are budgeted by source. Expenditures in the General Fund are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation, economic development, 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.

**TOWN OF ENFIELD, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018**

**II.B. Reconciliation of General Fund Budgetary Basis to GAAP**

The following reconciles the budgetary basis to the GAAP basis for the General Fund. There is no difference between budgetary basis and GAAP in the Sewer Fund, TIF District Fund, and Expendable Trust Fund. Project length budgets are established for the Capital Project Fund.

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 5,860,008
Adjustments:	
Basis difference:	
Capital lease inception	170,000
Tax revenue deferred in the prior year	613,246
Tax revenue deferred in the current year	<u>(686,192)</u>
Per Exhibit 5 (GAAP basis)	<u>\$ 5,957,062</u>
 Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 5,358,759
Adjustments:	
Basis difference:	
Capital lease inception	170,000
Encumbrances, beginning	183,521
Encumbrances, ending	<u>(107,597)</u>
Per Exhibit 5 (GAAP basis)	<u>\$ 5,604,683</u>
 Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 569,094
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	<u>(686,192)</u>
Per Exhibit 3 (GAAP basis)	<u>\$ (117,098)</u>

**II.C. Deficit Fund Balances**

The General Fund reports an unassigned fund deficit at year-end of \$117,098, which is due to deferral of all taxes not collected within sixty days of year-end as required by generally accepted accounting principles for governments. On the budgetary basis, which is what the Town uses in setting the tax rate, such taxes are not deferred, and there is no deficit. The deficit was carried forward from prior years, and was reduced by \$412,893 from the prior year.

The Sewer Fund reports an unassigned fund deficit at year-end of \$520,852. The deficit was reduced by \$150,713 from the prior year due to an increase in billing rates and continued spending control. The Town expects to continue to reduce the deficit in future years.

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**III. Detailed Notes on Funds and Government-Wide Statements**

**III.A. Assets**

**III.A.1. Investments**

As of December 31, 2018, the Town’s reporting entity had the following investments:

Certificates of Deposit	\$ 1,866,877
Mutual Funds	58,263
New Hampshire Public Deposit Investment Pool	259,223
	<u>\$ 2,184,363</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 2,138,252
Fiduciary funds - statement of fiduciary net position (Exhibit 9)	46,111
Total	<u>\$ 2,184,363</u>

*Investment Policies*

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

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town’s investment policy limits concentration of investments with a specific maturity.

**Custodial Credit Risk** is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments that are in the custody of an outside party. Of the Town’s \$2,184,363 investments, \$1,295,729 was exposed to custodial credit risk as uninsured and uncollateralized.

**III.A.2. Receivables, Uncollectible Accounts and Deferred Revenue**

*Property Taxes Receivable and Property Tax Calendar*

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year’s billing.

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The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien should be 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 should be deeded to the Town. The tax collector executed a tax lien for uncollected 2017 property taxes on May 16<sup>th</sup>.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Mascoma Valley Regional School District, the Eastman Village District and Grafton 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, 2018, upon which the 2018 property tax levy was based was:

For the New Hampshire education tax	\$ 530,687,768
For all other taxes	\$ 538,299,168

The tax rates and amounts assessed for the year ended December 31, 2018 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$7.53	\$ 4,054,024
School portion:		
State of New Hampshire	\$2.29	1,213,951
Local	\$14.58	7,848,618
County portion	\$2.01	1,082,458
Precinct portion:		
Eastman Village District	\$1.78	<u>27,481</u>
Total property taxes assessed		<u><u>\$ 14,226,532</u></u>

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The following details the taxes receivable at year-end:

Property:	
Levy of 2018	\$ 554,225
Unredeemed (under tax lien):	
Levy of 2017	167,903
Levy of 2016	120,168
Land use change	6,000
Excavation	209
Less: allowance for estimated uncollectible taxes	<u>(15,000)</u>
Net taxes receivable	<u><u>\$ 833,505</u></u>

*Other Receivables*

Other significant receivables include amounts due from customers for ambulance service, franchise fees, water and sewer charges in the Special Revenue Funds, and public safety grants. The receivables are as follow:

Accounts	\$ 464,116
Intergovernmental	31,605
Less: allowance for uncollectible amounts	<u>(144,395)</u>
Net total receivables	<u><u>\$ 351,326</u></u>

*Deferred Inflows of Resources*

Deferred revenue in the governmental funds of \$779,483 at December 31, 2018 represents \$18,596 of prepaid taxes to be applied to subsequent levies, and \$686,192 of property taxes, \$23,954 of ambulance charges, \$36,108 of sewer rents and \$14,633 of water charges that were not collected within sixty days after the year ended, and therefore, are deferred in accordance with generally accepted accounting principles. In the Governmental Activities, only the prepaid taxes are reported as unearned revenue.

