

**TOWN OF ENFIELD,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2005**

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**DECEMBER 31, 2005**

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## PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

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### *INDEPENDENT AUDITOR'S REPORT*

To the 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, which collectively comprise the Town's basic financial statements as of December 31, 2005 as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The government-wide statement of net assets does not include any of the Town's capital assets nor the accumulated depreciation on those assets; and the government-wide statement of activities does not include depreciation expense related to those assets. These amounts have not been determined. Therefore, in our opinion, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Enfield at December 31, 2005, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Also, 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, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, as of January 1, 2005, the Town has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

*Plodzik & Sanderson  
Professional Association*

January 22, 2008

## ***BASIC FINANCIAL STATEMENTS***

*EXHIBIT A*  
*TOWN OF ENFIELD, NEW HAMPSHIRE*  
*Statement of Net Assets*  
*December 31, 2005*

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,582,891
Investments	1,390,044
Receivables, net of allowance for uncollectible	766,072
Total assets	<u>5,739,007</u>
<b>LIABILITIES</b>	
Accounts payable	84,367
Intergovernmental payable	2,554,414
Accrued interest payable	6,864
Unearned revenue	75,032
Noncurrent obligations:	
Due within one year:	
Bonds and notes	128,284
Due in more than one year:	
Bonds and notes	721,799
Compensated absences	64,798
Total liabilities	<u>3,635,558</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	(850,083)
Restricted for:	
Perpetual care	210,865
Capital projects	71,122
Unrestricted	2,671,545
Total net assets	<u>\$ 2,103,449</u>

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

**EXHIBIT B**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2005**

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes in
	Expenses	Services	Contributions	Net Assets
Governmental activities:				
Functions:				
General government	\$ 1,304,543	\$ 25,846	\$ 121,338	\$ (1,157,359)
Public safety	783,380	7,839	54,148	(721,393)
Highways and streets	912,636	-	128,141	(784,495)
Sanitation	613,186	261,348	-	(351,838)
Water distribution and treatment	132,089	157,009	42,705	67,625
Health	985	-	-	(985)
Welfare	19,948	-	-	(19,948)
Culture and recreation	179,271	4,282	1,047	(173,942)
Conservation	2,532	-	-	(2,532)
Economic development	167	-	-	(167)
Interest on long-term debt	46,940	-	-	(46,940)
Capital outlay	186,175	-	-	(186,175)
Total governmental activities	<u>\$ 4,181,852</u>	<u>\$ 456,324</u>	<u>\$ 347,379</u>	<u>(3,378,149)</u>
General revenues:				
Taxes:				
Property				2,692,035
Other				112,248
Motor vehicle permit fees				798,626
Licenses and other fees				25,931
Grants and contributions not restricted to specific programs				226,449
Miscellaneous				178,149
Total general revenues				<u>4,033,438</u>
Change in net assets				655,289
Net assets, beginning				<u>1,448,160</u>
Net assets, ending				<u>\$ 2,103,449</u>

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

*EXHIBIT C-1*  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
*Balance Sheet*  
**Governmental Funds**  
**December 31, 2005**

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,088,281	\$ 5,143	\$ 489,467	\$ 3,582,891
Investments	286,299	866,725	237,020	1,390,044
Receivables, net of allowance for uncollectible:				
Taxes	659,798	-	-	659,798
Accounts	2,365	-	103,909	106,274
Interfund receivable	44,469	-	2,425	46,894
Total assets	<u>\$ 4,081,212</u>	<u>\$ 871,868</u>	<u>\$ 832,821</u>	<u>5,785,901</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 84,259	\$ -	\$ 108	\$ 84,367
Intergovernmental payable	2,554,414	-	-	2,554,414
Interfund payable	1,378	-	45,516	46,894
Deferred revenue	64,835	-	10,197	75,032
Total liabilities	<u>2,704,886</u>	<u>-</u>	<u>55,821</u>	<u>2,760,707</u>
Fund balances:				
Reserved for encumbrances	\$ 289,619	\$ -	\$ 33,374	\$ 322,993
Reserved for endowments	-	-	207,596	207,596
Reserved for special purposes	-	-	41,017	41,017
Unreserved, undesignated, reported in:				
General fund	1,086,707	-	-	1,086,707
Special revenue funds	-	871,868	495,013	1,366,881
Total fund balances	<u>1,376,326</u>	<u>871,868</u>	<u>777,000</u>	<u>3,025,194</u>
Total liabilities and fund balances	<u>\$ 4,081,212</u>	<u>\$ 871,868</u>	<u>\$ 832,821</u>	<u>\$ 5,785,901</u>

