

TOWN OF ENFIELD, NEW HAMPSHIRE

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010

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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, New Hampshire as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Enfield'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.

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 assets, and increase expenses of the governmental activities. The amount by which this departure would affect the liabilities, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Enfield, New Hampshire as of December 31, 2010, 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.

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, New Hampshire as of December 31, 2010, 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.

The management's discussion and analysis on pages 2 thru 8, and budgetary comparison information on page 31 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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. 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.

December 14, 2011

Roberts & Greene, PLLC

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MANAGEMENTS 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, 2010.

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 assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 of assets exceeded liabilities by \$9,133,564 (i.e. net assets), a change of \$1,305,747 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$2,534,680, a change of \$82,231 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$480,806, a change of \$(17,740) in comparison with the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$335,565, a change of \$130,045 in comparison to the prior year.
- The Town had State Revolving Loan Drawdowns of \$257,214 for the Force Main Relocation Project.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

| | <u>2010</u> | <u>2009</u> |
|-----------------------------------|----------------------------------|-------------------|
| | <u>Government Activities</u> | |
| Current and other assets | 6,926,345 | 6,090,945 |
| Capital assets | 6,769,861 | 5,882,794 |
| Total assets | <u>13,696,206</u> | <u>11,973,739</u> |
| Long-term liabilities outstanding | 705,931 | 569,020 |
| Other liabilities | 3,856,711 | 3,576,902 |
| Total liabilities | <u>4,562,642</u> | <u>4,145,922</u> |
| Net assets: | | |
| Invested in capital assets, net | 6,177,083 | 5,417,184 |
| Restricted | 224,899 | 581,452 |
| Unrestricted | 2,731,582 | 1,829,181 |
| Total net assets | <u>9,133,564</u> | <u>7,827,817</u> |

CHANGES IN NET ASSETS

| | <u>2010</u> | <u>2009</u> |
|---|------------------------------------|------------------|
| | <u>Governmental Activities</u> | |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | 536,880 | 532,743 |
| Operating grants and contributions | 56,788 | 11,148 |
| Capital grants and contributions | 257,214 | - |
| General revenues: | | |
| Property taxes | 3,255,896 | 2,907,862 |
| Motor vehicle permits | 762,209 | 703,412 |
| Penalties and interest on taxes | 103,810 | 140,739 |
| Grants and contributions not restricted to specific programs | 352,414 | 369,129 |
| Miscellaneous | 73,494 | 80,115 |
| Total revenues | <u>5,398,705</u> | <u>4,745,148</u> |

(continued)

| | Governmental Activities | |
|--|----------------------------|-------------------------|
| | <u>2010</u> | <u>2009</u> |
| Expenses: | | |
| General government | 1,520,391 | 1,663,808 |
| Public safety | 983,276 | 989,191 |
| Highway and streets | 1,079,487 | 1,356,357 |
| Water distribution and treatment | 134,385 | 129,060 |
| Sanitation | 790,490 | 344,254 |
| Health | 659 | - |
| Welfare | 34,571 | 41,929 |
| Culture and recreation | 199,798 | 205,429 |
| Conservation | 3,620 | 1,350 |
| Economic development | 9,093 | 9,000 |
| Interest on long-term debt | 21,412 | 27,062 |
| Capital outlay | 122,729 | 103,710 |
| Total expenses | <u>4,899,911</u> | <u>4,871,150</u> |
| Change in net assets before permanent fund contributions | 498,794 | (126,002) |
| Permanent fund contributions | - | 4,690 |
| Increase in net assets | <u>498,794</u> | <u>(121,312)</u> |
| Net assets – beginning of year, as restated | <u>8,634,770</u> | <u>7,949,129</u> |
| Net assets – end of year | <u><u>9,133,564</u></u> | <u><u>7,827,817</u></u> |

As noted earlier, net assets 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 assets were \$9,133,564, a change of \$498,794 from the prior year.

The largest portion of net assets \$6,769,861 reflects our investment in capital assets (e.g., 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 assets \$224,899 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$2,731,582 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a change in net assets of \$498,794. Key elements of this change are as follows:

| | |
|--|------------------|
| General fund operations, discussed further in section D | \$11,741 |
| Major expendable trust fund revenues exceed expenditures | 33,399 |
| Non major fund revenues exceed expenditures | 37,091 |
| Excess capitalized capital outlay over depreciation | 569,850 |
| Excess debt issued over principal bond payments | (129,678) |
| Other | (23,609) |
| Total | <u>\$498,794</u> |

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 \$2,534,680, a change of \$82,231 in comparison with the prior year. Key elements of this change are as follows:

| | |
|--|-----------------|
| General fund operations, discussed further in section D | \$11,741 |
| Major expendable trust fund revenues exceed expenditures | 33,399 |
| Non major fund revenues exceed expenditures | 37,091 |
| Total | <u>\$82,231</u> |

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$451,346, while total fund balance was \$510,287. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.14 percent of total general fund expenditures, while total fund balance represents 11.47 percent of that same amount.

The fund balance of the general fund changed by \$11,741 during the current fiscal year. Key factors in this change are as follows:

| | |
|---|-----------------|
| Amount of property tax warrant not collected in time to report as revenue | \$(72,370) |
| Motor vehicle permits less than estimated | (13,637) |
| Expenditures less than budget | 143,063 |
| Use of fund balance as a funding source | (68,000) |
| Other | 22,685 |
| Total | <u>\$11,741</u> |

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There are no differences between the original budget and the final amended budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Total investment in capital assets for governmental and business-type activities at year end amounted to \$6,769,861 (net of accumulated depreciation), a change of \$556,089 from the prior year. This investment in capital assets includes land, buildings and systems, improvements, and machinery and equipment.

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

| | | |
|--------------------------------------|-------------------------|-----------|
| 2010 Ford Fusion Cruiser | Police Department | \$ 20,262 |
| 2011 Ford F550 Dump Truck | Public Works Department | 93,254 |
| Baldor TS-60 Generator | Fire Department | 28,600 |
| 2011 CAT 430E IT Backhoe | Public Works Department | 117,600 |
| Shaker Bridge Sewer Main Replacement | Infrastructure | 69,889 |
| Shaker Bridge Sewer Main Replacement | Infrastructure | 506,200 |
| Shaker Boulevard Shim/Resurface | Road | 27,929 |
| Union Street Shim/Resurface | Road | 12,753 |
| George Hill Road Shim/Resurface | Road | 14,300 |
| Mill Street Shim/Resurface | Road | 11,474 |
| Flanders Street Shim/Resurface | Road | 24,939 |
| Lapan Circle Shim/Resurface | Road | 25,423 |
| Old Route 10 Shim/Resurface | Road | 12,774 |

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

| | | |
|--------------------------------------|---------------------------|----------|
| 1987 International Dump Truck | Public Works Department | \$ 2,500 |
| 2001 Ford F550 Dump Truck | Public Works Department | 10,920 |
| 2002 Ford Crown Victoria Cruiser | Police Department | 1,500 |
| 1999 Caterpillar 436 CAT | Public Works Department | 18,000 |
| Shaker Bridge Sewer Main Replacement | Construction in Progress* | 69,889 |

* At project completion the Construction in Progress was re-designated a depreciable asset.