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

Changes in Capital Assets

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

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 1,774,832	\$ -	\$ -	\$ 1,774,832
Construction in progress	<u>2,809,781</u>		<u>(2,655,791)</u>	<u>153,990</u>
Total capital assets not being depreciated	<u>4,584,613</u>	<u>-</u>	<u>(2,655,791)</u>	<u>1,928,822</u>
Being depreciated:				
Buildings and building improvements	2,412,518	385,000		2,797,518
Machinery, vehicles and equipment	4,386,896	377,062	(83,769)	4,680,189
Infrastructure	<u>7,838,015</u>	<u>3,338,381</u>		<u>11,176,396</u>
Total capital assets being depreciated	<u>14,637,429</u>	<u>4,100,443</u>	<u>(83,769)</u>	<u>18,654,103</u>
Total all capital assets	<u>19,222,042</u>	<u>4,100,443</u>	<u>(2,739,560)</u>	<u>20,582,925</u>
Less accumulated depreciation:				
Buildings and building improvements	(709,046)	(11,933)		(720,979)
Machinery, vehicles and equipment	(2,804,460)	(144,926)	30,481	(2,918,905)
Infrastructure	<u>(1,533,826)</u>	<u>(220,893)</u>		<u>(1,754,719)</u>
Total accumulated depreciation	<u>(5,047,332)</u>	<u>(377,752)</u>	<u>30,481</u>	<u>(5,394,603)</u>
Net book value, capital assets being depreciated	<u>9,590,097</u>	<u>3,722,691</u>	<u>(53,288)</u>	<u>13,259,500</u>
Net book value, all capital assets	<u>\$ 14,174,710</u>	<u>\$ 3,722,691</u>	<u>\$ (2,709,079)</u>	<u>\$ 15,188,322</u>

*Depreciation Expense*

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

General government	\$ 5,679
Public safety	60,910
Highways and streets	218,259
Sanitation	72,626
Water distribution and treatment	17,157
Culture and recreation	3,121
Total depreciation expense	<u>\$ 377,752</u>

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

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

The amount due to other governments at December 31, 2018 of \$4,710,805 consists of \$4,706,705 due to the Mascoma Valley Regional School District representing the balance of the 2018-2019 district assessment and \$4,100 for state fees collected by the Town.

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

General obligation bonds and notes are approved by the voters and repaid with general revenues (property taxes). Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2018	Current Portion
Governmental activities:						
General obligation bond/note payable:						
Drinking water	\$ 317,951	2002	2021	2.976-4.580	\$ 32,271	\$ 13,267
Clean water	\$ 291,820	2011	2030	2.864	198,778	14,115
Rt. 4 water/sewer extension	\$ 3,200,000	2013	2042	2.950-4.375	2,787,815	80,005
Jones Hill Road	\$ 265,000	2014	2024	2.763	159,000	26,500
Boys Camp Road bridge	\$ 250,000	2016	2030	2.95	202,285	14,433
Wastewater loan	\$ 1,560,778	2018	2038	2.232	1,515,147	244,078
USDA loan	\$ 1,172,000	2018	2046	2.3	1,156,857	30,799
					<u>6,052,153</u>	<u>423,197</u>
Capital leases payable:						
DPW vehicles	\$ 300,000	2013	2022	2.5	128,952	31,054
DPW vehicles and cruiser	\$ 290,000	2014	2024	2.78	125,163	19,457
Cruisers, F550, truck bodies	\$ 199,000	2016	2023	3.15	130,405	35,927
Cruiser, excavator, trailer, roller, FD	\$ 200,000	2017	2027	3.8	177,862	22,979
DPW truck	\$ 170,000	2018	2025	3.96	170,000	21,550
					<u>732,382</u>	<u>130,967</u>
Compensated absences payable:						
Vested sick leave					21,321	-
Accrued vacation leave					81,498	-
					<u>102,819</u>	<u>-</u>
Net pension liability						
					3,106,373	
					<u>\$ 9,993,727</u>	<u>\$ 554,164</u>

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*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018:

	General Obligation Bonds and Notes Payable	State Revolving Fund Loan Payable	Capital Leases Payable	Compensated Absences Payable	Net Pension Liability	Total
Balance, beginning	\$ 3,526,293	\$ 2,655,578	\$ 668,576	\$ 119,255	\$ 3,544,697	\$ 10,514,399
Additions	3,612,778	-	170,000	-	-	3,782,778
Reductions	<u>(1,086,918)</u>	<u>(2,655,578)</u>	<u>(106,194)</u>	<u>(16,436)</u>	<u>(438,324)</u>	<u>(4,303,450)</u>
Balance, ending	<u>\$ 6,052,153</u>	<u>\$ -</u>	<u>\$ 732,382</u>	<u>\$ 102,819</u>	<u>\$ 3,106,373</u>	<u>\$ 9,993,727</u>

*Debt Service Requirements to Maturity*

The annual debt service requirements to maturity for bonds and notes as of year-end are as follow:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 423,197	\$ 162,991	\$ 586,188
2020	236,182	148,755	384,937
2021	236,175	142,521	378,696
2022	234,742	135,952	370,694
2023	240,236	129,725	369,961
2024-2028	1,182,694	554,526	1,737,220
2029-2033	1,191,117	396,106	1,587,223
2034-2038	1,269,212	239,378	1,508,590
2039-2043	902,020	83,653	985,673
2044-2046	136,578	4,633	141,211
Totals	<u>\$ 6,052,153</u>	<u>\$ 1,998,240</u>	<u>\$ 8,050,393</u>

The annual debt service requirements to maturity for the capital leases are as follow:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 130,967	\$ 24,303	\$ 155,270
2020	135,142	20,128	155,270
2021	122,175	15,815	137,990
2022	116,489	11,903	128,392
2023	78,464	8,228	86,692
2024-2027	149,145	10,919	160,064
Totals	<u>\$ 732,382</u>	<u>\$ 91,296</u>	<u>\$ 823,678</u>

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

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

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

The following reports the interfund receivables and payables at year-end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer	\$ 595,407
General	Expendable trust	12,170
General	Nonmajor	262
Sewer	Capital project	22,856
Nonmajor	General	4,388
Nonmajor	Nonmajor	1,027
		<u>\$ 636,110</u>

The amounts due to the General Fund represent overdrafts of pooled cash and reimbursements for expenditures paid on behalf of other funds. The amount due to the Sewer Fund from the Capital Project Fund represents a reimbursement of a payment made out of the Sewer Fund for the project. The amount due to the Nonmajor Funds from the General Fund represents an overpayment from a prior year, and the amount due to the Nonmajor Funds from the Nonmajor Funds represents the distribution of Permanent Fund income to the Library Fund.

**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, funding capital projects, and making additions to and using capital reserve accounts. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

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The following reports transfers within the reporting entity:

	Transfers In:			Total
	General Fund	Expendable Trust Fund	Nonmajor Funds	
Transfers out:				
General fund	\$ -	\$ 347,368	\$ 1,250	\$ 348,618
Nonmajor funds	<u>262</u>	<u>25,000</u>	<u>1,027</u>	<u>26,289</u>
	<u>\$ 262</u>	<u>\$ 372,368</u>	<u>\$ 2,277</u>	<u>\$ 374,907</u>

The transfers from the General Fund and Nonmajor Funds to the Expendable Trust Fund, and the amount transferred from the General Fund to the Nonmajor Funds, represent voted appropriations. The amount transferred from the Nonmajor Funds to the General Fund and Nonmajor Funds represents the distribution of income earned on Permanent Funds.

**III.D. Restatement of Beginning Net Position**

Beginning equity at January 1, 2018 was restated as follows:

	Governmental Activities	Expendable Trust Fund
To record additional lease payment in prior year	\$ 53,057	\$ -
To correct fair value	22,321	22,321
Net position/fund balance, as previously reported	<u>7,355,314</u>	<u>1,726,607</u>
Net position/fund balance, as restated	<u>\$ 7,430,692</u>	<u>\$ 1,748,928</u>

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**III.E. Components of Fund Balance**

Fund balance is categorized in the following components as detailed in Note I.C.5.:

	General Fund	Sewer Fund	TIF District Fund	Expendable Trust Fund	Capital Project Fund	Nonmajor Funds
Nonspendable:						
Endowments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,101
Prepaid items	15,811	2,960	-	-	82,816	2,254
Tax deeded property	18,207	-	-	-	-	-
Total nonspendable	<u>34,018</u>	<u>2,960</u>	<u>-</u>	<u>-</u>	<u>82,816</u>	<u>206,355</u>
Restricted:						
General government	-	-	-	-	-	9,744
Public safety	-	-	-	-	-	11,985
Culture and recreation	-	-	-	-	-	435,190
Capital outlay	-	-	-	-	170,558	-
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,558</u>	<u>456,919</u>
Committed:						
Water distribution and treatment	-	-	-	-	-	417,738
Conservation	-	-	-	-	-	12,012
Capital outlay	83,571	-	1,057,642	1,973,099	-	-
Total committed	<u>83,571</u>	<u>-</u>	<u>1,057,642</u>	<u>1,973,099</u>	<u>-</u>	<u>429,750</u>
Assigned:						
General government	23,786	-	-	-	-	-
Culture and recreation	240	-	-	-	-	-
Total assigned	<u>24,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned						
	(117,098)	(520,852)	-	-	-	-
Total fund balance	<u>\$ 24,517</u>	<u>\$ (517,892)</u>	<u>\$ 1,057,642</u>	<u>\$ 1,973,099</u>	<u>\$ 253,374</u>	<u>\$ 1,093,024</u>

**IV. Other Information**

**IV.A. Risk Management**

The Town's risk management activities are reported with governmental activities and recorded in the General Fund. During the year, the Town was a member of the NH Public Risk Management Exchange (Primex), which 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 Primex, 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 through June 30. Primex provided property and employer's liability coverage in varying amounts, and statutory coverage for workers' compensation. Contributions billed for 2018 to be recorded as an insurance expenditure/expense totaled \$48,253 for property/liability and \$63,886 for workers' compensation. The member agreement permits Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

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**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 Town's police officers and other employees, and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at [www.nhrs.org](http://www.nhrs.org) or 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 rates of contribution for police officers and other employees were 11.55% and 7.0% of gross earnings, respectively. The rates of contribution from the Town of Enfield were 29.43% for police and 11.38% for other employees. The rates are actuarially determined to generate an amount that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2016, 2017, and 2018 were \$262,220, \$282,411 and \$285,642, respectively. The amounts are paid on a monthly basis as due.

*Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At December 31, 2018, the Town reported a liability of \$3,106,373 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2017, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2018, the Town's proportion was 0.0645%, which was a decrease of 0.0076% from its proportion measured as of June 30, 2017.

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For the year 2018, the Town recognized pension expense of \$287,877. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 218,149	\$ 344,021
Net differences between projected and actual earnings on pension plan investments	-	71,884
Changes in assumptions	214,976	-
Differences between expected and actual experience	24,794	25,152
Town contributions subsequent to the measurement date	137,279	-
	\$ 595,198	\$ 441,057

The Town reported \$137,279 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follow:

Year Ending December 31,		
2019	\$	81,864
2020		65,971
2021		(63,810)
2022		(67,163)
	\$	16,862

*Actuarial Assumptions*

The total pension liability in the June 30, 2018 actuarial valuation was determined using the actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed

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Remaining Amortization Period	21 years beginning July 1, 2018
Asset Valuation Method	5-year smoothed market for funding purposes; 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

*Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	\$ 4,133,054	\$ 3,106,373	\$ 2,245,982

Other actuarial assumptions, as well as detailed information about the pension plan’s fiduciary net position, is available in the separately issued NHRS report.

**IV.C. Contingent Liabilities**

Amounts received from grantor agencies are subject to audit and adjustments by such agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 11**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Pension Liability*  
**New Hampshire Retirement System**

	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0645%	0.0721%	0.0638%	0.0659%	0.0690%
Town's proportionate share of the net pension liability	\$ 3,106,373	\$ 3,544,697	\$ 3,390,822	\$ 2,609,808	\$ 2,590,863
Town's covered employee payroll	\$ 1,760,343	\$ 1,776,206	\$ 1,727,692	\$ 1,749,061	\$ 1,668,595
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	176.46%	199.57%	196.26%	149.21%	155.27%
Plan fiduciary position as a percentage of the total pension liability	64.73%	62.66%	58.30%	65.47%	66.32%

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

**EXHIBIT 12**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
*Schedule of the Town's Pension Contributions*  
**New Hampshire Retirement System**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 285,642	\$ 282,411	\$ 262,220	\$ 257,878	\$ 243,441
Contribution in relation to the contractually required contribution	<u>\$ (285,642)</u>	<u>\$ (282,411)</u>	<u>\$ (262,220)</u>	<u>\$ (257,878)</u>	<u>\$ (243,441)</u>
Contribution deficiency	<u>\$ -</u>				
Town's covered employee payroll	\$ 1,760,343	\$ 1,776,206	\$ 1,727,692	\$ 1,749,061	\$ 1,668,595
Contributions as a percentage of covered-employee payroll	16.23%	15.90%	15.18%	14.74%	14.59%