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

*EXHIBIT C-2*  
*TOWN OF ENFIELD, NEW HAMPSHIRE*  
*Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets*  
*December 31, 2005*

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Total fund balances of governmental funds (Exhibit C-1)		\$ 3,025,194
Amounts reported for governmental activities in the statement of net assets are different because:		
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (46,894)	
Payables	<u>46,894</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(6,864)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:		
Bonds and notes	\$ 850,083	
Compensated absences payable	<u>64,798</u>	
		(914,881)
Total net assets of governmental activities (Exhibit A)		<u><u>\$ 2,103,449</u></u>

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



**EXHIBIT C-3**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
**Governmental Funds**  
**For the Fiscal Year Ended December 31, 2005**

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,788,641	\$ -	\$ 15,642	\$ 2,804,283
Licenses and permits	824,557	-	-	824,557
Intergovernmental	439,531	-	11,912	451,443
Charges for services	42,760	-	410,714	453,474
Miscellaneous	146,594	26,492	130,298	303,384
Total revenues	<u>4,242,083</u>	<u>26,492</u>	<u>568,566</u>	<u>4,837,141</u>
Expenditures:				
Current:				
General government	1,282,888	22,747	193	1,305,828
Public safety	773,220	-	11,912	785,132
Highways and streets	916,244	-	-	916,244
Water distribution and treatment	-	-	132,181	132,181
Sanitation	392,301	-	220,963	613,264
Health	985	-	-	985
Welfare	19,948	-	-	19,948
Culture and recreation	178,985	-	1,383	180,368
Conservation	-	-	2,532	2,532
Economic development	167	-	-	167
Debt service:				
Principal	164,952	-	15,478	180,430
Interest	37,578	-	10,463	48,041
Capital outlay	163,993	-	22,182	186,175
Total expenditures	<u>3,931,261</u>	<u>22,747</u>	<u>417,287</u>	<u>4,371,295</u>
Excess of revenues over expenditures	<u>310,822</u>	<u>3,745</u>	<u>151,279</u>	<u>465,846</u>
Other financing sources (uses):				
Transfers in	131,727	168,900	83,532	384,159
Transfers out	(231,385)	(129,000)	(23,774)	(384,159)
Total other financing sources and uses	<u>(99,658)</u>	<u>39,900</u>	<u>59,758</u>	<u>-</u>
Net change in fund balances	211,164	43,645	211,037	465,846
Fund balances, beginning	1,165,162	828,223	565,963	2,559,348
Fund balances, ending	<u>\$ 1,376,326</u>	<u>\$ 871,868</u>	<u>\$ 777,000</u>	<u>\$ 3,025,194</u>

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

*EXHIBIT C-4*  
*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 Fiscal Year Ended December 31, 2005*

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Net change in fund balances of governmental funds (Exhibit C-3)			\$ 465,846
Amounts reported for governmental activities in the statement of activities are different because:			
Transfers in and out between governmental funds are eliminated on the operating statement.			
Transfers in	\$ (384,159)		
Transfers out	<u>384,159</u>		
			-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.			
Repayment of bond and note principal			180,430
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.			
Decrease in accrued interest expense	\$ 1,101		
Decrease in compensated absences payable	<u>7,912</u>		
			9,013
Change in net assets of governmental activities (Exhibit B)			<u><u>\$ 655,289</u></u>

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

**EXHIBIT D**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**December 31, 2005**

	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,344
Investments	<u>39,372</u>
Total assets	<u>59,716</u>
<b>LIABILITIES</b>	
Due to other governmental units	42,321
Escrow and performance deposits	<u>17,395</u>
Total liabilities	<u>59,716</u>
<b>NET ASSETS</b>	<u>\$ -</u>

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

**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

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**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Enfield, New Hampshire (the Town) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

***1-A Reporting Entity***

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

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

***1-B Basis of Presentation***

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

***Government-wide Financial Statements*** - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Town as a whole. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed at this reporting level as all individual funds are consolidated as governmental activities.

The statement of net assets presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, liabilities and net assets, with the exception of the capital assets and related accumulated depreciation which have been omitted because they have not been inventoried at historical cost.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with the function, and therefore, clearly identifiable to that particular function.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the functional activity. Program revenues include: (1) charges for services, which include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) operating grants and contributions which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to the program uses.

For identifying to which function program revenue pertains, the determining factor for *charges for services* is which functions generate the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted*.

**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**Fund Financial Statements** - During the year, the Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements are designed to present financial information of the Town at this more detailed level. Fund financial statements are provided for governmental and fiduciary funds.