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 \$335,565, all of which was backed by the full faith and credit of the government. The Town also had drawdowns from the State Revolving Loan Fund of \$257,214 that will be paid back in the future.

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 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 Assets
December 31, 2010

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 4,149,639 |
| Investments | 1,520,672 |
| Intergovernmental receivable | 60,121 |
| Other receivables, net of allowance for uncollectibles | 1,188,763 |
| Tax deeded property | 7,150 |
| Capital assets, not being depreciated: | |
| Land | 1,675,595 |
| Construction in progress | 153,991 |
| Capital assets, net of accumulated depreciation: | |
| Buildings and building improvements | 1,857,805 |
| Machinery, vehicles and equipment | 1,401,663 |
| Infrastructure | 1,680,807 |
| Total assets | <u>13,696,206</u> |
| LIABILITIES | |
| Accounts payable | 119,497 |
| Accrued payroll and benefits | 66,139 |
| Accrued interest payable | 4,099 |
| Intergovernmental payable | 3,656,998 |
| Unearned revenue | 9,978 |
| Noncurrent obligations: | |
| Due within one year: | |
| Bonds payable | 129,817 |
| Compensated absences | 11,315 |
| Due in more than one year: | |
| Bonds payable | 205,747 |
| State revolving loan funds payable | 257,214 |
| Compensated absences | 101,838 |
| Total liabilities | <u>4,562,642</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 6,177,083 |
| Restricted for: | |
| Perpetual care | 153,235 |
| Other purposes | 71,664 |
| Unrestricted | 2,731,582 |
| Total net assets | <u>\$ 9,133,564</u> |

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, 2010

| | | Program Revenues | | | Net (Expense) |
|--|---------------------|----------------------------|--|--|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Assets |
| Governmental activities: | | | | | |
| General government | \$ 1,520,391 | \$ 41,392 | \$ 8,597 | \$ - | \$ (1,470,402) |
| Public safety | 983,276 | 10,140 | 38,360 | - | (934,776) |
| Highways and streets | 1,079,487 | - | 813 | - | (1,078,674) |
| Sanitation | 790,490 | 290,088 | 1,208 | - | (499,194) |
| Water distribution and treatment | 134,385 | 188,171 | 1,234 | - | 55,020 |
| Health | 659 | - | - | - | (659) |
| Welfare | 34,571 | - | - | - | (34,571) |
| Culture and recreation | 199,798 | 7,089 | 6,576 | - | (186,133) |
| Conservation | 3,620 | - | - | - | (3,620) |
| Economic development | 9,093 | - | - | - | (9,093) |
| Interest on long-term debt | 21,412 | - | - | - | (21,412) |
| Capital outlay | 122,729 | - | - | 257,214 | 134,485 |
| Total governmental activities | <u>\$ 4,899,911</u> | <u>\$ 536,880</u> | <u>\$ 56,788</u> | <u>\$ 257,214</u> | <u>(4,049,029)</u> |
| General revenues: | | | | | |
| Property taxes | | | | | 3,233,113 |
| Other taxes | | | | | 126,593 |
| Licenses and permits | | | | | 762,209 |
| Grants and contributions not restricted to specific programs | | | | | 352,414 |
| Miscellaneous | | | | | 73,494 |
| Total general revenues | | | | | <u>4,547,823</u> |
| Change in net assets | | | | | 498,794 |
| Net assets, beginning, as restated, see Note III.D. | | | | | <u>8,634,770</u> |
| Net assets, ending | | | | | <u>\$ 9,133,564</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, 2010

| | General | Expendable Trust | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,416,240 | \$ 21,257 | \$ 712,142 | \$ 4,149,639 |
| Investments | 251,158 | 1,001,327 | 268,187 | 1,520,672 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes | 1,040,670 | - | - | 1,040,670 |
| Accounts | - | - | 148,093 | 148,093 |
| Intergovernmental | - | - | 35,021 | 35,021 |
| Interfund receivable | 99,779 | 40,000 | 2,573 | 142,352 |
| Tax deeded property for resale | 7,150 | - | - | 7,150 |
| Total assets | <u>\$ 4,814,997</u> | <u>\$ 1,062,584</u> | <u>\$ 1,166,016</u> | <u>\$ 7,043,597</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 119,497 | \$ - | \$ - | \$ 119,497 |
| Accrued salaries and benefits | 62,055 | - | 4,084 | 66,139 |
| Intergovernmental payable | 3,656,998 | - | - | 3,656,998 |
| Interfund payable | - | 1,573 | 140,779 | 142,352 |
| Deferred revenue | 466,160 | - | 57,771 | 523,931 |
| Total liabilities | <u>4,304,710</u> | <u>1,573</u> | <u>202,634</u> | <u>4,508,917</u> |
| FUND BALANCES | | | | |
| Reserved for encumbrances | 51,791 | - | - | 51,791 |
| Reserved for endowments | - | - | 204,101 | 204,101 |
| Reserved for special purposes | - | - | 20,798 | 20,798 |
| Reserved for tax deeded property | 7,150 | - | - | 7,150 |
| Unreserved, undesignated, reported in: | | | | |
| General fund | 451,346 | - | - | 451,346 |
| Capital projects fund | - | - | (18,491) | (18,491) |
| Special revenue funds | - | 1,061,011 | 756,974 | 1,817,985 |
| Total fund balances | <u>510,287</u> | <u>1,061,011</u> | <u>963,382</u> | <u>2,534,680</u> |
| Total liabilities and fund balances | <u>\$ 4,814,997</u> | <u>\$ 1,062,584</u> | <u>\$ 1,166,016</u> | <u>\$ 7,043,597</u> |