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

**TOWN OF ENFIELD, NEW HAMPSHIRE  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
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DECEMBER 31, 2018**

The Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of the Town's Pension Contributions are meant to present related information for ten years. Because this is the fourth year that the Town has presented the pension schedules, only five years are presented. An additional year's information will be added each year until there are ten years shown.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 13**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2018**

	Special Revenue Funds				Permanent Fund	Total
	Water	Grants	Library	Conservation Commission		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 377,830	\$ 8,450	\$ 148,375	\$ 7,624	\$ 22,506	\$ 564,785
Investments	-	-	285,788	-	192,628	478,416
Receivables, net of allowance for uncollectibles:						
Accounts	58,278	-	-	-	-	58,278
Intergovernmental	-	3,817	-	-	-	3,817
Interfund receivable	-	-	1,027	4,388	-	5,415
Prepaid items	2,254	-	-	-	-	2,254
<b>Total assets</b>	<b>\$ 438,362</b>	<b>\$ 12,267</b>	<b>\$ 435,190</b>	<b>\$ 12,012</b>	<b>\$ 215,134</b>	<b>\$ 1,112,965</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 1,687	\$ -	\$ -	\$ -	\$ -	\$ 1,687
Accrued salaries and benefits	2,050	282	-	-	-	2,332
Interfund payable	-	-	-	-	1,289	1,289
<b>Total liabilities</b>	<b>3,737</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>1,289</b>	<b>5,308</b>
Deferred inflows of resources:						
Deferred revenue	14,633	-	-	-	-	14,633
Fund balances:						
Nonspendable	2,254	-	-	-	204,101	206,355
Restricted	-	11,985	435,190	-	9,744	456,919
Committed	417,738	-	-	12,012	-	429,750
<b>Total fund balances</b>	<b>419,992</b>	<b>11,985</b>	<b>435,190</b>	<b>12,012</b>	<b>213,845</b>	<b>1,093,024</b>
<b>Total liabilities, deferred inflows     of resources, and fund balances</b>	<b>\$ 438,362</b>	<b>\$ 12,267</b>	<b>\$ 435,190</b>	<b>\$ 12,012</b>	<b>\$ 215,134</b>	<b>\$ 1,112,965</b>

**EXHIBIT 14**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2018**

	Special Revenue Funds					Total
	Water	Grants	Library	Conservation Commission	Permanent Fund	
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 23,841	\$ -	\$ -	\$ -	\$ 23,841
Charges for services	202,332	-	-	-	-	202,332
Miscellaneous	-	25,000	34,826	3	3,164	62,993
Total revenues	<u>202,332</u>	<u>48,841</u>	<u>34,826</u>	<u>3</u>	<u>3,164</u>	<u>289,166</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	2,920	-	-	-	2,920
Public safety	-	17,368	-	-	-	17,368
Water distribution and treatment	137,714	-	-	-	-	137,714
Culture and recreation	-	18,563	842	-	-	19,405
Debt service:						
Principal	11,594	-	-	-	-	11,594
Interest	1,844	-	-	-	-	1,844
Capital outlay	524	-	-	-	-	524
Total expenditures	<u>151,676</u>	<u>38,851</u>	<u>842</u>	<u>-</u>	<u>-</u>	<u>191,369</u>
Excess of revenues over expenditures	<u>50,656</u>	<u>9,990</u>	<u>33,984</u>	<u>3</u>	<u>3,164</u>	<u>97,797</u>
Other financing sources (uses):						
Transfers in	-	-	1,027	1,250	-	2,277
Transfers out	(25,000)	-	-	-	(1,289)	(26,289)
Total other financing sources and uses	<u>(25,000)</u>	<u>-</u>	<u>1,027</u>	<u>1,250</u>	<u>(1,289)</u>	<u>(24,012)</u>
Net change in fund balances	25,656	9,990	35,011	1,253	1,875	73,785
Fund balances, beginning	394,336	1,995	400,179	10,759	211,970	1,019,239
Fund balances, ending	<u>\$ 419,992</u>	<u>\$ 11,985</u>	<u>\$ 435,190</u>	<u>\$ 12,012</u>	<u>\$ 213,845</u>	<u>\$ 1,093,024</u>