**Fund Accounting** - The Town uses funds to maintain its financial records during the year. The Town uses two categories of funds: governmental and fiduciary.

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

**General Fund** - The general fund is the primary operating fund of the Town. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

**Expendable Trust Fund** - The expendable trust fund is used to account for monies established by Town Meeting to be held as capital reserve or other expendable funds for Town purposes.

The Town also reports nine nonmajor governmental funds.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets. The Town's fiduciary funds consist of agency funds. The agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations.

**1-C Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Town are included on the statement of net assets, with the exception of the capital assets and related accumulated depreciation which have been omitted because they have not been valued at historical cost. The statement of activities reports revenues, expenses and changes in net assets except for depreciation expense on the omitted assets.

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

Fiduciary funds use an economic resources measurement focus. These funds report all assets and liabilities on the statement of fiduciary net assets.

**1-D Basis of Accounting**

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

**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**Revenues - Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year, generally within sixty days of year-end.

**Revenues - Nonexchange Transactions** - Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all grantor imposed eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions also must be available (i.e., collected within 60 days) before it can be recognized, with the exception of property taxes which are recognized if expected to be collected in time to be used to pay the liability to the school district which is due over the next six months.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: taxes, charges for services, interest, and federal and state grants.

**Deferred Revenue** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as deferred revenue in the governmental funds, and as unearned revenue on the government-wide financial statements.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

***1-E Assets, Liabilities and Net Assets or Fund Equity***

***1-E-1 Cash, Cash Equivalents and Investments***

**Cash and Cash Equivalents** - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

New Hampshire statutes require that the Town treasurer have custody of all moneys belonging to the Town and pay out the same only upon orders of the Town Manager. The treasurer shall deposit all such moneys 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 and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

**Investments** - Wherever the treasurer has in custody an excess of funds, which are not immediately needed for the purpose of expenditure, the treasurer shall, with the approval of the Town Manager, invest the excess funds.

New Hampshire law authorizes the Town to invest in the following type of obligations:

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

**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Investments are stated at fair value based on quoted market prices.

***1-E-2 Receivables***

Tax revenue is recorded when a warrant for collection is committed to the tax collector. Taxes receivable are reported net of an allowance established for potential future abatements. As prescribed by law, the tax collector executes a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax deeded to the Town.

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

***1-E-3 Interfund Balances***

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net assets.

***1-E-4 Compensated Absences***

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Town's experience of making termination payments.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

***1-E-5 Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year.



**TOWN OF ENFIELD, NEW HAMPSHIRE**  
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***1-E-6 Equity***

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Equity for all other reporting is classified as "net assets."

***Fund Balance*** - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources, and therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods.

***Net Assets*** - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Because the Town has not recorded its capital assets, this balance shows as a large negative amount. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***1-E-7 Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement of repayment are reported as interfund transfers. At the fund reporting level, interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

At the government-wide financial reporting level, transfers between funds that would be reported in the individual funds are eliminated.

***1-E-8 Estimates***

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

***NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLES, FUND RECLASSIFICATIONS AND RECONCILIATION OF EQUITY BALANCES***

***2-A Changes in Accounting Principles***

For the fiscal year 2005, the Town has implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

GASB Statement No. 34 creates new basic financial statements for reporting the Town's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in a single column.

The government-wide financial statements present the Town's programs as governmental activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at January 1, 2005, caused by conversion to the accrual basis of accounting.

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**2-B Reconciliation of Beginning Net Assets**

The transition from governmental fund balance to net assets of the governmental activities (i.e., the GASB Statement No. 34 adjustments) is presented here.

Fund balances of all governmental funds, December 31, 2004	\$ 1,641,138
Trust funds previously reported as fiduciary funds, now reported as special revenue funds	828,223
Trust funds previously reported as fiduciary funds, now reported as permanent funds	89,987
Accrued interest payable	(7,965)
General obligation bonds payable	(1,030,513)
Compensated absences payable	(72,710)
Net assets of governmental activities, December 31, 2004	<u>\$ 1,448,160</u>

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND GOVERNMENT-WIDE STATEMENTS**

**3-A Custodial Credit Risk for Deposits and Investment Risks**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2005, \$34,665 of the Town's bank balance of \$3,701,867 was exposed to custodial credit risk as uninsured and uncollateralized.

