

TOWN OF ENFIELD, NEW HAMPSHIRE

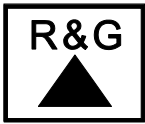
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2013

**TOWN OF ENFIELD, NEW HAMPSHIRE
FINANCIAL REPORT
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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Enfield, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Governmental Activities

Management has not determined its liability or annual cost for postemployment benefits other than pensions (OPEB). Accounting principles generally accepted in the United States of America require that management recognize OPEB expense for the required contributions and a liability for unpaid required contributions, which would increase the liabilities, decrease net position, and increase expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to previously do not present fairly the financial position of the governmental activities of the Town of Enfield, as of December 31, 2013, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Enfield, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 to 9 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

January 13, 2015

Roberts & Greene, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Enfield, we offer readers this narrative overview and analysis of the financial activities of the Town of Enfield, New Hampshire for the year ended December 31, 2013.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable

resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$9,307,297 (i.e. net position), a change of \$(60,789) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$1,765,139, a change of \$(236,014) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$(453,320), a change of \$(580,816) in comparison with the prior year.
- Total long-term debt (i.e., bonds payable and capital leases) at the close of the current fiscal year was \$3,959,155, a change of \$551,878 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>2012</u>	<u>2013</u>
	<u>Government Activities</u>	
Current and other assets	7,040,146	6,847,858
Capital assets	10,157,494	10,913,506
Total assets	17,197,640	17,761,364
Long-term liabilities outstanding	3,542,751	4,100,273
Other liabilities	4,276,397	4,353,129
Total liabilities	7,819,148	8,453,402
Deferred inflows of resources:		
Unearned revenue	10,406	665
Net position:		
Net investment in capital assets	6,924,573	6,954,351
Restricted	338,438	437,531
Unrestricted	2,105,075	1,915,415
Total net position	9,368,086	9,307,297

CHANGES IN NET POSITION

	<u>2012</u>	<u>2013</u>
	<u>Governmental Activities</u>	
Revenues:		
Program revenues:		
Charges for services	610,061	762,314
Operating grants and contributions	131,546	135,285
Capital grants and contributions	76,408	-
General revenues:		
Property taxes	3,601,041	3,774,610
Motor vehicle permits	815,517	867,158
Grants and contributions not restricted to specific programs	205,026	205,094
Miscellaneous	73,045	94,949
Total revenues	5,512,644	5,839,410

(continued)

	Governmental Activities	
	2012	2013
Expenses:		
General government	1,744,748	1,912,967
Public safety	1,045,289	1,037,520
Highway and streets	1,330,607	1,293,101
Water distribution and treatment	157,222	145,787
Sanitation	806,201	922,453
Health	3,765	2,270
Welfare	31,869	23,413
Culture and recreation	209,993	250,511
Conservation	4,065	1,544
Economic development	9,336	9,000
Interest on long-term debt	16,539	125,602
Capital outlay	112,730	176,031
Total expenses	5,191,727	5,900,199
Increase in net position	40,280	(60,789)
Net position – beginning of year	9,327,806	9,368,086
Net position – end of year	9,368,086	9,307,297

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position were \$9,307,297, a change of \$(60,789) from the prior year.

The largest portion of net position \$6,954,351 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 position \$437,531 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$1,915,415 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 position of \$(60,789). Key elements of this change are as follows:

General fund operations, discussed further in section D	\$(580,816)
Expendable trust fund revenues exceed expenditures	109,489
Non major fund revenues exceed expenditures	235,313
Excess capitalized capital outlay over depreciation	756,012
Debt service activity	(554,388)
Other	(26,399)
Total	<u><u>\$(60,789)</u></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 \$1,765,139, a change of \$(236,014) in comparison with the prior year. Key elements of this change are as follows:

General fund operations, discussed further in section D	\$(580,816)
Expendable trust fund revenues exceed expenditures	109,489
Non major fund revenues exceed expenditures	235,313
Total	<u><u>\$(236,014)</u></u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$(453,320), while total fund balance was \$(335,417). The deficit mainly occurred because bond proceeds were not issued prior to the end of 2013 in the amount of \$265,504, and expenditures being over budget by \$181,908. The deficit is expected to be made up partially through the issuance of bonds or notes in 2014.

The fund balance of the general fund changed by \$(580,816) during the current fiscal year. Key factors in this change are as follows:

Property tax revenues under net tax warrant	\$(1,834)
Net state and local revenues under estimates	(29,370)
Expenditures over budget (GAAP Basis)	(181,908)
Use of fund balance as a funding source	(102,200)
Bond proceeds not issued	(265,504)
Total	<u><u>\$(580,816)</u></u>

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The executive function was overspent by \$33,383, primarily the result of our commitment to the local cable access channel. There is an offsetting revenue from our cable franchise fee.

The personnel administration function was overspent by \$80,575, primarily the result of unanticipated retirement and workers' compensation expenditures.

The police function was overspent by \$27,167, primarily the result of overtime for part-time workers being over budget by \$9,000, and vehicle repairs over budget by \$5,475.

The highways and streets function was overspent by \$20,128. This was primarily the result of overages for winter sand.