**EXHIBIT 15**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2018**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 3,994,433	\$ 3,969,724	\$ (24,709)
Land use change	18,000	32,994	14,994
Timber	4,589	5,040	451
Excavation	214	214	-
Interest and penalties on delinquent taxes	82,000	94,997	12,997
Total taxes	<u>4,099,236</u>	<u>4,102,969</u>	<u>3,733</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	86	122	36
Motor vehicle permits	997,000	1,052,703	55,703
Building permits	12,000	12,392	392
Other	68,000	68,136	136
Total licenses, permits and fees	<u>1,077,086</u>	<u>1,133,353</u>	<u>56,267</u>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	238,830	238,830	-
Highway block grant	145,631	145,549	(82)
Federal sources:			
FEMA	73,383	79,740	6,357
Total intergovernmental	<u>457,844</u>	<u>464,119</u>	<u>6,275</u>
<b>Charges for services:</b>			
Income from departments	<u>131,131</u>	<u>111,040</u>	<u>(20,091)</u>
<b>Miscellaneous:</b>			
Sale of property	30,352	37,877	7,525
Interest on investments	2,500	9,277	6,777
Rent of property	5,000	7,802	2,802
Insurance dividends and reimbursements	6,000	1,697	(4,303)
Contributions and donations	-	118	118
Other	3,000	(8,506)	(11,506)
Total miscellaneous	<u>46,852</u>	<u>48,265</u>	<u>1,413</u>
<b>Other financing sources:</b>			
Transfers in:			
Nonmajor funds	-	262	262
Long-term debt issued	97,500	-	(97,500)
Total other financing sources	<u>97,500</u>	<u>262</u>	<u>(97,238)</u>
Total revenues and other financing sources	5,909,649	<u>\$ 5,860,008</u>	<u>\$ (49,641)</u>
Use of fund balance to reduce taxes	2,400		
Total revenues, other financing sources and use of fund balance	<u>\$ 5,912,049</u>		

**EXHIBIT 16**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2018**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ 1,320	\$ 297,150	\$ 260,529	\$ -	\$ 37,941
Election and registration	-	86,606	95,039	-	(8,433)
Financial administration	-	237,785	218,822	1,000	17,963
Revaluation of property	7,721	33,000	15,742	22,786	2,193
Legal	-	21,000	21,765	-	(765)
Personnel administration	-	1,122,908	969,711	-	153,197
Planning and zoning	-	86,772	89,213	-	(2,441)
General government buildings	-	187,400	160,853	-	26,547
Cemeteries	-	7,100	6,354	-	746
Insurance, not otherwise allocated	-	52,000	48,253	-	3,747
Other	-	37,012	37,012	-	-
Total general government	<u>9,041</u>	<u>2,168,733</u>	<u>1,923,293</u>	<u>23,786</u>	<u>230,695</u>
<b>Public safety:</b>					
Police	-	722,881	675,911	-	46,970
Ambulance	-	145,195	114,736	-	30,459
Fire	7,650	118,404	99,113	-	26,941
Building inspection	-	75,672	78,503	-	(2,831)
Emergency management	-	2,500	-	-	2,500
Other	-	81,720	81,070	-	650
Total public safety	<u>7,650</u>	<u>1,146,372</u>	<u>1,049,333</u>	<u>-</u>	<u>104,689</u>
<b>Highways and streets:</b>					
Administration	-	597,815	575,012	-	22,803
Highways and streets	-	571,400	559,754	-	11,646
Street lighting	-	31,000	29,572	-	1,428
Total highways and streets	<u>-</u>	<u>1,200,215</u>	<u>1,164,338</u>	<u>-</u>	<u>35,877</u>
<b>Sanitation:</b>					
Administration	-	55,406	41,228	-	14,178
Solid waste collection	-	334,500	313,080	-	21,420
Solid waste disposal	-	135,300	125,945	-	9,355
Total sanitation	<u>-</u>	<u>525,206</u>	<u>480,253</u>	<u>-</u>	<u>44,953</u>
<b>Health:</b>					
Administration	-	350	203	-	147
Pest control	-	2,000	2,000	-	-
Total health	<u>-</u>	<u>2,350</u>	<u>2,203</u>	<u>-</u>	<u>147</u>
<b>Welfare:</b>					
Administration	-	14,877	12,209	-	2,668
Direct assistance	-	20,150	15,896	-	4,254
Total welfare	<u>-</u>	<u>35,027</u>	<u>28,105</u>	<u>-</u>	<u>6,922</u>