As of December 31, 2005, the Town had the following investments:

	Fair Value
Certificates of deposit	\$ 234,478
Corporate bonds	41,914
New Hampshire Public Deposit Investment Pool	1,153,024
Total	<u>\$ 1,429,416</u>

**Investment reconciliation:**

Governmental funds balance sheet (Exhibit C-1)	\$ 1,390,044
Fiduciary funds statement of fiduciary net assets (Exhibit D)	39,372
Total	<u>\$ 1,429,416</u>

**Interest Rate Risk** - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State law limits investments to those described in Note 1-E-1. The Town has no investment policy that would further limit its investment choices.

**Custodial Credit Risk** - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Of the Town's \$1,429,416 in investments, \$99,843 is subject to custodial credit risk because the securities are held by the counter party's trust department or agent, not in the Town's name. The Town does not have policies for custodial credit risk.

**Concentration of Credit Risk** - The Town places no limit on the amount it may invest in any one issuer. Other than investments in New Hampshire Public Deposit Investment Pool, the Town has no individual investments over 5% of the total balance.

**TOWN OF ENFIELD, NEW HAMPSHIRE**  
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**3-B Taxes Receivable**

The property tax year is from April 1 to March 31 and all property taxes are assessed on the inventory taken in April of that year. The net assessed valuation as of April 1, 2005, upon which the 2005 property tax levy was based is:

For the New Hampshire education tax	\$ 415,974,727
For all other taxes	\$ 418,405,727

The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Under this method, tax bills are due on or around July 1 and December 1 of each year, with interest accruing at a rate of 12% on bills outstanding after the due date. The first billing is considered an estimate only and is one half of the previous year's tax billing. The remaining balance of taxes due is billed in the fall after the New Hampshire Department of Revenue Administration has calculated and approved the Town's tax rate for the fiscal year.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for abatements and refunds of property taxes, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any tax allowances at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Mascoma Valley Regional School District, Eastman Village District and Grafton County, which are remitted as required by law. The ultimate responsibility for the collection of taxes rests with the Town.

The tax rates and amounts assessed for the year ended December 31, 2005, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.59	\$ 2,756,486
School portion:		
State of New Hampshire	\$2.76	1,146,930
Local	\$9.81	4,105,273
County portion	\$1.36	570,287
Precinct portion	\$1.51	20,141
Total		<u>\$ 8,599,117</u>

During the current fiscal year, the tax collector executed a lien on April 21 for all uncollected 2004 property taxes.

Taxes receivable at December 31, 2005, are as follows:

Property:	
Levy of 2005	\$ 520,537
Unredeemed (under tax lien):	
Levy of 2004	137,206
Levy of 2003	66,168
Levy of 2002	887
Less: allowance for estimated uncollectible taxes	(65,000)
Net taxes receivable	<u>\$ 659,798</u>

*TOWN OF ENFIELD, NEW HAMPSHIRE*  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**3-C Other Receivables**

Other receivables at December 31, 2005, consisted of billings for water and sewer charges. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectibility.

**3-D Interfund Balances and Transfers**

Interfund balances at December 31, 2005 consist of overdrafts in the pooled cash, budgetary transfers and interest earned on permanent funds, not yet transferred.

The composition of interfund balances as of December 31, 2005 is as follows:

Receivable fund		Payable fund	Amount
General		Nonmajor	\$ 44,469
Nonmajor		General	1,378
		Nonmajor	1,047
			<u>\$ 46,894</u>

Interfund transfers during the year consisted of appropriations and permanent fund interest as follows:

	Transfer In:			Total
	General Fund	Expendable Trust Fund	Nonmajor Funds	
Transfer out:				
General fund	\$ -	\$ 148,900	\$ 82,485	\$ 231,385
Expendable trust	129,000	-	-	129,000
Nonmajor funds	2,727	20,000	1,047	23,774
Total	<u>\$ 131,727</u>	<u>\$ 168,900</u>	<u>\$ 83,532</u>	<u>\$ 384,159</u>

**3-E Intergovernmental Payable**

Amounts due to other governments at December 31, 2005 consist of the balance of the 2005-2006 district assessment due to the Mascoma Valley Regional School District in the amount of \$2,552,366, and \$2,048 due to the State of New Hampshire for fees.

**3-F Deferred/Unearned Revenue**

Deferred/unearned revenue at December 31, 2005 consists of prepayments of property taxes in the amount of \$445 to be applied to a subsequent levy, proceeds from the sale of tax deeded property of \$64,390 for which the recognition of revenue is being deferred until the sales are settled, and \$10,197 of grant monies received prior to eligible expenditures/expenses having been made.