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

EXHIBIT 4
TOWN OF ENFIELD, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Assets
December 31, 2010

| | | |
|--|--------------------|---------------------|
| Total fund balances of governmental funds (Exhibit 3) | | \$ 2,534,680 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Cost | \$ 9,615,055 | |
| Less accumulated depreciation | <u>(2,845,194)</u> | |
| | | 6,769,861 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. | | 25,100 |
| Interfund receivables and payables between governmental funds are eliminated on the statement of net assets. | | |
| Receivables | \$ (142,352) | |
| Payables | <u>142,352</u> | |
| | | - |
| Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds. | | |
| Deferred tax revenue | \$ 466,160 | |
| Deferred water rents | 21,366 | |
| Deferred sewer rents | <u>26,427</u> | |
| | | 513,953 |
| Interest on long-term debt is not accrued in governmental funds. | | |
| Accrued interest payable | | (4,099) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds outstanding | \$ 335,564 | |
| State revolving loan funds payable | 257,214 | |
| Compensated absences payable | <u>113,153</u> | |
| | | (705,931) |
| Total net assets of governmental activities (Exhibit 1) | | <u>\$ 9,133,564</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, 2010

| | General | Expendable Trust | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|---------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes | \$ 3,199,075 | \$ - | \$ 169,964 | \$ 3,369,039 |
| Licenses, permits and fees | 762,209 | - | - | 762,209 |
| Intergovernmental | 376,590 | - | 267,135 | 643,725 |
| Charges for services | 81,377 | - | 445,748 | 527,125 |
| Miscellaneous | 43,061 | 17,327 | 20,638 | 81,026 |
| Total revenues | <u>4,462,312</u> | <u>17,327</u> | <u>903,485</u> | <u>5,383,124</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,500,027 | - | - | 1,500,027 |
| Public safety | 948,151 | - | 9,491 | 957,642 |
| Highways and streets | 972,991 | - | 22 | 973,013 |
| Sanitation | 468,311 | - | 322,006 | 790,317 |
| Water distribution and treatment | - | - | 134,166 | 134,166 |
| Health | 659 | - | - | 659 |
| Welfare | 34,571 | - | - | 34,571 |
| Culture and recreation | 190,953 | 1,928 | 1,334 | 194,215 |
| Conservation | - | - | 3,620 | 3,620 |
| Economic development | 9,093 | - | - | 9,093 |
| Debt service: | | | | |
| Principal | 112,963 | - | 14,573 | 127,536 |
| Interest | 13,932 | - | 6,953 | 20,885 |
| Capital outlay | 198,039 | 22,000 | 592,324 | 812,363 |
| Total expenditures | <u>4,449,690</u> | <u>23,928</u> | <u>1,084,489</u> | <u>5,558,107</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>12,622</u> | <u>(6,601)</u> | <u>(181,004)</u> | <u>(174,983)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 569 | 40,000 | 3,686 | 44,255 |
| Transfers out | (1,450) | - | (42,805) | (44,255) |
| Long-term debt issued | - | - | 257,214 | 257,214 |
| Total other financing sources and uses | <u>(881)</u> | <u>40,000</u> | <u>218,095</u> | <u>257,214</u> |
| Net change in fund balances | 11,741 | 33,399 | 37,091 | 82,231 |
| Fund balances, beginning, as restated, see Note III.D. | 498,546 | 1,027,612 | 926,291 | 2,452,449 |
| Fund balances, ending | <u>\$ 510,287</u> | <u>\$ 1,061,011</u> | <u>\$ 963,382</u> | <u>\$ 2,534,680</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, 2010

| | | |
|---|------------------|-------------------|
| Net change in fund balances of governmental funds (Exhibit 5) | | \$ 82,231 |
| 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 | \$ 895,508 | |
| Depreciation expense | <u>(325,658)</u> | 569,850 |
| The effect of the disposal of capital assets through trade-in is to decrease net assets. | | (13,761) |
| Transfers in and out between governmental funds are eliminated on the operating statement. | | |
| Transfers in | \$ (44,255) | |
| Transfers out | <u>44,255</u> | - |
| Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds. | | |
| Change in deferred tax revenue | \$ (9,333) | |
| Change in deferred water user charges | 4,176 | |
| Change in deferred sewer user charges | <u>5,579</u> | 422 |
| 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 assets. | | |
| State revolving loan drawdowns | \$ (257,214) | |
| Amortized loan forgiveness | (2,510) | |
| Repayment of bond principal | <u>130,046</u> | (129,678) |
| Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Increase in accrued interest expense | \$ (527) | |
| Increase in compensated absences payable | <u>(9,743)</u> | (10,270) |
| Change in net assets of governmental activities (Exhibit 2) | | <u>\$ 498,794</u> |

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

EXHIBIT 7
TOWN OF ENFIELD, NEW HAMPSHIRE
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

| | Private Purpose Trust | Agency |
|-------------------------------------|-----------------------------|---------------|
| Assets: | | |
| Cash and cash equivalents | \$ - | \$ 29,658 |
| Investments | 51,192 | - |
| Total assets | <u>51,192</u> | <u>29,658</u> |
| Liabilities: | | |
| Accounts payable | 231 | - |
| Due to other governmental units | 1,247 | - |
| Due to developers | - | 29,658 |
| Total liabilities | <u>1,478</u> | <u>29,658</u> |
| Net assets: | | |
| Held in trust for specific purposes | <u>\$ 49,714</u> | <u>\$ -</u> |

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

EXHIBIT 8
TOWN OF ENFIELD, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2010

| | Private Purpose Trust |
|---|-----------------------------|
| Additions: | |
| New funds | \$ 192 |
| Interest on investments | 1,672 |
| Total additions | <u>1,864</u> |
| Deductions: | |
| Trust distributions | <u>1,671</u> |
| Change in net assets | 193 |
| Net assets, beginning, as restated, see Note III.D. | <u>49,521</u> |
| Net assets, ending | <u><u>\$ 49,714</u></u> |

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010**

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, 2010.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. Entity Defined

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

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

Government-Wide Financial Statements

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; (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, 2010**

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual, governmental funds are reported in a separate column 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 as noted below.

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. 45.

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

The agency funds are custodial in nature and do not measure results of operations.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year, with the exception of property taxes which are recognized if expected to be collected in time to pay the liabilities to the school district that are due over the next six months. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

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

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

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010**

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.

Expendable Trust Fund – The expendable trust fund is used to account for funds established at Town Meeting as capital reserve or other expendable trust funds.

The Town also reports eight 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 Assets or Fund Equity

I.C.1. Cash and Investments

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

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

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

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

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

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

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

| | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and building improvements | 20-50 |
| Machinery, vehicles and equipment | 5-20 |
| Infrastructure | 30-75 |

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

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

I.C.4. *Fund Equity*

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

- Invested in capital assets, net of related debt, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for perpetual care, which consists of the balance of the permanent funds where the principal must be permanently invested, and the income is allowed to be used only for cemetery care.