(continued)

**EXHIBIT 16 (continued)**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**General Fund**

**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2018**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Culture and recreation:</b>					
Parks and recreation	-	114,531	73,197	-	41,334
Public library	-	175,518	159,490	240	15,788
Patriotic purposes	-	750	685	-	65
Other	-	3,010	3,921	-	(911)
Total culture and recreation	-	<u>293,809</u>	<u>237,293</u>	<u>240</u>	<u>56,276</u>
Conservation	-	<u>1,165</u>	<u>408</u>	-	<u>757</u>
Economic development	-	<u>150</u>	<u>195</u>	-	<u>(45)</u>
<b>Debt service:</b>					
Principal	-	6,861	6,861	-	-
Interest on long-term debt	-	918	918	-	-
Interest on tax anticipation note	-	7,000	-	-	7,000
Debt service fees	-	2,125	2,125	-	-
Total debt service	-	<u>16,904</u>	<u>9,904</u>	-	<u>7,000</u>
<b>Capital outlay:</b>					
Land	-	15,000	-	15,000	-
Buildings	44,670	9,500	-	9,500	44,670
Improvements other than buildings	122,160	149,000	190,740	59,071	21,349
Total capital outlay	<u>166,830</u>	<u>173,500</u>	<u>190,740</u>	<u>83,571</u>	<u>66,019</u>
<b>Other financing uses:</b>					
<b>Transfers out:</b>					
Expendable trust fund	-	347,368	347,368	-	-
Nonmajor funds	-	1,250	1,250	-	-
Total other financing uses	-	<u>348,618</u>	<u>348,618</u>	-	-
<b>Total encumbrances, appropriations, expenditures and other financing uses</b>	<u><u>\$ 183,521</u></u>	<u><u>\$ 5,912,049</u></u>	<u><u>\$ 5,434,683</u></u>	<u><u>\$ 107,597</u></u>	<u><u>\$ 553,290</u></u>

**EXHIBIT 17**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2018**

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Unassigned fund balance, beginning		\$ 83,255
Changes:		
Unassigned fund balance used to reduce tax rate		(2,400)
Budget summary:		
Revenue shortfall (Exhibit 15)	\$ (49,641)	
Unexpended balance of appropriations (Exhibit 16)	<u>553,290</u>	
Budget surplus		503,649
Increase in nonspendable fund balance		(15,811)
Decrease in restricted fund balance		<u>401</u>
Unassigned fund balance, ending		<u><u>\$ 569,094</u></u>

**EXHIBIT 18**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Water and Wastewater Disposal Systems for Rural Communities:			
Water and Sewer System Improvements - Grant	10.760	N/A	<u>\$ 151,470</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through the State of New Hampshire Department of Safety			
Drug Eradication Program	16.004	2018-86	<u>3,242</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through the State of New Hampshire Department of Safety			
National Priority Safety Programs:			
Distracted Driving	20.616	318-18B-022	2,751
DWI Patrols	20.616	308-15B-033	5,174
Safe Commute	20.616	315-18B-043	5,395
Opioid Abuse Initiative	20.616	N/A	<u>2,279</u>
			<u>15,599</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through the State of New Hampshire Department of Environmental Services			
Capitalization Loans for Clean Water State Revolving Funds	66.458	CS-330167-04	<u>1,585,286</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY: FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Passed through the State of New Hampshire Department of Safety			
Emergency Management Performance Grants	97.042	FEMA-4355-DR	<u>79,740</u>
Total Direct Funding			<u>151,470</u>
GRAND TOTAL			<u><u>\$ 1,835,337</u></u>

**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2018**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Enfield under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position or changes in net position of the Town of Enfield.

**2. Summary of Significant Accounting Policies**

Expenditures included on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**EXHIBIT 19**  
**TOWN OF ENFIELD**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**2017-001 Deficit Fund Balances**

**Criteria:** Fund balance is the remaining resources after liabilities are subtracted from assets. A positive fund balance means there are more assets than liabilities, and a negative (deficit) fund balance means just the opposite. Operating with a deficit fund balance increases the likelihood that a Town would not have enough resources to pay its current liabilities.

**Condition:** The General, Sewer and Capital Project Funds have deficit fund balances on the GAAP basis of \$327,862, \$668,605 and \$49,011, respectively.

**Cause:** In the General Fund, property tax receivables that are not collected within 60 days of year-end are deferred. In the Sewer Fund, expenditures have been greater than revenues for a number of years. In the Capital Project Fund, the balance has been carried forward from past years.