**3-G Long-Term Liabilities**

Changes in the Town's long-term obligations during the year ended December 31, 2005, consisted of the following:

	General Obligation Bonds and Notes Payable	Compensated Absences Payable	Total
Balance, beginning	\$ 1,030,513	\$ 72,710	\$ 1,103,223
Reductions	(180,430)	(7,912)	(188,342)
Balance, ending	<u>\$ 850,083</u>	<u>\$ 64,798</u>	<u>\$ 914,881</u>

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Long-term liabilities payable are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2005	Current Portion
General obligation bonds and notes payable:						
Sewer	\$ 350,000	1989	2016	5.00	\$ 142,592	\$ 12,963
DPW facility	\$ 900,000	2002	2011	3.90	500,000	100,000
State Revolving Fund	\$ 270,258	2002	2021	3.90	207,491	15,321
					<u>850,083</u>	<u>128,284</u>
Compensated absences payable:						
Vested sick leave					17,941	-
Accrued vacation leave					46,857	-
					<u>64,798</u>	<u>-</u>
Total					<u>\$ 914,881</u>	<u>\$ 128,284</u>

The annual requirements to amortize all general obligation bonds and notes outstanding as of December 31, 2005, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2006	\$ 128,284	\$ 35,400	\$ 163,684
2007	128,117	30,188	158,305
2008	127,938	24,894	152,832
2009	127,746	19,649	147,395
2010	127,536	14,416	141,952
2011-2015	133,709	36,582	170,291
2016-2020	69,761	10,000	79,761
2021	6,992	278	7,270
Totals	<u>\$ 850,083</u>	<u>\$ 171,407</u>	<u>\$ 1,021,490</u>

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

Bonds and notes authorized and unissued as of December 31, 2005 were as follows:

Per Town Meeting vote of	Purpose	Unissued Amount
1999	Water improvements	\$ 100,000
2000	Water improvements	500,000
2000	New DPW facility	1,000,000
	Issued in 2002	(900,000)
Total		<u>\$ 700,000</u>

**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 4 - OTHER MATTERS**

**4-A Pensions**

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

The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees except police officers are required to contribute 5% of earnable compensation. Police officers are required to contribute 9.3% of gross earnings. For the first six months of 2005, the Town contributed 7.87% for police officers and 5.9% for other employees, and for the last six months of the year, the rates increased to 9.68% for police officers and 6.81% for other employees. The contribution requirements for the Town of Enfield for the fiscal years 2003, 2004 and 2005 were \$51,636, \$69,415 and \$90,609, respectively, which were paid in full in each year.

The State of New Hampshire funds 35% of employer costs for police officers employed by the Town. This amount, \$16,186, is reported as an "on-behalf" payment, as an expenditure and revenue on the governmental fund operating statement, and as an expense and revenue on the government-wide statement of activities.

**4-B Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2005, the Town was a member of the Local Government Center Property-Liability Trust, LLC, which is a Trust organized to provide certain property and liability insurance coverages to member towns, cities and other qualified political subdivisions of New Hampshire. As a member of the Local Government Center Property-Liability Trust, LLC, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. The program maintains a self-insured retention above which it purchases reinsurance and excess insurance. This policy covers property, auto physical damage, crime, general liability and public officials' liability subject to a \$1,000 deductible.

Contributions paid in 2005 for fiscal year 2006, ending June 30, 2006, to be recorded as an insurance expenditure totaled \$48,481. There were no unpaid contributions for the year ending June 30, 2006 and due in 2005. The Town also paid \$6,669 for workers' compensation for the year ended December 31, 2005. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

**4-C Contingent Liabilities**

There are two claims pending against the Town which arose in the normal course of the Town's activities. In the opinion of management, the ultimate disposition of these claims will not have a material effect on the financial position of the Town.

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

*REQUIRED SUPPLEMENTARY INFORMATION*

*EXHIBIT E*  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
*For the Fiscal Year Ended December 31, 2005*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 2,697,871	\$ 2,788,641	\$ 90,770
Licenses and permits	802,150	824,557	22,407
Intergovernmental	423,344	423,345	1
Charges for services	36,500	42,760	6,260
Miscellaneous	108,450	146,594	38,144
Total revenues	<u>4,068,315</u>	<u>4,225,897</u>	<u>157,582</u>
Expenditures:			
Current:			
General government	1,283,063	1,305,306	(22,243)
Public safety	811,399	780,893	30,506
Highways and streets	859,349	903,771	(44,422)
Sanitation	344,520	382,301	(37,781)
Health	1,000	985	15
Welfare	28,773	20,298	8,475
Culture and recreation	192,618	175,123	17,495
Economic development	1,000	167	833
Debt service:			
Principal	165,511	164,952	559
Interest	36,547	37,578	(1,031)
Capital outlay	368,050	385,030	(16,980)
Total expenditures	<u>4,091,830</u>	<u>4,156,404</u>	<u>(64,574)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,515)</u>	<u>69,493</u>	<u>93,008</u>
Other financing sources (uses):			
Transfers in	139,000	131,727	(7,273)
Transfers out	(231,385)	(231,385)	-
Total other financing sources and uses	<u>(92,385)</u>	<u>(99,658)</u>	<u>(7,273)</u>
Net change in fund balance	<u>\$ (115,900)</u>	<u>(30,165)</u>	<u>\$ 85,735</u>
Unreserved fund balance, beginning		1,116,872	
Unreserved fund balance, ending		<u>\$ 1,086,707</u>	