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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- Restricted for other purposes, which consists of the balance of the permanent funds where the principal must be permanently invested, and the income is allowed to be used for other Town purposes.
- Unrestricted, which consists of the remaining balance of net assets.

The governmental funds report the following reservations of fund balance:

- Reserve for encumbrances, which consists of the balance of unexpended appropriations for specific purposes to be carried over to supplement the appropriations of the subsequent year.
- Reserve for endowments, which consists of the principal balance of permanent funds that was donated or left to the Town for specific purposes.
- Reserve for special purposes, which consists of the income balance of permanent funds that can only be used for specific purposes.
- Reserve for tax deeded property, which consists of the balance of property taken by tax deed that is held for resale and not considered available to liquidate liabilities of the current period.

I.D. Estimates

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

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, as well as the nonmajor Water and Sewer funds. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2010, \$68,000 of the fund balance of the General Fund from 2009 was used.

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

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

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2010, the Town's reporting entity had the following investments:

| | |
|--|----------------------------|
| Certificates of Deposit | \$ 1,320,706 |
| New Hampshire Public Deposit Investment Pool | <u>251,158</u> |
| | <u><u>\$ 1,571,864</u></u> |

The investments appear in the financial statements as follow:

| | |
|---|----------------------------|
| Fund reporting level: | |
| Governmental funds - balance sheet (Exhibit 3) | \$ 1,520,672 |
| Fiduciary funds - statement of fiduciary net assets (Exhibit 7) | <u>51,192</u> |
| Total | <u><u>\$ 1,571,864</u></u> |

Investment Risks

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 does not have an investment policy that places 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 does not have an investment policy that addresses limiting interest rate risk.

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010**

III.A.2. Receivable, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2009 property taxes on April 29th.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Mascoma Valley Regional School 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, 2010, upon which the 2010 property tax levy was based was:

| | |
|-------------------------------------|----------------|
| For the New Hampshire education tax | \$ 537,897,768 |
| For all other taxes | \$ 540,686,168 |

The tax rates and amounts assessed for the year ended December 31, 2010 were as follow:

| | Per \$1,000 of Assessed Valuation | |
|-------------------------------|--------------------------------------|----------------------|
| Municipal portion | \$5.95 | \$ 3,221,363 |
| School portion: | | |
| State of New Hampshire | \$2.37 | 1,274,859 |
| Local | \$10.72 | 5,794,125 |
| County portion | \$1.48 | 797,926 |
| Eastman Village District | \$1.37 | 21,758 |
| Total property taxes assessed | | <u>\$ 11,110,031</u> |

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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DECEMBER 31, 2010**

The following details the taxes receivable at year-end:

| | |
|---|---------------------|
| Property: | |
| Levy of 2010 | \$ 792,774 |
| Unredeemed (under tax lien): | |
| Levy of 2009 | 152,048 |
| Levy of 2008 | 96,602 |
| Levy of 2007 | 9,442 |
| Timber | 804 |
| Less: allowance for estimated uncollectible taxes | (11,000) |
| Net taxes receivable | <u>\$ 1,040,670</u> |

Other Receivables

Significant receivables include amounts for water and sewer user charges.

Deferred Revenue

Deferred revenue in the General Fund of \$466,160 at December 31, 2010 represents \$464,614 of 2010 property taxes that are not expected to be collected in time to pay the school tax liability due by June 30, 2010, and therefore, are deferred in accordance with generally accepted accounting principles, and \$1,546 in prepayments received that will be applied to the 2011 property tax levy.

(Continued on next page)

TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010

III.A.3. Capital Assets

Changes in Capital Assets

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

| | Balance, beginning, as restated | Additions | Deletions | Balance, ending |
|--|---------------------------------------|-------------------|--------------------|---------------------|
| Governmental activities: | | | | |
| At cost: | | | | |
| Not being depreciated: | | | | |
| Land | \$ 1,675,595 | \$ - | \$ - | \$ 1,675,595 |
| Construction in progress | 223,880 | - | (69,889) | 153,991 |
| Total capital assets not being depreciated | <u>1,899,475</u> | <u>-</u> | <u>(69,889)</u> | <u>1,829,586</u> |
| Being depreciated: | | | | |
| Buildings and building improvements | 2,347,914 | - | - | 2,347,914 |
| Machinery, vehicles and equipment | 3,280,515 | 259,716 | (163,303) | 3,376,928 |
| Infrastructure | 1,354,946 | 705,681 | - | 2,060,627 |
| Total capital assets being depreciated | <u>6,983,375</u> | <u>965,397</u> | <u>(163,303)</u> | <u>7,785,469</u> |
| Total all capital assets | <u>8,882,850</u> | <u>965,397</u> | <u>(233,192)</u> | <u>9,615,055</u> |
| Less accumulated depreciation: | | | | |
| Buildings and building improvements | (446,558) | (43,551) | - | (490,109) |
| Machinery, vehicles and equipment | (1,888,080) | (236,727) | 149,542 | (1,975,265) |
| Infrastructure | (334,440) | (45,380) | - | (379,820) |
| Total accumulated depreciation | <u>(2,669,078)</u> | <u>(325,658)</u> | <u>149,542</u> | <u>(2,845,194)</u> |
| Net book value, capital assets being depreciated | <u>4,314,297</u> | <u>639,739</u> | <u>(13,761)</u> | <u>4,940,275</u> |
| Net book value, all capital assets | <u>\$ 6,213,772</u> | <u>\$ 639,739</u> | <u>\$ (83,650)</u> | <u>\$ 6,769,861</u> |

Depreciation Expense

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

| | |
|----------------------------------|-------------------|
| Governmental activities: | |
| General government | \$ 10,621 |
| Public safety | 72,996 |
| Highways and streets | 236,066 |
| Sanitation | 173 |
| Water distribution and treatment | 219 |
| Culture and recreation | 5,583 |
| Total depreciation expense | <u>\$ 325,658</u> |

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010**

III.A.4. *Restricted Net Assets*

The government-wide statement of net assets includes restricted net assets of \$153,235 for public trust funds reported as restricted to reflect perpetual care restrictions contained in trust indentures, and an amount of \$71,664 that represents other purpose restrictions contained in trust indentures.

III.B. *Liabilities*

III.B.1 *Intergovernmental Payable*

The amount due to other governments at December 31, 2010 consists of \$3,654,612 due to the Mascoma Valley Regional School District for the balance of the 2010-2011 district assessment, and \$2,386 for state fees collected by the Town.