The solid waste collection function was over budget by \$57,034 because of the miscalculation of the contracted costs.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Total investment in capital assets for governmental activities at year end amounted to \$10,913,506 (net of accumulated depreciation), a change of \$756,012 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:

Salt/Sand Shed	Public Works Department	121,108
Jones Hill Road Reconstruction	Infrastructure	267,641
Route 4 Water/Sewer Replacement	Infrastructure	342,852
Methodist Hill Road Reconstruction	Infrastructure	39,757
Whitney Hall Porch Repair	Building	23,788
Methodist Hill Road Land	Land	84,100
Oak Hill Road Land	Land	55,300

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

1995 John Deere Tractor	Public Works Department	20,895
1999 Ford F350	Public Works Department	22,400
2005 Ford Crown Victoria	Public Safety	24,600

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 \$3,959,155, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and 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 Position
December 31, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,338,653
Investments	1,368,484
Intergovernmental receivable	20,745
Other receivables, net of allowance for uncollectibles	1,093,664
Due from other funds	-
Tax deeded property	26,312
Capital assets, not being depreciated:	
Land	2,043,895
Construction in progress	4,109,986
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	1,578,088
Machinery, vehicles and equipment	745,181
Infrastructure	2,436,356
Total assets	<u>17,761,364</u>
LIABILITIES	
Accounts payable	412,107
Accrued payroll and benefits	107,754
Accrued interest payable	48,787
Intergovernmental payable	3,784,481
Noncurrent obligations:	
Due within one year:	
Bonds payable	155,888
Capital leases payable	49,199
Compensated absences	14,112
Due in more than one year:	
Bonds payable	3,454,675
Capital leases payable	299,393
Compensated absences	127,006
Total liabilities	<u>8,453,402</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	<u>665</u>
NET POSITION	
Net investment in capital assets	6,954,351
Restricted for:	
Endowments:	
Nonexpendable	204,101
Expendable	29,694
Other purposes	203,736
Unrestricted	1,915,415
Total net position	<u>\$ 9,307,297</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, 2013

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes in Net
	Expenses	Services	Contributions	Position
Governmental activities:				
General government	\$ 1,912,967	\$ 47,094	\$ 12,425	\$ (1,853,448)
Public safety	1,037,520	62,853	450	(974,217)
Highways and streets	1,293,101	2,340	122,410	(1,168,351)
Sanitation	922,453	348,404	-	(574,049)
Water distribution and treatment	145,787	186,657	-	40,870
Health	2,270	-	-	(2,270)
Welfare	23,413	-	-	(23,413)
Culture and recreation	250,511	114,966	-	(135,545)
Conservation	1,544	-	-	(1,544)
Economic development	9,000	-	-	(9,000)
Interest on long-term debt	125,602	-	-	(125,602)
Capital outlay	176,031	-	-	(176,031)
Total governmental activities	<u>\$ 5,900,199</u>	<u>\$ 762,314</u>	<u>\$ 135,285</u>	<u>(5,002,600)</u>
General revenues:				
Property taxes				3,659,418
Other taxes				115,192
Licenses and permits				867,158
Grants and contributions not restricted to specific programs				205,094
Miscellaneous				94,949
Total general revenues				<u>4,941,811</u>
Change in net position				(60,789)
Net position, beginning				<u>9,368,086</u>
Net position, ending				<u>\$ 9,307,297</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, 2013

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,953,934	\$ 411,402	\$ 973,317	\$ 4,338,653
Investments	251,703	869,387	247,394	1,368,484
Receivables, net of allowance for uncollectibles:				
Taxes	859,004	-	-	859,004
Accounts	53,327	-	181,333	234,660
Intergovernmental	-	-	3,175	3,175
Interfund receivable	517,240	-	1,821	519,061
Tax deeded property for resale	26,312	-	-	26,312
Total assets	<u>\$ 4,661,520</u>	<u>\$ 1,280,789</u>	<u>\$ 1,407,040</u>	<u>\$ 7,349,349</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 412,107	\$ -	\$ -	\$ 412,107
Accrued salaries and benefits	102,707	-	5,047	107,754
Intergovernmental payable	3,784,481	-	-	3,784,481
Interfund payable	-	-	519,061	519,061
Total liabilities	<u>4,299,295</u>	<u>-</u>	<u>524,108</u>	<u>4,823,403</u>
Deferred inflows of resources:				
Deferred revenue	<u>697,642</u>	<u>-</u>	<u>63,165</u>	<u>760,807</u>
Fund balances:				
Nonspendable	26,312	-	204,101	230,413
Restricted	-	-	233,430	233,430
Committed	-	1,280,789	824,211	2,105,000
Assigned	91,591	-	-	91,591
Unassigned	(453,320)	-	(441,975)	(895,295)
Total fund balances	<u>(335,417)</u>	<u>1,280,789</u>	<u>819,767</u>	<u>1,765,139</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,661,520</u>	<u>\$ 1,280,789</u>	<u>\$ 1,407,040</u>	<u>\$ 7,349,349</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 Position
December 31, 2013

Total fund balances of governmental funds (Exhibit 3)		\$ 1,765,139
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 14,930,695	
Less accumulated depreciation	<u>(4,017,189)</u>	
		10,913,506
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Long-term intergovernmental receivable		17,570
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (519,061)	
Payables	<u>519,061</u>	
		-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue	\$ 665,184	
Deferred ambulance revenue	31,793	
Deferred water rents	23,426	
Deferred sewer rents	<u>39,739</u>	
		760,142
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(48,787)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 3,610,563	
Capital leases outstanding	348,592	
Compensated absences payable	<u>141,118</u>	
		<u>(4,100,273)</u>
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 9,307,297</u></u>