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



*TOWN OF ENFIELD, NEW HAMPSHIRE*  
*NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION*  
*AS OF AND FOR THE FISCAL YEAR ENDED*  
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General Budget Policies .....	1
Budgetary Reconciliation .....	2
Excess of Expenditures over Appropriations.....	3

**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

**1. General Budget Policies**

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unreserved fund balance to achieve that end. In the fiscal year 2005, \$115,900 of the beginning general fund fund balance was applied for this purpose.

**2. Budgetary Reconciliation**

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

Revenues and other financing sources:	
Per Exhibit E (budgetary basis)	\$ 4,357,624
Adjustment:	
Basis difference:	
On-behalf retirement contributions made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	16,186
Per Exhibit C-3 (GAAP Basis)	<u>\$ 4,373,810</u>
Expenditures and other financing uses:	
Per Exhibit E (budgetary basis)	\$ 4,387,789
Adjustments:	
Basis difference:	
Encumbrances, beginning	48,290
Encumbrances, ending	(289,619)
On-behalf retirement contributions made by the State of New Hampshire recognized as expenditures on the GAAP basis, but not on the budgetary basis	16,186
Per Exhibit C-3 (GAAP Basis)	<u>\$ 4,162,646</u>

**3. Excess of Expenditures over Appropriations**

The general fund had an excess of expenditures over appropriations for the year ended December 31, 2005 in the amount of \$64,574. Overexpenditures were due to the receipt and expenditure of unanticipated funds.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

*SCHEDULE 1*  
*TOWN OF ENFIELD, NEW HAMPSHIRE*  
*Major General Fund*  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2005*

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,629,291	\$ 2,692,035	\$ 62,744
Land use change	4,000	22,470	18,470
Timber	10,900	13,586	2,686
Excavation	3,680	1,450	(2,230)
Interest and penalties on taxes	50,000	59,100	9,100
Total taxes	<u>2,697,871</u>	<u>2,788,641</u>	<u>90,770</u>
Licenses, permits and fees:			
Business licenses, permits and fees	350	185	(165)
Motor vehicle permit fees	780,000	798,626	18,626
Building permits	16,000	19,691	3,691
Other	5,800	6,055	255
Total licenses, permits and fees	<u>802,150</u>	<u>824,557</u>	<u>22,407</u>
Intergovernmental:			
State:			
Shared revenue block grant	51,547	51,547	-
Meals and rooms distribution	174,902	174,902	-
Highway block grant	128,140	128,141	1
Water pollution grants	42,705	42,705	-
Other	26,050	26,050	-
Total intergovernmental	<u>423,344</u>	<u>423,345</u>	<u>1</u>
Charges for services:			
Income from departments	<u>36,500</u>	<u>42,760</u>	<u>6,260</u>
Miscellaneous:			
Sale of municipal property	58,950	58,950	-
Interest on investments	26,000	52,000	26,000
Rent of property	17,000	2,850	(14,150)
Insurance dividends and reimbursements	-	5,234	5,234
Other	6,500	27,560	21,060
Total miscellaneous	<u>108,450</u>	<u>146,594</u>	<u>38,144</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	129,000	129,000	-
Nonmajor funds	10,000	2,727	(7,273)
Total other financing sources	<u>139,000</u>	<u>131,727</u>	<u>(7,273)</u>
Total revenues and other financing sources	4,207,315	<u>\$ 4,357,624</u>	<u>\$ 150,309</u>
Unreserved fund balance used to reduce tax rate	115,900		
Total revenues, other financing sources and use of fund balance	<u>\$ 4,323,215</u>		