III.B.2 *Long-Term Debt*

Long-term 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 12/31/2010 | Current Portion |
|-----------------------------------|--------------------|---------------|------------------|--------------------|---------------------------------|--------------------|
| General obligation bonds payable: | | | | | | |
| Sewer | \$ 350,000 | 1989 | 2016 | 5.0 | \$ 77,778 | \$ 12,963 |
| DPW facility | \$ 1,000,000 | 2001 | 2011 | 3.9 | 100,000 | 100,000 |
| Drinking water loan | \$ 317,951 | 2002 | 2021 | 2.976-4.580 | 157,786 | 16,854 |
| | | | | | <u>335,564</u> | <u>129,817</u> |
| State revolving loan drawdowns | | | | | <u>257,214</u> | <u>-</u> |
| Compensated absences payable: | | | | | | |
| Vested sick leave | | | | | 55,912 | 5,591 |
| Accrued vacation leave | | | | | 57,241 | 5,724 |
| | | | | | <u>113,153</u> | <u>11,315</u> |
| | | | | | <u>\$ 705,931</u> | <u>\$ 141,132</u> |

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010**

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2010:

| | General Obligation Bonds Payable | State Revolving Loan Drawdowns | Compensated Absences Payable | Total |
|--------------------|--|--------------------------------------|------------------------------------|-------------------|
| Balance, beginning | \$ 465,610 | \$ - | \$ 103,410 | \$ 569,020 |
| Additions | - | 257,214 | 9,743 | 266,957 |
| Reductions | (130,046) | - | - | (130,046) |
| Balance, ending | <u>\$ 335,564</u> | <u>\$ 257,214</u> | <u>\$ 113,153</u> | <u>\$ 705,931</u> |

Debt Service Requirements to Maturity

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

| Fiscal Year Ending December 31, | Principal | Interest | Total |
|------------------------------------|-------------------|------------------|-------------------|
| 2011 | \$ 129,817 | \$ 14,181 | \$ 143,998 |
| 2012 | 29,566 | 8,844 | 38,410 |
| 2013 | 29,287 | 7,536 | 36,823 |
| 2014 | 28,974 | 6,238 | 35,212 |
| 2015 | 28,615 | 4,954 | 33,569 |
| 2016-2020 | 82,313 | 10,296 | 92,609 |
| 2021 | 6,992 | 278 | 7,270 |
| Totals | <u>\$ 335,564</u> | <u>\$ 52,327</u> | <u>\$ 387,891</u> |

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

III.C.1. *Receivables and Payables*

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

TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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The following schedule reports receivables and payables within the reporting entity at fiscal year-end:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|------------------------|---------------------|-------------------|
| General | Nonmajor | \$ 99,779 |
| Expendable Trust | Nonmajor | 40,000 |
| Nonmajor | Expendable Trust | 1,573 |
| Nonmajor | Nonmajor | 1,000 |
| | | <u>\$ 142,352</u> |

The amount due to the General Fund from the nonmajor funds represents overdrafts of pooled cash. The amount due to the Expendable Trust Funds from the nonmajor funds represents voted transfers from the Water and Sewer Funds. The amounts due to the nonmajor funds from the Expendable Trust funds represents a voted transfer to the Capital Projects Fund. The amount due between nonmajor funds represents distributions of income earned on Permanent Funds.

III.C.2. Transfers

Transfers within the reporting entity are substantially for the purposes of voted amounts, and distributing trust income to the applicable funds. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

| | <u>Transfers In:</u> | | |
|----------------|-------------------------|----------------------------------|---------------------------|
| | <u>General Fund</u> | <u>Expendable Trust Fund</u> | <u>Nonmajor Funds</u> |
| Transfers out: | | | <u>Total</u> |
| General fund | \$ - | \$ - | \$ 1,450 |
| Nonmajor funds | 569 | 40,000 | 2,236 |
| | <u>\$ 569</u> | <u>\$ 40,000</u> | <u>\$ 44,255</u> |

TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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III.D. Restatement of Beginning Equity

Net assets and fund balances at January 1, 2010 were restated to reflect the following adjustments:

| | Governmental Activities | General Fund | Expendable Trust Fund | Nonmajor Funds | Private Purpose Trust Fund |
|---|----------------------------|-------------------|-----------------------------|-------------------|-------------------------------------|
| To record amounts due to and from other funds | \$ - | \$ 19,891 | \$ (19,289) | \$ (602) | \$ - |
| To record grants receivable | 12,729 | - | - | 12,729 | - |
| To record intergovernmental receivable | 69,212 | - | - | 69,212 | - |
| To record accounts payable | (15,839) | - | - | (15,839) | (1,561) |
| To record receivable for water rents | 44,248 | - | - | 44,248 | - |
| To record receivable for sewer rents | 63,717 | - | - | 63,717 | - |
| To adjust deferred tax revenue to actual | 302,013 | 302,013 | - | - | - |
| To adjust for posting error in prior year | 6,992 | 6,992 | - | - | - |
| To reclassify trust fund balances | (7,095) | - | 1,046,901 | (1,053,996) | 7,095 |
| To adjust capital assets, net of depreciation | 330,976 | - | - | - | - |
| Net assets/fund balance, as previously reported | 7,827,817 | 169,650 | - | 1,806,822 | 43,987 |
| Net assets/fund balance, as restated | <u>\$ 8,634,770</u> | <u>\$ 498,546</u> | <u>\$ 1,027,612</u> | <u>\$ 926,291</u> | <u>\$ 49,521</u> |

III.E. Deficit Fund Balances

The sewer fund has a deficit fund balance at December 31, 2010 in the amount of \$38,246. The deficit will be made up by adjusting the sewer user rate and working with the City of Lebanon to stabilize operating costs.

The capital project fund has a deficit fund balance at December 31, 2010 in the amount of \$18,491. The deficit will be made up through transfers from the Sewer Capital Reserve Fund and the General Fund.

IV. Other Information

IV.A. Risk Management

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

Local Government Center Property-Liability Trust, Inc. (the Trust) – This Trust is organized to provide certain property and liability protection to member towns, cities, and other qualified political

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010**

subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30.

Contributions paid in 2010 to be recorded as an insurance expenditure/expense totaled \$65,106. There were no unpaid contributions for the year ending June 30, 2011 and due in 2010. The Town also paid \$44,044 for workers' compensation, and \$4,059 for unemployment compensation. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution for police employees is 9.3% of gross earnings. The rate of contribution for other employees is 5% of gross earnings. For the period of January 1 to June 30, the rate of contribution for pension and the medical subsidy from the Town was 13.66% for police, which consisted of 70% of the total employer cost. For the period of July 1 to December 31, the rates of contribution for pension and the medical subsidy was 14.63% for police, which consisted of 75% of the total employer cost. The balance of the employer cost was paid by the State of New Hampshire. The rate for other employees was 9.16% for the year, which was 100% of the total employer cost. Employer contributions from the Town during the years 2008, 2009 and 2010 were \$152,891, \$148,546 and \$152,844, respectively. The amounts are paid on a monthly basis as due. The amount paid by the State for 2010 was \$20,116. This amount has been reported as an expenditure/expense and revenue on the government-wide statement of activities and on the governmental funds statement of revenues, expenditures and changes in fund balances.