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

EXHIBIT 5
TOWN OF ENFIELD, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$3,440,574	\$ -	\$ 185,817	\$ 3,626,391
Licenses, permits and fees	867,158	-	-	867,158
Intergovernmental	329,535	-	10,844	340,379
Charges for services	82,936	-	517,631	600,567
Miscellaneous	82,727	12,214	121,478	216,419
Total revenues	4,802,930	12,214	835,770	5,650,914
Expenditures:				
Current:				
General government	1,879,692	5,825	11,666	1,897,183
Public safety	1,005,044	-	7,928	1,012,972
Highways and streets	1,144,588	-	-	1,144,588
Sanitation	487,293	40,000	405,534	932,827
Water distribution and treatment	-	-	133,366	133,366
Health	2,270	-	-	2,270
Welfare	22,813	-	-	22,813
Culture and recreation	219,269	800	20,913	240,982
Conservation	1,544	-	-	1,544
Economic development	9,000	-	-	9,000
Debt service:				
Principal	18,921	-	19,772	38,693
Interest on long-term debt	3,783	-	75,962	79,745
Loan fees	2,756	-	-	2,756
Capital outlay	638,881	-	363,698	1,002,579
Total expenditures	5,435,854	46,625	1,038,839	6,521,318
Deficiency of revenues under expenditures	(632,924)	(34,411)	(203,069)	(870,404)
Other financing sources (uses):				
Transfers in	166,147	309,583	1,821	477,551
Transfers out	(269,583)	(165,683)	(42,285)	(477,551)
Long-term debt issued	-	-	478,846	478,846
Inception of capital leases	155,544	-	-	155,544
Total other financing sources and uses	52,108	143,900	438,382	634,390
Net change in fund balances	(580,816)	109,489	235,313	(236,014)
Fund balances, beginning	245,399	1,171,300	584,454	2,001,153
Fund balances, ending	\$ (335,417)	\$ 1,280,789	\$ 819,767	\$ 1,765,139

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, 2013

Net change in fund balances of governmental funds (Exhibit 5) \$ (236,014)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

Capitalized capital outlay	\$ 1,117,617	
Depreciation expense	<u>(361,605)</u>	
		756,012

Transfers in and out between governmental funds are eliminated
on the operating statement.

Transfers in	\$ (477,551)	
Transfers out	<u>477,551</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	\$ (17,881)	
Change in deferred ambulance fees	31,793	
Change in deferred water rents	1,832	
Change in deferred sewer rents	<u>6,652</u>	
		22,396

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term debt
consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position.

Issuance of bonds	\$ (478,846)	
Inception of capital lease	(155,544)	
Repayment of bonds and notes principal	41,204	
Amortization of loan forgiveness	(2,510)	
Repayment of capital lease principal	<u>41,308</u>	
		(554,388)

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	\$ (43,151)	
Increase in compensated absences payable	<u>(5,644)</u>	
		<u>(48,795)</u>

Change in net position of governmental activities (Exhibit 2) \$ (60,789)

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

EXHIBIT 7
TOWN OF ENFIELD, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 8,484	\$ 73,024
Investments	42,999	-
Total assets	<u>51,483</u>	<u>73,024</u>
Liabilities:		
Accounts payable	188	-
Retainage payable	-	61,276
Due to other governmental units	1,027	-
Due to developers	-	11,748
Total liabilities	<u>1,215</u>	<u>73,024</u>
Net position:		
Held in trust for specific purposes	<u>\$ 50,268</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 Position
Fiduciary Funds
For the Year Ended December 31, 2013

	Private Purpose Trust
Additions:	
New funds	\$ 162
Investment earnings:	
Interest	1,377
Total additions	1,539
Deductions:	
Trust distributions	1,377
Change in net position	162
Net position, beginning	50,106
Net position, ending	\$ 50,268

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, 2013**

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, 2013.

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 position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

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

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2013**

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. However, for purposes of setting the tax rate, property tax revenues are recognized when committed, and no deferral is made.

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

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

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

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2013**

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

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 Position or Fund Equity*

I.C.1. *Cash and Investments*

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies 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 Town Manager. 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

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

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

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

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

	<u>Years</u>
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. *Compensated Absences*

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

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

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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DECEMBER 31, 2013**

I.C.5. *Equity*

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the balance of the permanent funds where the principal must be permanently invested, and the income is allowed to be used only for the purpose of the fund.
- Restricted for other purposes, which consists of the balance of the library fund and grants fund whose purpose is restricted by state law or outside grantors and donors.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds, and the tax deeded property, held for resale in the general fund.
- Restricted, which represents the expendable income from permanent funds, the library fund, and grant and donations received, but not yet spent.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed and assigned balances, and the deficit fund balances in the nonmajor Sewer and Capital Project Funds.

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.

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2013**

II. Stewardship, Compliance and Accountability

II.A. 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 2013, \$102,200 of the fund balance of the General Fund from 2012 was used.

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

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, water distribution and treatment, health, welfare, culture and recreation, conservation, 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.