**SCHEDULE 2**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2005**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 155,604	\$ 160,887	\$ 14,329	\$ (19,612)
Election and registration	-	61,446	56,817	-	4,629
Financial administration	4,764	150,299	147,116	4,335	3,612
Revaluation of property	4,340	25,000	18,782	10,558	-
Legal	-	20,000	28,703	-	(8,703)
Personnel administration	-	547,356	540,680	-	6,676
Planning and zoning	-	71,380	69,664	2,300	(584)
General government buildings	-	122,958	141,659	-	(18,701)
Cemeteries	-	9,220	5,474	-	3,746
Insurance, not otherwise allocated	-	53,000	46,306	-	6,694
Advertising and regional associations	-	48,300	48,300	-	-
Other	-	18,500	18,500	-	-
Total general government	9,104	1,283,063	1,282,888	31,522	(22,243)
Public safety:					
Police	-	568,204	542,172	11,074	14,958
Ambulance	-	42,750	46,842	-	(4,092)
Fire	-	95,318	74,537	12,785	7,996
Building inspection	-	51,527	49,659	-	1,868
Emergency management	-	5,100	2,990	-	2,110
Other	-	48,500	40,834	-	7,666
Total public safety	-	811,399	757,034	23,859	30,506
Highways and streets:					
Administration	-	451,999	468,959	-	(16,960)
Highways and streets	14,440	383,950	424,981	1,967	(28,558)
Street lighting	-	23,400	22,304	-	1,096
Total highways and streets	14,440	859,349	916,244	1,967	(44,422)
Sanitation:					
Administration	-	66,319	72,812	-	(6,493)
Solid waste collection	10,000	130,701	110,785	-	29,916
Solid waste disposal	-	147,500	208,704	-	(61,204)
Total sanitation	10,000	344,520	392,301	-	(37,781)
Health:					
Administration	-	500	619	-	(119)
Pest control	-	500	366	-	134
Total health	-	1,000	985	-	15
Welfare	-	28,773	19,948	350	8,475

(continued)

*SCHEDULE 2 (continued)*  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
*Major General Fund*  
*Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2005*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	32,835	35,078	-	(2,243)
Library	5,380	157,386	142,079	3,018	17,669
Patriotic purposes	-	1,000	927	-	73
Other	1,500	1,397	901	-	1,996
Total culture and recreation	<u>6,880</u>	<u>192,618</u>	<u>178,985</u>	<u>3,018</u>	<u>17,495</u>
Economic development	-	1,000	167	-	833
Debt service:					
Principal of long-term debt	-	165,511	164,952	-	559
Interest on long-term debt	-	36,547	37,578	-	(1,031)
Total debt service	<u>-</u>	<u>202,058</u>	<u>202,530</u>	<u>-</u>	<u>(472)</u>
Capital outlay:					
Masterplan	7,866	-	8,265	-	(399)
Community Building land	-	-	12,059	-	(12,059)
Dump truck	-	274,000	123,334	151,620	(954)
GPS unit	-	46,050	-	49,618	(3,568)
Tax maps	-	48,000	20,335	27,665	-
Total capital outlay	<u>7,866</u>	<u>368,050</u>	<u>163,993</u>	<u>228,903</u>	<u>(16,980)</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	148,900	148,900	-	-
Nonmajor funds	-	82,485	82,485	-	-
Total other financing uses	<u>-</u>	<u>231,385</u>	<u>231,385</u>	<u>-</u>	<u>-</u>
Total appropriations, expenditures, other financing uses and encumbrances	<u>\$ 48,290</u>	<u>\$ 4,323,215</u>	<u>\$ 4,146,460</u>	<u>\$ 289,619</u>	<u>\$ (64,574)</u>

***SCHEDULE 3***  
***TOWN OF ENFIELD, NEW HAMPSHIRE***  
***Major General Fund***  
***Schedule of Changes in Unreserved - Undesignated Fund Balance (Non-GAAP Budgetary Basis)***  
***For the Fiscal Year Ended December 31, 2005***

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Unreserved, undesignated fund balance, beginning			\$ 1,116,872
Changes:			
Unreserved fund balance used to reduce 2005 tax rate			(115,900)
2005 Budget summary:			
Revenue surplus (Schedule 1)	\$ 150,309		
Overdraft of appropriations (Schedule 2)	<u>(64,574)</u>		
2005 Budget surplus			<u>85,735</u>
Unreserved, undesignated fund balance, ending			<u>\$ 1,086,707</u>