**Effect:** Deficits in fund balances increase the likelihood that the Town would have to obtain short-term financing to cover cash flows. This was the case during 2017. Deficits in funds other than the General Fund result in overdrafts of pooled cash, which are short-term loans from the General Fund to other funds, creating a decrease in assets available in the General Fund to satisfy that fund's liabilities.

**Recommendation:** We recommend that the Town take steps to continue increasing the fund balance in the General Fund to reach a level that would reduce the likelihood of requiring short-term financing. We further recommend that the Town establish a fund balance policy that identifies the target level of fund balance by fund, and describes the steps to be taken in situations when fund balances are above or below the targeted range.

**Status:** Corrective action has been taken. The deficits in the General and Capital Project Funds have been recovered, and the Sewer Fund deficit has been reduced through the corrective actions implemented.

**2017-002 Other Postemployment Benefits**

**Criteria:** Government Accounting Standards Board Statement No. 45: *Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions* established standards for the measurement, recognition, and display of expense/expenditures and related liabilities, note disclosures, and required supplementary information in the financial statements of the Town. For the year ended December 31, 2018, GASB Statement No. 75: *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* replaced the requirements of GASB Statement No. 45, by improving the standards for recognizing and

**EXHIBIT 19**  
**TOWN OF ENFIELD**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

**Condition:** The Town has not implemented either of these GASB Statements.

**Cause:** The Town has not determined its expense and related liabilities, note disclosures and required supplementary information as required.

**Effect:** The Town has received an adverse audit opinion on its governmental activities.

**Recommendation:** We recommend that the Town obtain a measurement valuation to determine its OPEB liability. This can be done by an actuary or by using an alternative measurement method, as described in these GASB Statements.

**Status:** The Town has not obtained a valuation of its other postemployment benefits liability.

**Response:** Management accepts this finding. It is our understanding that, because the Town does not contribute monetarily toward the health/dental insurance premiums of retired employees, the Town is subject to the *implicit rate subsidy* only. We recognize that, even though a retired/former employee would be paying 100% of their own insurance costs if they remained on the Town's plan after separating from employment with the Town, (s)he would be paying a lower premium rate because (s)he is in a pool with all employees. It is not a liability that the Town could "fund" separately, so it is not necessary (or advisable) to establish a separate trust fund for this purpose. The Town will explore working with an actuary to determine the value of this liability.



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Town Manager and Members of the Board of Selectmen  
Town of Enfield  
Enfield, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Enfield, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 27, 2019.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. 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.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of prior year findings as item 2017-002.

**Town of Enfield**

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards***

**Town of Enfield's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Roberts & Greene, PLLC*

Concord, New Hampshire  
September 27, 2019



# Roberts & Greene, PLLC

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Town Manager and Members of the Board of Selectmen  
Town of Enfield  
Enfield, New Hampshire

### **Report on Compliance for the Major Federal Program**

We have audited the Town of Enfield's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended December 31, 2018. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Town of Enfield, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

### **Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over

**Town of Enfield  
Independent Auditor's Report on Compliance for the Major Program and on  
Internal Control Over Compliance Required by the Uniform Guidance**

compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Roberts & Greene, PLLC*

Concord, New Hampshire  
September 27, 2019

**EXHIBIT 20**  
**TOWN OF ENFIELD**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The auditor’s report issued contained an adverse opinion on the financial statements of the governmental activities, and an unmodified opinion on each major fund and the aggregate remaining fund information.
2. There were no material weaknesses identified in the internal control over financial reporting.
3. There were no significant deficiencies identified in the internal control over financial reporting that were not considered to be material weaknesses.
4. There was one instance of noncompliance material to the financial statements noted on the Summary Schedule of Prior Audit Findings as number 2017-002, as it existed in the prior year.

*Federal Awards*

1. There were no material weaknesses identified in the internal control over the major program.
2. There were no significant deficiencies identified in the internal control over the major program that were not considered to be material weaknesses.
3. The auditor’s report issued on compliance for the major program contained an unmodified opinion.
4. There were no audit findings required to be reported in accordance with the Uniform Guidance.
5. The program tested as a major program was U.S. Environmental Protection Agency passed through the State of New Hampshire: Department of Environmental Services: Clean Water State Revolving Fund Cluster.
6. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
7. The Town of Enfield did not qualify as a low-risk auditee.

**Section II – Financial Statement Findings**

*No New Findings*

**Section III – Federal Award Findings and Questioned Costs**

*No Findings*