II.B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2013, expenditures exceeded appropriations in the General Fund by \$177,177. Overexpenditures were primarily in the general government, public safety, highways and streets, and sanitation functions. Overexpenditures were the result of unforeseen projects. The Town exceeded its total appropriations by \$140,364.

II.C. Deficit Fund Balances

The General Fund reports an unassigned deficit at year-end of \$453,320, which partially arises because the Town had not yet obtained bond proceeds for the paving of Jones Hill Road of \$265,504 as of December 31, 2013. The Town has subsequently received those proceeds. The deficit also arises because of the deferral of all taxes not collected within sixty days of year-end as required by generally accepted accounting principles for governments. On the budgetary basis, which is what the Town uses in setting the tax rate, these taxes are not deferred, and the unassigned fund balance is \$211,864.

The Sewer Fund reports an unassigned deficit at year-end of \$392,964, and the nonmajor Capital Project Fund reports an unassigned deficit at year-end of \$49,011. These deficits will be made up by adjusting the sewer user rate and a future transfer from the expendable trust fund, respectively.

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Custodial Credit Risks for Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town does not have a policy for custodial credit risk. As of December 31, 2013, \$190,408 of the Town of Enfield's bank balances of \$4,413,176 was exposed to custodial credit risk as uninsured and uncollateralized.

III.A.2. Investments

As of December 31, 2013, the Town's reporting entity had the following investments:

Certificates of Deposit	\$ 1,159,780
New Hampshire Public Deposit Investment Pool	<u>251,703</u>
	<u><u>\$ 1,411,483</u></u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 1,368,484
Fiduciary funds - statement of fiduciary net position (Exhibit 7)	<u>42,999</u>
Total	<u><u>\$ 1,411,483</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.

III.A.3. 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

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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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 2012 property taxes on May 6th.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Mascoma Valley Regional School District, Grafton County, and the Eastman Village District. 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, 2013, upon which the 2013 property tax levy was based was:

For the New Hampshire education tax	\$ 548,152,916
For all other taxes	\$ 555,250,716

The tax rates and amounts assessed for the year ended December 31, 2013 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$6.14	\$ 3,405,197
School portion:		
State of New Hampshire	\$2.45	1,344,645
Local	\$11.20	6,219,700
County portion	\$1.53	851,014
Precinct portion:		
Eastman Village	\$1.50	23,281
Total property taxes assessed		<u>\$ 11,843,837</u>

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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The following details the taxes receivable at year-end:

Property:	
Levy of 2013	\$ 591,453
Unredeemed (under tax lien):	
Levy of 2012	177,989
Levy of 2011	87,299
Levy of 2010	14,991
Levy of 2009	2,132
Timber	140
Less: allowance for estimated uncollectible taxes	(15,000)
Net taxes receivable	<u>\$ 859,004</u>

Other Receivables

Significant receivables include amounts for water and sewer user charges.

Deferred Revenue

Deferred revenue in the General Fund of \$697,642 at December 31, 2013 represents \$665,184 of property taxes and \$31,793 of ambulance user charges that were not collected within sixty days after the year ended, and therefore, are deferred in accordance with generally accepted accounting principles, and \$665 in prepayments received that will be applied to the 2014 property tax levy.

Deferred revenue in the Nonmajor Funds of \$63,165 represents \$23,426 and \$39,739 of 2013 water and sewer user charges, respectively, that were not collected within sixty days after the year ended.

In the governmental activities, only the prepayments are recorded as unearned revenue.

(The notes continue on the next page.)

TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2013

III.A.4. Capital Assets

Changes in Capital Assets

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

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 1,891,795	\$ 152,100	\$ -	\$ 2,043,895
Construction in progress	3,646,026	463,960	-	4,109,986
Total capital assets not being depreciated	<u>5,537,821</u>	<u>616,060</u>	<u>-</u>	<u>6,153,881</u>
Being depreciated:				
Buildings and building improvements	2,190,114	50,088	-	2,240,202
Machinery, vehicles and equipment	3,334,121	80,360	(67,895)	3,346,586
Infrastructure	2,818,917	371,109	-	3,190,026
Total capital assets being depreciated	<u>8,343,152</u>	<u>501,557</u>	<u>(67,895)</u>	<u>8,776,814</u>
Total all capital assets	<u>13,880,973</u>	<u>1,117,617</u>	<u>(67,895)</u>	<u>14,930,695</u>
Less accumulated depreciation:				
Buildings and building improvements	(618,166)	(43,948)	-	(662,114)
Machinery, vehicles and equipment	(2,479,562)	(189,738)	67,895	(2,601,405)
Infrastructure	(625,751)	(127,919)	-	(753,670)
Total accumulated depreciation	<u>(3,723,479)</u>	<u>(361,605)</u>	<u>67,895</u>	<u>(4,017,189)</u>
Net book value, capital assets being depreciated	<u>4,619,673</u>	<u>139,952</u>	<u>-</u>	<u>4,759,625</u>
Net book value, all capital assets	<u><u>\$ 10,157,494</u></u>	<u><u>\$ 756,012</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,913,506</u></u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 24,206
Public safety	62,110
Highways and streets	253,442
Sanitation	2,638
Water distribution and treatment	12,391
Culture and recreation	6,818
Total depreciation expense	<u><u>\$ 361,605</u></u>