IV.C. Contingent Liabilities

The Town has received federal grants for specific purposes that are subject to review and possible audit by the grantor or pass-through agency. Any such audit may result in a requirement to reimburse the grantor agency for costs disallowed. The Town does not feel the chance of disallowance is likely, and if it should occur, the amount would not be material.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 9
TOWN OF ENFIELD, NEW HAMPSHIRE
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2010

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------------------|-------------------|------------------------------------|
| REVENUES | | | |
| Taxes | \$ 3,264,840 | \$ 3,199,075 | \$ (65,765) |
| Licenses, permits and fees | 773,125 | 762,209 | (10,916) |
| Intergovernmental | 370,622 | 356,474 | (14,148) |
| Charges for services | 63,000 | 81,377 | 18,377 |
| Miscellaneous | 34,500 | 43,061 | 8,561 |
| Total revenues | <u>4,506,087</u> | <u>4,442,196</u> | <u>(63,891)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 1,629,168 | 1,507,635 | 121,533 |
| Public safety | 868,903 | 934,453 | (65,550) |
| Highways and streets | 988,831 | 982,181 | 6,650 |
| Sanitation | 508,026 | 468,311 | 39,715 |
| Health | 3,385 | 659 | 2,726 |
| Welfare | 42,024 | 34,571 | 7,453 |
| Culture and recreation | 205,337 | 190,068 | 15,269 |
| Economic development | 9,000 | 9,093 | (93) |
| Debt service: | | | |
| Principal | 112,963 | 112,963 | - |
| Interest | 15,000 | 13,932 | 1,068 |
| Capital outlay | 190,000 | 198,039 | (8,039) |
| Total expenditures | <u>4,572,637</u> | <u>4,451,905</u> | <u>120,732</u> |
| Deficiency of revenues under expenditures | <u>(66,550)</u> | <u>(9,709)</u> | <u>56,841</u> |
| Other financing sources (uses): | | | |
| Transfers in | - | 569 | 569 |
| Transfers out | (1,450) | (1,450) | - |
| Total other financing sources and uses | <u>(1,450)</u> | <u>(881)</u> | <u>569</u> |
| Net change in fund balance | <u>\$ (68,000)</u> | (10,590) | <u>\$ 57,410</u> |
| Increase in reserve for tax deeded property | | (7,150) | |
| Unreserved fund balance, beginning, as restated, see Note III.D. | | 469,086 | |
| Unreserved fund balance, ending | | <u>\$ 451,346</u> | |

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

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2010**

Reconciliation of General Fund Budgetary Basis to GAAP

| | |
|---|---------------------|
| Revenues and other financing sources: | |
| Per Exhibit 9 (budgetary basis) | \$ 4,442,765 |
| Adjustment: | |
| Basis difference: | |
| On-behalf retirement contribution payments made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis | 20,116 |
| Per Exhibit 5 (GAAP basis) | <u>\$ 4,462,881</u> |
| Expenditures and other financing uses: | |
| Per Exhibit 9 (budgetary basis) | \$ 4,453,355 |
| Adjustments: | |
| Basis difference: | |
| Encumbrances, beginning | 29,460 |
| Encumbrances, ending | (51,791) |
| On-behalf retirement contribution payments made by the State of New Hampshire recognized as expenditure on the GAAP basis, but not on the budgetary basis | 20,116 |
| Per Exhibit 5 (GAAP basis) | <u>\$ 4,451,140</u> |

The Major Expendable Trust Fund is not budgeted.

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 10
TOWN OF ENFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2010

| | Special Revenue Funds | | | | |
|-------------------------------------|-----------------------|-----------------|------------------|-------------------|------------------|
| | Library | Grants | Conservation | Water | Sewer |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 32,033 | \$ 1,937 | \$ 14,429 | \$ 316,191 | \$ - |
| Investments | 41,607 | - | - | - | - |
| Receivables: | | | | | |
| Accounts | - | - | - | 62,388 | 85,705 |
| Intergovernmental | - | 1,614 | - | - | - |
| Interfund receivable | 2,236 | - | 337 | - | - |
| Total assets | <u>\$ 75,876</u> | <u>\$ 3,551</u> | <u>\$ 14,766</u> | <u>\$ 378,579</u> | <u>\$ 85,705</u> |
| LIABILITIES | | | | | |
| Accrued salaries and benefits | \$ - | \$ - | - | \$ 2,614 | \$ 1,470 |
| Interfund payable | - | - | - | - | 96,054 |
| Deferred revenue | - | - | - | 21,366 | 26,427 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>23,980</u> | <u>123,951</u> |
| FUND BALANCES | | | | | |
| Reserved for endowments | - | - | - | - | - |
| Reserved for special purposes | - | - | - | - | - |
| Unreserved, undesignated | 75,876 | 3,551 | 14,766 | 354,599 | (38,246) |
| Total fund balances | <u>75,876</u> | <u>3,551</u> | <u>14,766</u> | <u>354,599</u> | <u>(38,246)</u> |
| Total liabilities and fund balances | <u>\$ 75,876</u> | <u>\$ 3,551</u> | <u>\$ 14,766</u> | <u>\$ 378,579</u> | <u>\$ 85,705</u> |
| | | | | | (continued) |

EXHIBIT 10 (continued)
TOWN OF ENFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2010

| | Special Revenue Fund | | Capital Projects Fund | Permanent Fund | Total |
|-------------------------------------|-------------------------|-----------|-----------------------------|-------------------|--------------|
| | District | TIF | | | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 346,428 | \$ - | \$ - | \$ 1,124 | \$ 712,142 |
| Investments | - | - | - | 226,580 | 268,187 |
| Receivables: | | | | | |
| Accounts | - | - | - | - | 148,093 |
| Intergovernmental | - | - | 33,407 | - | 35,021 |
| Interfund receivable | - | - | - | - | 2,573 |
| Total assets | \$ 346,428 | \$ 33,407 | \$ 33,407 | \$ 227,704 | \$ 1,166,016 |
| LIABILITIES | | | | | |
| Accrued salaries and benefits | \$ - | \$ - | \$ - | \$ - | \$ 4,084 |
| Interfund payable | - | - | 41,920 | 2,805 | 140,779 |
| Deferred revenue | - | - | 9,978 | - | 57,771 |
| Total liabilities | - | - | 51,898 | 2,805 | 202,634 |
| FUND BALANCES | | | | | |
| Reserved for endowments | - | - | - | 204,101 | 204,101 |
| Reserved for special purposes | - | - | - | 20,798 | 20,798 |
| Unreserved, undesignated | 346,428 | (18,491) | (18,491) | - | 738,483 |
| Total fund balances | 346,428 | (18,491) | (18,491) | 224,899 | 963,382 |
| Total liabilities and fund balances | \$ 346,428 | \$ 33,407 | \$ 33,407 | \$ 227,704 | \$ 1,166,016 |