**SCHEDULE 4**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2005**

Special Revenue Funds											
	TIF District	Water Department	Sewer Department	Conservation Commission	Recreation	Public Library	Police Grants	Capital Project Fund	Permanent Fund	Total	
<b>ASSETS</b>											
Cash and cash equivalents	\$ 2,338	\$ 171,096	\$ 149,690	\$ 12,397	\$ -	\$ 12,941	\$ 54,399	\$ 71,122	\$ 15,484	\$ 489,467	
Investments	-	-	-	-	-	40,217	-	-	196,803	237,020	
Accounts receivable	-	37,222	66,687	-	-	-	-	-	-	103,909	
Interfund receivable	-	-	-	1,378	-	1,047	-	-	-	2,425	
Total assets	\$ 2,338	\$ 208,318	\$ 216,377	\$ 13,775	\$ -	\$ 54,205	\$ 54,399	\$ 71,122	\$ 212,287	\$ 832,821	
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108	\$ 108	
Interfund payable	-	-	-	-	-	-	44,202	-	1,314	45,516	
Deferred revenue	-	-	-	-	-	-	10,197	-	-	10,197	
Total liabilities	-	-	-	-	-	-	54,399	-	1,422	55,821	
Fund balances:											
Reserved for encumbrances	-	-	-	-	-	-	-	33,374	-	33,374	
Reserved for endowments	-	-	-	-	-	-	-	-	207,596	207,596	
Reserved for special purposes	-	-	-	-	-	-	-	37,748	3,269	41,017	
Unreserved, undesignated	2,338	208,318	216,377	13,775	-	54,205	-	-	-	495,013	
Total fund balances	2,338	208,318	216,377	13,775	-	54,205	-	71,122	210,865	777,000	
Total liabilities and fund balances	\$ 2,338	\$ 208,318	\$ 216,377	\$ 13,775	\$ -	\$ 54,205	\$ 54,399	\$ 71,122	\$ 212,287	\$ 832,821	



**SCHEDULE 5**  
**TOWN OF ENFIELD, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2005**

	Special Revenue Funds									
	TIF District	Water Department	Sewer Department	Conservation Commission	Recreation	Public Library	Police Grants	Capital Project Fund	Permanent Fund	Total
Revenues:										
Taxes	\$ 15,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,642
Intergovernmental	-	-	-	-	-	-	11,912	-	-	11,912
Charges for services	-	157,009	253,705	-	-	-	-	-	-	410,714
Miscellaneous	-	2,747	1,894	277	3	2,992	-	-	122,385	130,298
Total revenues	15,642	159,756	255,599	277	3	2,992	11,912	-	122,385	568,566
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	193	193
Public safety	-	-	-	-	-	-	-	-	-	11,912
Water distribution and treatment	-	132,181	-	-	-	-	11,912	-	-	132,181
Sanitation	-	-	220,963	-	-	-	-	-	-	220,963
Culture and recreation	-	-	-	-	881	502	-	-	-	1,383
Conservation	-	-	-	2,532	-	-	-	-	-	2,532
Debt service:										
Principal	-	15,478	-	-	-	-	-	-	-	15,478
Interest	-	10,463	-	-	-	-	-	-	-	10,463
Capital outlay	13,304	-	-	-	-	-	-	8,878	-	22,182
Total expenditures	13,304	158,122	220,963	2,532	881	502	11,912	8,878	193	417,287
Excess (deficiency) of revenues over (under) expenditures	2,338	1,634	34,636	(2,255)	(878)	2,490	-	(8,878)	122,192	151,279
Other financing sources (uses):										
Transfers in	-	-	-	2,485	-	1,047	-	-	-	83,532
Transfers out	-	(10,000)	(10,000)	-	-	(2,460)	-	80,000	(1,314)	(23,774)
Total other financing sources and uses	-	(10,000)	(10,000)	2,485	-	(1,413)	-	80,000	(1,314)	59,758
Net change in fund balances	2,338	(8,366)	24,636	230	(878)	1,077	-	71,122	120,878	211,037
Fund balances, beginning	-	216,684	191,741	13,545	878	53,128	-	-	89,987	565,963
Fund balances, ending	\$ 2,338	\$ 208,318	\$ 216,377	\$ 13,775	\$ -	\$ 54,205	\$ -	\$ 71,122	\$ 210,865	\$ 777,000



## PLODZIK & SANDERSON

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### ***INDEPENDENT AUDITOR'S COMMUNICATION OF CONTROL DEFICIENCIES AND OTHER MATTERS***

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

In planning and reporting our audit of the financial statements of the Town of Enfield as of and for the fiscal year ended December 31, 2005, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Enfield's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Enfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Enfield's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Enfield's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Enfield's financial statements that is more than inconsequential will not be prevented or detected by the Town of Enfield's internal control.

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

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

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

*Plodzik & Sanderson  
Professional Association*

January 22, 2008