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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III.B. Liabilities

III.B.1 Intergovernmental Payable

The amount due to other governments at December 31, 2013 consists of \$3,782,172 due to the Mascoma Valley Regional School District for the balance of the 2013-2014 district assessment, and \$2,309 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 12/31/2013	Current Portion
General obligation bonds payable:						
Sewer	\$ 350,000	1989	2016	5.00	\$ 38,888	\$ 12,963
Drinking water loan	\$ 317,951	2002	2021	2.976-4.580	108,004	16,011
Clean water loan	\$ 291,820	2011	2030	2.864	263,671	12,256
Rt. 4 water/sewer extension	\$ 3,200,000	2013	2042	2.950-4.375	3,200,000	114,658
					<u>3,610,563</u>	<u>155,888</u>
Capital leases payable:						
Police cruisers	\$ 59,951	2012	2016	2.30	45,470	14,813
DPW vehicles	\$ 300,000	2013	2022	2.50	273,222	27,447
Cruiser	\$ 29,900	2013	2017	4.98	29,900	6,939
					<u>348,592</u>	<u>49,199</u>
Compensated absences payable:						
Vested sick leave					75,279	7,528
Accrued vacation leave					65,839	6,584
					<u>141,118</u>	<u>14,112</u>
					<u>\$ 4,100,273</u>	<u>\$ 219,199</u>

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

	General Obligation Bonds Payable	Line of Credit Drawdowns	Capital Leases Payable	Compensated Absences Payable	Total
Balance, beginning	\$ 451,767	\$ 2,721,154	\$ 234,356	\$ 135,474	\$ 3,542,751
Additions	3,200,000	478,846	155,544	5,644	3,840,034
Reductions	(41,204)	(3,200,000)	(41,308)	-	(3,282,512)
Balance, ending	<u>\$ 3,610,563</u>	<u>\$ -</u>	<u>\$ 348,592</u>	<u>\$ 141,118</u>	<u>\$ 4,100,273</u>

Debt Service Requirements to Maturity

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

Fiscal Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 155,888	\$ 63,887	\$ 219,775
2015	112,450	105,682	218,132
2016	114,494	101,948	216,442
2017	103,327	98,399	201,726
2018	93,280	135,807	229,087
2019-2023	479,472	613,581	1,093,053
2024-2028	547,486	505,658	1,053,144
2029-2033	609,414	384,305	993,719
2034-2038	708,207	245,898	954,105
2039-2042	686,545	76,739	763,284
Totals	<u>\$ 3,610,563</u>	<u>\$ 2,331,904</u>	<u>\$ 5,942,467</u>

The future minimum lease obligations for the capital lease are as follow:

Fiscal Year Ending December 31,	Principal	Interest	Total
2014	\$ 49,199	\$ 9,366	\$ 58,565
2015	50,572	7,992	58,564
2016	51,988	6,578	58,566
2017	37,585	5,120	42,705
2018	30,296	3,981	34,277
2019-2022	128,952	8,159	137,111
Totals	\$ 348,592	\$ 41,196	\$ 389,788

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Bonds and notes authorized and unissued as of December 31, 2013 were as follow:

Per Town Meeting Vote of	Purpose	Unissued Amount
<u>March 16, 2013</u>	<u>Paving Jones Hill Road</u>	<u>\$265,504</u>

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

III.C.1. *Receivables and Payables*

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

The following schedule reports receivables and payables within the reporting entity at year-end:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor	\$ 517,240
Nonmajor	Nonmajor	<u>1,821</u>
		<u><u>\$ 519,061</u></u>

The amount due to the General Fund from the nonmajor funds represents overdrafts of pooled cash. The amounts due to the nonmajor funds from the nonmajor funds represent 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.

TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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DECEMBER 31, 2013

The following schedule reports transfers within the reporting entity:

	Transfers In:			
	General Fund	Expendable Trust Fund	Nonmajor Funds	Total
Transfers out:				
General fund	\$ -	\$ 269,583	\$ -	\$ 269,583
Expendable trust fund	165,683	-	-	165,683
Nonmajor funds	464	40,000	1,821	42,285
	<u>\$ 166,147</u>	<u>\$ 309,583</u>	<u>\$ 1,821</u>	<u>\$ 477,551</u>

The amounts transferred from the general fund to the expendable trust fund, and from the expendable trust fund to the general fund, represent voted appropriations. The amounts transferred from the nonmajor funds to the expendable trust fund also represent voted appropriations. The amount transferred from the nonmajor funds to the general fund and other nonmajor funds represents the distribution of income earned on permanent funds.