EXHIBIT 11
TOWN OF ENFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

| | Special Revenue Funds | | | | |
|---|-----------------------|----------|--------------|------------|-------------|
| | Library | Grants | Conservation | Water | Sewer |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 9,921 | - | - | - |
| Charges for services | 739 | - | - | 183,995 | 261,014 |
| Miscellaneous | 8,651 | 5,000 | 101 | - | - |
| Total revenues | 9,390 | 14,921 | 101 | 183,995 | 261,014 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety | - | 9,491 | - | - | - |
| Highways and streets | - | 22 | - | - | - |
| Sanitation | - | - | - | - | 322,006 |
| Water distribution and treatment | - | - | - | 134,166 | - |
| Culture and recreation | 185 | 1,149 | - | - | - |
| Conservation | - | 2,507 | 1,113 | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | 14,573 | - |
| Interest | - | - | - | 6,953 | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | 185 | 13,169 | 1,113 | 155,692 | 322,006 |
| Excess (deficiency) of revenues over (under) expenditures | 9,205 | 1,752 | (1,012) | 28,303 | (60,992) |
| Other financing sources (uses): | | | | | |
| Transfers in | 2,236 | - | 1,450 | - | - |
| Transfers out | - | - | - | (20,000) | (20,000) |
| Long-term debt issued | - | - | - | - | - |
| Total other financing sources and uses | 2,236 | - | 1,450 | (20,000) | (20,000) |
| Net change in fund balances | 11,441 | 1,752 | 438 | 8,303 | (80,992) |
| Fund balances, beginning, as restated, see Note III.D. | 64,435 | 1,799 | 14,328 | 346,296 | 42,746 |
| Fund balances, ending | \$ 75,876 | \$ 3,551 | \$ 14,766 | \$ 354,599 | \$ (38,246) |

(continued)

EXHIBIT 11 (continued)
TOWN OF ENFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2010

| | Special Revenue Fund | Capital Projects | Permanent Fund | Total |
|--|-------------------------|---------------------|-------------------|------------|
| | TIF | Fund | Fund | |
| REVENUES | | | | |
| Taxes | \$ 169,964 | \$ - | \$ - | \$ 169,964 |
| Intergovernmental | - | 257,214 | - | 267,135 |
| Charges for services | - | - | - | 445,748 |
| Miscellaneous | - | - | 6,886 | 20,638 |
| Total revenues | 169,964 | 257,214 | 6,886 | 903,485 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | - | - | - | 9,491 |
| Highways and streets | - | - | - | 22 |
| Sanitation | - | - | - | 322,006 |
| Water distribution and treatment | - | - | - | 134,166 |
| Culture and recreation | - | - | - | 1,334 |
| Conservation | - | - | - | 3,620 |
| Debt service: | | | | |
| Principal | - | - | - | 14,573 |
| Interest | - | - | - | 6,953 |
| Capital outlay | 77,896 | 514,428 | - | 592,324 |
| Total expenditures | 77,896 | 514,428 | - | 1,084,489 |
| Excess (deficiency) of revenues over (under) expenditures | 92,068 | (257,214) | 6,886 | (181,004) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | 3,686 |
| Transfers out | - | - | (2,805) | (42,805) |
| Long-term debt issued | - | 257,214 | - | 257,214 |
| Total other financing sources and uses | - | 257,214 | (2,805) | 218,095 |
| Net change in fund balances | 92,068 | - | 4,081 | 37,091 |
| Fund balances, beginning, as restated, see Note III.D. | 254,360 | (18,491) | 220,818 | 926,291 |
| Fund balances, ending | \$ 346,428 | \$ (18,491) | \$ 224,899 | \$ 963,382 |

EXHIBIT 12
TOWN OF ENFIELD, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2010

| | Estimated | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|------------------------------------|
| Taxes: | | | |
| Property | \$ 3,144,852 | \$ 3,072,482 | \$ (72,370) |
| Land use | 10,000 | 9,579 | (421) |
| Timber | 9,000 | 12,216 | 3,216 |
| Excavation | 988 | 988 | - |
| Interest and penalties on delinquent taxes | 100,000 | 103,810 | 3,810 |
| Total taxes | 3,264,840 | 3,199,075 | (65,765) |
| Licenses, permits and fees: | | | |
| Business licenses and permits | 125 | 68 | (57) |
| Motor vehicle permits | 725,000 | 711,363 | (13,637) |
| Building permits | 9,000 | 11,351 | 2,351 |
| Other | 39,000 | 39,427 | 427 |
| Total licenses, permits and fees | 773,125 | 762,209 | (10,916) |
| Intergovernmental: | | | |
| State sources: | | | |
| Meals and rooms distributions | 216,791 | 216,791 | - |
| Highway block grant | 135,623 | 135,623 | - |
| Other | 18,160 | - | (18,160) |
| Federal sources: | | | |
| Drug forfeiture | 48 | 478 | 430 |
| Police grants | - | 3,582 | 3,582 |
| Total intergovernmental | 370,622 | 356,474 | (14,148) |
| Charges for services: | | | |
| Income from departments | 59,000 | 76,441 | 17,441 |
| Miscellaneous | 4,000 | 4,936 | 936 |
| Total charges for services | 63,000 | 81,377 | 18,377 |
| Miscellaneous: | | | |
| Sale of property | 1,500 | 1,483 | (17) |
| Interest on investments | 10,000 | 13,623 | 3,623 |
| Rents | - | 2,603 | 2,603 |
| Other | 23,000 | 25,352 | 2,352 |
| Total miscellaneous | 34,500 | 43,061 | 8,561 |
| Other financing sources: | | | |
| Transfers in: | | | |
| Nonmajor funds | - | 569 | 569 |
| Total revenues and other financing sources | 4,506,087 | \$ 4,442,765 | \$ (63,322) |
| Use of fund balance to reduce taxes | 68,000 | | |
| Total revenues, other financing sources and use of fund balance | \$ 4,574,087 | | |