III.E. Fund Equity

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

	General Fund	Expendable Trust Fund	Nonmajor Funds
Nonspendable:			
Endowments	\$ -	\$ -	\$ 204,101
Tax deeded property	26,312	-	-
Total nonspendable	<u>26,312</u>	<u>-</u>	<u>204,101</u>
Restricted:			
General government	-	-	27,873
Culture and recreation	-	-	199,487
Total restricted	<u>-</u>	<u>-</u>	<u>227,360</u>
Committed:			
General government	-	15,675	-
Public safety	-	-	6,070
Water distribution and treatment	-	-	421,143
Conservation	-	-	16,798
Capital outlay	-	1,265,114	386,270
Total committed	<u>-</u>	<u>1,280,789</u>	<u>830,281</u>
Assigned:			
General government	14,400	-	-
Public safety	8,525	-	-
Culture and recreation	1,346	-	-
Capital outlay	67,320	-	-
Total assigned	<u>91,591</u>	<u>-</u>	<u>-</u>
Unassigned	(453,320)	-	(441,975)
Total fund balance	<u>\$ (335,417)</u>	<u>\$ 1,280,789</u>	<u>\$ 819,767</u>

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2013**

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 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 2013 to be recorded as an insurance expenditure/expense totaled \$59,178. There were no unpaid contributions for the year ending June 30, 2014 and due in 2013. The Town also paid \$57,310 for workers' compensation, and \$5,452 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. Both member and employer rates are applied to gross earnings. For the year 2013, the member rates of contribution were 11.55% for police and 7.00% for other employees. The rates of contribution from the Town for pension and medical subsidy were 19.95% for police and 8.80% for other employees from January 1 through June 30, and 25.30% for police and 10.77% for other employees from July 1 through December 31. Employer contributions from the Town during the years 2011, 2012 and 2013 were \$178,005, \$186,061 and \$220,180, respectively. The amounts are paid on a monthly basis as due.

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2013**

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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 3,442,408	\$ 3,422,693	\$ (19,715)
Licenses, permits and fees	848,560	867,158	18,598
Intergovernmental	332,463	329,535	(2,928)
Charges for services	112,635	82,936	(29,699)
Miscellaneous	110,500	82,727	(27,773)
Total revenues	<u>4,846,566</u>	<u>4,785,049</u>	<u>(61,517)</u>
EXPENDITURES			
Current:			
General government	1,747,634	1,852,692	(105,058)
Public safety	968,461	1,013,569	(45,108)
Highways and streets	1,119,243	1,144,588	(25,345)
Sanitation	431,427	487,293	(55,866)
Health	2,100	2,270	(170)
Welfare	33,016	22,813	10,203
Culture and recreation	203,810	215,693	(11,883)
Conservation	1,465	1,544	(79)
Economic development	9,000	9,000	-
Debt service:			
Principal	12,963	18,921	(5,958)
Interest	2,593	3,783	(1,190)
Loan fees	-	2,756	(2,756)
Capital outlay	<u>566,004</u>	<u>500,657</u>	<u>65,347</u>
Total expenditures	<u>5,097,716</u>	<u>5,275,579</u>	<u>(177,863)</u>
Deficiency of revenues under expenditures	<u>(251,150)</u>	<u>(490,530)</u>	<u>(239,380)</u>
Other financing sources (uses):			
Transfers in	153,715	166,147	12,432
Transfers out	(270,269)	(269,583)	686
Long-term debt issued	<u>265,504</u>	<u>-</u>	<u>(265,504)</u>
Total other financing sources and uses	<u>148,950</u>	<u>(103,436)</u>	<u>(252,386)</u>
Net change in fund balance	<u>\$ (102,200)</u>	<u>(593,966)</u>	<u>\$ (491,766)</u>
Increase in nonspendable fund balance		(16,682)	
Unassigned fund balance		<u>822,512</u>	
Unassigned fund balance, ending		<u>\$ 211,864</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, 2013

Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 9 (budgetary basis)	\$ 4,951,196
Adjustments:	
Basis difference:	
Capital lease inception	155,544
Tax revenue deferred in the prior year	683,065
Tax revenue deferred in the current year	(665,184)
Per Exhibit 5 (GAAP basis)	<u>\$ 5,124,621</u>
Expenditures and other financing uses:	
Per Exhibit 9 (budgetary basis)	\$ 5,545,162
Adjustments:	
Basis difference:	
Encumbrances, beginning	96,322
Encumbrances, ending	(91,591)
Capital lease inception	155,544
Per Exhibit 5 (GAAP basis)	<u>\$ 5,705,437</u>
Unassigned fund balance:	
Per Exhibit 9 (budgetary basis)	\$ 211,864
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(665,184)
Per Exhibit 3 (GAAP basis)	<u>\$ (453,320)</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, 2013

	Special Revenue Funds						Capital Project Fund	Permanent Fund	Total
	Library	Grants	Conservation Commission	Water	Sewer	TIF District			
ASSETS									
Cash and cash equivalents	\$ 145,626	\$ 2,895	\$ 16,798	\$ 382,824	\$ -	\$ 386,270	\$ -	\$ 38,904	\$ 973,317
Investments	50,219	-	-	-	-	-	-	197,175	247,394
Receivables, net of allowance for uncollectibles:									
Accounts	-	-	-	64,770	116,563	-	-	-	181,333
Intergovernmental	-	3,175	-	-	-	-	-	-	3,175
Interfund receivable	1,821	-	-	-	-	-	-	-	1,821
Total assets	<u>\$ 197,666</u>	<u>\$ 6,070</u>	<u>\$ 16,798</u>	<u>\$ 447,594</u>	<u>\$ 116,563</u>	<u>\$ 386,270</u>	<u>\$ -</u>	<u>\$ 236,079</u>	<u>\$ 1,407,040</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Accrued salaries and benefits	\$ -	\$ -	\$ -	\$ 3,025	\$ 2,022	\$ -	\$ -	\$ -	\$ 5,047
Interfund payable	-	-	-	-	467,766	-	49,011	2,284	519,061
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,025</u>	<u>469,788</u>	<u>-</u>	<u>49,011</u>	<u>2,284</u>	<u>524,108</u>
Deferred inflows of resources:									
Deferred revenue	-	-	-	23,426	39,739	-	-	-	63,165
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	204,101	204,101
Restricted	197,666	6,070	-	-	-	-	-	29,694	233,430
Committed	-	-	16,798	421,143	-	386,270	-	-	824,211
Unassigned	-	-	-	-	(392,964)	-	(49,011)	-	(441,975)
Total fund balances	<u>197,666</u>	<u>6,070</u>	<u>16,798</u>	<u>421,143</u>	<u>(392,964)</u>	<u>386,270</u>	<u>(49,011)</u>	<u>233,795</u>	<u>819,767</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 197,666</u>	<u>\$ 6,070</u>	<u>\$ 16,798</u>	<u>\$ 447,594</u>	<u>\$ 116,563</u>	<u>\$ 386,270</u>	<u>\$ -</u>	<u>\$ 236,079</u>	<u>\$ 1,407,040</u>