EXHIBIT 13
TOWN OF ENFIELD, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2010

| | Encumbered from Prior Year | Appropriations | Expenditures | Encumbered to Subsequent Year | Variance Positive (Negative) |
|---------------------------------------|----------------------------------|----------------|--------------|-------------------------------------|------------------------------------|
| Current: | | | | | |
| General government: | | | | | |
| Executive | \$ 6,950 | \$ 207,883 | \$ 201,645 | \$ - | \$ 13,188 |
| Election and registration | - | 74,262 | 66,660 | - | 7,602 |
| Financial administration | 4,000 | 191,606 | 200,172 | - | (4,566) |
| Revaluation of property | - | 30,000 | 16,531 | 13,469 | - |
| Legal | - | 13,500 | 8,607 | - | 4,893 |
| Personnel administration | - | 781,831 | 690,084 | - | 91,747 |
| Planning and zoning | - | 82,182 | 50,240 | - | 31,942 |
| General government buildings | - | 133,800 | 150,826 | 5,089 | (22,115) |
| Cemeteries | - | 1,970 | 1,022 | - | 948 |
| Insurance, not otherwise allocated | - | 63,000 | 65,106 | - | (2,106) |
| Advertising and regional associations | - | 48,134 | 48,134 | - | - |
| Other | - | 1,000 | 1,000 | - | - |
| Total general government | 10,950 | 1,629,168 | 1,500,027 | 18,558 | 121,533 |
| Public safety: | | | | | |
| Police | - | 592,769 | 632,340 | 3,750 | (43,321) |
| Ambulance | - | 74,050 | 72,144 | 2,223 | (317) |
| Fire | 17,000 | 76,065 | 99,691 | 17,445 | (24,071) |
| Building inspection | - | 61,519 | 61,929 | - | (410) |
| Emergency management | - | 2,000 | 200 | - | 1,800 |
| Other | - | 62,500 | 61,731 | - | 769 |
| Total public safety | 17,000 | 868,903 | 928,035 | 23,418 | (65,550) |
| Highways and streets: | | | | | |
| Administration | - | 487,031 | 490,102 | - | (3,071) |
| Highways and streets | - | 477,800 | 463,743 | 9,190 | 4,867 |
| Street lighting | - | 24,000 | 19,146 | - | 4,854 |
| Total highways and streets | - | 988,831 | 972,991 | 9,190 | 6,650 |
| Sanitation: | | | | | |
| Administration | - | 90,324 | 99,560 | - | (9,236) |
| Solid waste collection | - | 211,202 | 201,405 | - | 9,797 |
| Solid waste disposal | - | 206,500 | 167,346 | - | 39,154 |
| Total sanitation | - | 508,026 | 468,311 | - | 39,715 |
| Health: | | | | | |
| Administration | - | 385 | 159 | - | 226 |
| Pest control | - | 3,000 | 500 | - | 2,500 |
| Total health | - | 3,385 | 659 | - | 2,726 |
| Welfare: | | | | | |
| Administration | - | - | 303 | - | (303) |
| Direct assistance | - | 42,024 | 34,268 | - | 7,756 |
| Total welfare | - | 42,024 | 34,571 | - | 7,453 |

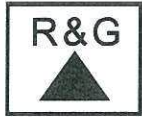
(continued)

EXHIBIT 13 (continued)
TOWN OF ENFIELD, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2010

| | Encumbered from Prior Year | Appropriations | Expenditures | Encumbered to Subsequent Year | Variance Positive (Negative) |
|--|----------------------------------|----------------|--------------|-------------------------------------|------------------------------------|
| Culture and recreation: | | | | | |
| Parks and recreation | - | 47,250 | 38,060 | - | 9,190 |
| Public library | 1,510 | 155,827 | 150,448 | 225 | 6,664 |
| Patriotic purposes | - | 1,000 | 1,240 | - | (240) |
| Other | - | 1,260 | 1,205 | 400 | (345) |
| Total culture and recreation | 1,510 | 205,337 | 190,953 | 625 | 15,269 |
| Economic development | - | 9,000 | 9,093 | - | (93) |
| Debt service: | | | | | |
| Principal | - | 112,963 | 112,963 | - | - |
| Interest | - | 15,000 | 13,932 | - | 1,068 |
| Total debt service | - | 127,963 | 126,895 | - | 1,068 |
| Capital outlay: | | | | | |
| Machinery, vehicles and equipment | - | 190,000 | 188,191 | - | 1,809 |
| Improvements other than buildings | - | - | 9,848 | - | (9,848) |
| Total capital outlay | - | 190,000 | 198,039 | - | (8,039) |
| Other financing uses: | | | | | |
| Transfers out: | | | | | |
| Nonmajor funds | - | 1,450 | 1,450 | - | - |
| Total encumbrances, appropriations, expenditures and other financing uses | \$ 29,460 | \$ 4,574,087 | \$ 4,431,024 | \$ 51,791 | \$ 120,732 |

EXHIBIT 14
TOWN OF ENFIELD, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unreserved - Undesignated Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2010

| | | | |
|--|----|----------------|-----------------------|
| Unreserved, undesignated fund balance, beginning, as restated, see Note III.D. | | \$ | 469,086 |
| Changes: | | | |
| Unreserved fund balance used to reduce tax rate | | | (68,000) |
| Budget summary: | | | |
| Revenue shortfall (Exhibit 12) | \$ | (63,322) | |
| Unexpended balance of appropriations (Exhibit 13) | | <u>120,732</u> | |
| Budget surplus | | | 57,410 |
| Increase in reserve for tax deeded property | | | <u>(7,150)</u> |
| Unreserved, undesignated fund balance, ending | | \$ | <u><u>451,346</u></u> |



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION OF CONTROL DEFICIENCIES AND OTHER MATTERS

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

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Enfield as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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 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.

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

However, we would like to discuss the following other matters:

Utility Billings

We noted that water and sewer billings are not approved by the Board of Selectmen. We also noted that receivables are not recorded based on the period the service was provided, but instead are recorded based on the date of the bill. We recommend that billings be recorded in the period in which the services are provided. Specifically, the first billing in January historically has represented the 4th quarter water and sewer services provided by the Town, and should be reported as such. We also recommend that water and sewer billing commitments are reviewed and approved formally by the Board of Selectmen or Town Manager.

Investment Policy

The minutes of the board of selectmen meetings did not indicate that the Town's investment policy was reviewed and adopted for 2010. RSA 41:9 VII notes that the board of selectmen "shall annually review and adopt an investment policy". We recommend that the board of selectmen designate a time during each year that a review and adoption of Town policies, including the investment policy, be performed.

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

December 14, 2011

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