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, 2013

	Special Revenue Funds						Capital	Permanent	
	Library	Grants	Conservation Commission	Water	Sewer	TIF District	Project Fund	Fund	Total
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,817	\$ -	\$ -	\$ 185,817
Intergovernmental	-	10,844	-	-	-	-	-	-	10,844
Charges for services	-	7,750	-	184,825	325,056	-	-	-	517,631
Miscellaneous	98,162	17,699	8	-	-	-	-	5,609	121,478
Total revenues	98,162	36,293	8	184,825	325,056	185,817	-	5,609	835,770
EXPENDITURES									
Current:									
General government	-	11,666	-	-	-	-	-	-	11,666
Public safety	-	7,928	-	-	-	-	-	-	7,928
Sanitation	-	-	-	-	405,534	-	-	-	405,534
Water distribution and treatment	-	-	-	133,366	-	-	-	-	133,366
Culture and recreation	6,843	14,070	-	-	-	-	-	-	20,913
Debt service:									
Principal	-	-	-	13,814	5,958	-	-	-	19,772
Interest	-	-	-	4,943	3,946	67,073	-	-	75,962
Capital outlay	-	-	-	-	15,000	348,698	-	-	363,698
Total expenditures	6,843	33,664	-	152,123	430,438	415,771	-	-	1,038,839
Excess (deficiency) of revenues over (under) expenditures	91,319	2,629	8	32,702	(105,382)	(229,954)	-	5,609	(203,069)
Other financing sources (uses):									
Transfers in	1,821	-	-	-	-	-	-	-	1,821
Transfers out	-	-	-	(20,000)	(20,000)	-	-	(2,285)	(42,285)
Long-term debt issued	-	-	-	-	-	478,846	-	-	478,846
Total other financing sources and uses	1,821	-	-	(20,000)	(20,000)	478,846	-	(2,285)	438,382
Net change in fund balances	93,140	2,629	8	12,702	(125,382)	248,892	-	3,324	235,313
Fund balances, beginning	104,526	3,441	16,790	408,441	(267,582)	137,378	(49,011)	230,471	584,454
Fund balances, ending	\$ 197,666	\$ 6,070	\$ 16,798	\$ 421,143	\$ (392,964)	\$ 386,270	\$ (49,011)	\$ 233,795	\$ 819,767

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, 2013

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 3,265,908	\$ 3,307,501	\$ 41,593
Land use change	30,000	-	(30,000)
Timber	15,000	7,626	(7,374)
Excavation	1,500	1,207	(293)
Interest and penalties on delinquent taxes	130,000	106,359	(23,641)
Total taxes	3,442,408	3,422,693	(19,715)
Licenses, permits and fees:			
Business licenses and permits	200	176	(24)
Motor vehicle permits	790,000	793,489	3,489
Building permits	11,000	13,060	2,060
Other	47,360	60,433	13,073
Total licenses, permits and fees	848,560	867,158	18,598
Intergovernmental:			
State sources:			
Meals and rooms distributions	205,094	205,094	-
Highway block grant	122,036	121,710	(326)
Public safety	-	1,581	1,581
Federal sources:			
FEMA	5,333	700	(4,633)
DEA	-	450	450
Total intergovernmental	332,463	329,535	(2,928)
Charges for services:			
Income from departments	100,135	72,993	(27,142)
Other charges	12,500	9,943	(2,557)
Total charges for services	112,635	82,936	(29,699)
Miscellaneous:			
Sale of property	30,000	7,212	(22,788)
Interest on investments	7,000	1,422	(5,578)
Rents	-	6,000	6,000
Insurance dividends and reimbursements	73,500	67,970	(5,530)
Other	-	123	123
Total miscellaneous	110,500	82,727	(27,773)
Other financing sources:			
Transfers in:			
Expendable trust fund	153,715	165,683	11,968
Nonmajor funds	-	464	464
Long-term debt issued	265,504	-	(265,504)
Total other financing sources	419,219	166,147	(253,072)
Total revenues and other financing sources	5,265,785	\$ 4,951,196	\$ (314,589)
Use of fund balance to reduce taxes	102,200		
Total revenues, other financing sources and use of fund balance	\$ 5,367,985		

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, 2013

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 5,000	\$ 219,497	\$ 257,880	\$ -	\$ (33,383)
Election and registration	-	74,813	59,839	-	14,974
Financial administration	4,000	204,867	209,545	700	(1,378)
Revaluation of property	30,000	30,000	32,556	13,700	13,744
Legal	-	8,000	6,919	-	1,081
Personnel administration	-	859,648	940,223	-	(80,575)
Planning and zoning	-	51,350	64,408	-	(13,058)
General government buildings	2,400	178,750	198,574	-	(17,424)
Cemeteries	-	2,200	2,078	-	122
Insurance, not otherwise allocated	-	69,000	59,525	-	9,475
Advertising and regional associations	-	48,509	48,145	-	364
Other	-	1,000	-	-	1,000
Total general government	41,400	1,747,634	1,879,692	14,400	(105,058)
Public safety:					
Police	-	650,039	677,206	-	(27,167)
Ambulance	-	101,920	104,087	-	(2,167)
Fire	-	86,700	84,558	8,525	(6,383)
Building inspection	-	64,302	71,582	-	(7,280)
Emergency management	-	500	218	-	282
Other	-	65,000	67,393	-	(2,393)
Total public safety	-	968,461	1,005,044	8,525	(45,108)
Highways and streets:					
Administration	-	550,543	553,104	-	(2,561)
Highways and streets	-	551,700	571,828	-	(20,128)
Street lighting	-	17,000	19,656	-	(2,656)
Total highways and streets	-	1,119,243	1,144,588	-	(25,345)
Sanitation:					
Administration	-	85,277	98,531	-	(13,254)
Solid waste collection	-	188,650	245,684	-	(57,034)
Solid waste disposal	-	157,500	143,078	-	14,422
Total sanitation	-	431,427	487,293	-	(55,866)
Health:					
Administration	-	100	305	-	(205)
Pest control	-	2,000	1,965	-	35
Total health	-	2,100	2,270	-	(170)
Welfare	-	33,016	22,813	-	10,203

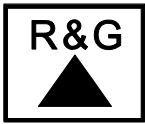
(continued)

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, 2013

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive Negative
Culture and recreation:					
Parks and recreation	-	44,450	62,508	-	(18,058)
Public library	2,708	152,850	152,885	1,327	1,346
Patriotic purposes	-	1,000	1,147	-	(147)
Other	2,214	5,510	2,729	19	4,976
Total culture and recreation	4,922	203,810	219,269	1,346	(11,883)
Conservation	-	1,465	1,544	-	(79)
Economic development	-	9,000	9,000	-	-
Debt service:					
Principal	-	12,963	18,921	-	(5,958)
Interest on long-term debt	-	2,593	3,783	-	(1,190)
Loan fees	-	-	2,756	-	(2,756)
Total debt service	-	15,556	25,460	-	(9,904)
Capital outlay:					
Machinery, vehicles and equipment	50,000	72,000	59,690	8,428	53,882
Buildings	-	228,500	156,006	58,892	13,602
Improvements other than buildings	-	265,504	267,641	-	(2,137)
Total capital outlay	50,000	566,004	483,337	67,320	65,347
Other financing uses:					
Transfers out:					
Expendable trust fund	-	270,269	269,583	-	686
Total encumbrances, appropriations, expenditures and other financing uses	\$ 96,322	\$ 5,367,985	\$ 5,549,893	\$ 91,591	\$ (177,177)

EXHIBIT 14
TOWN OF ENFIELD, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2013

Unassigned fund balance, beginning		\$ 822,512
Changes:		
Unassigned fund balance used to reduce tax rate		(102,200)
Budget summary:		
Revenue shortfall (Exhibit 12)	\$ (314,589)	
Overdraft of appropriations (Exhibit 13)	<u>(177,177)</u>	
Budget deficit		(491,766)
Increase in nonspendable fund balance		<u>(16,682)</u>
Unassigned fund balance, ending		<u><u>\$ 211,864</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION OF CERTAIN 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, each major fund, and the aggregate remaining fund information of the Town of Enfield as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

Sewer Deficits - Repeat Finding

The Sewer Fund reported a net decrease in fund balance during 2013 of \$125,382, and an ending deficit fund balance of \$392,964, as reported on Exhibit 11 and Exhibit 10, respectively, of the Financial Report. This is the fourth year that we have seen significant losses in net income and deficit fund balances. We recommend the Town analyze its billing rates and structure to determine if rates are sufficient to support its operating activities, and further, consider a general fund appropriation to cover its annual deficit.

We would also like to discuss the following other matters:

Financing of Jones Hill Road Paving

At the March 2013 Town Meeting, voters approved the issuance of bonds and notes to finance the paving of Jones Hill Road. This project was completed and paid for by August 2013, however, the Town did not obtain the proceeds of the financing until June 2014. This has a negative impact on fund balance, as well as creating negative cash flows, which could potentially affect the Town's ability to pay its bills. We recommend that for future projects, the Town obtain financing as soon as available, or consider short-term financing in the interim.

Investment Policy - Repeat Finding

The minutes of the meetings of the board of selectmen did not indicate that the Town's investment policy was reviewed and adopted for 2013. 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 designates 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.

January 13, 2015

Robert F. Aron, PLLC