

TOWN OF ENFIELD, NEW HAMPSHIRE

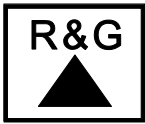
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014

**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, 2014, 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, 2014, or the changes in financial position thereof for the year then ended.

Other Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Enfield as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 9 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.

October 8, 2015

Roberts & Heene, 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, 2014.

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 \$9,046,033 (i.e. net position), a decrease of \$319,864 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$1,889,358, a change of \$124,219 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$(548,576), a change of \$(213,159) 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 \$4,309,068, a change of \$109,112 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>2014</u>	<u>2013</u>
	<u>Government Activities</u>	
Current and other assets	6,990,466	6,847,858
Capital assets	10,841,704	10,913,506
Total assets	<u>17,832,170</u>	<u>17,761,364</u>
Long-term liabilities outstanding	4,429,448	4,100,273
Other liabilities	4,356,689	4,353,129
Total liabilities	<u>8,786,137</u>	<u>8,453,402</u>
Deferred inflows of resources:		
Unearned revenue	-	665
Net position:		
Net investment in capital assets	6,532,636	6,954,351
Restricted	495,503	437,531
Unrestricted	2,017,894	1,915,415
Total net position	<u>9,046,033</u>	<u>9,307,297</u>

CHANGES IN NET POSITION

	<u>2014</u>	<u>2013</u>
	<u>Governmental Activities</u>	
Revenues:		
Program revenues:		
Charges for services	636,275	762,314
Operating grants and contributions	133,925	135,285
Capital grants and contributions	-	-
General revenues:		
Property and other taxes	3,535,821	3,774,610
Motor vehicle permits	941,806	867,158
Grants and contributions not restricted to specific programs	222,397	205,094
Miscellaneous	185,171	94,949
Total revenues	<u>5,655,395</u>	<u>5,839,410</u>

(continued)

	Governmental Activities	
	2012	2014
Expenses:		
General government	2,032,316	1,912,967
Public safety	1,066,843	1,037,520
Highway and streets	1,257,153	1,293,101
Water distribution and treatment	184,205	145,787
Sanitation	981,595	922,453
Health	2,578	2,270
Welfare	35,991	23,413
Culture and recreation	245,896	250,511
Conservation	1,851	1,544
Economic development	10,000	9,000
Interest on long-term debt	122,642	125,602
Capital outlay	34,189	176,031
Total expenses	<u>5,191,727</u>	<u>5,900,199</u>
Decrease in net position	(319,864)	(60,789)
Net position – beginning of year, restated	<u>9,365,897</u>	<u>9,368,086</u>
Net position – end of year	<u><u>9,046,033</u></u>	<u><u>9,307,297</u></u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position were \$9,046,033, a change of \$(319,864) from the prior year.

The largest portion of net position \$6,532,636 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 \$495,503 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$2,017,894 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	\$(213,159)
Expendable trust fund revenues exceed expenditures	285,597
Sewer fund expenditures exceed revenues	(82,509)
Non major fund revenues exceed expenditures	134,290
Depreciation in excess of capitalized capital outlay	(130,402)
Debt service activity	(352,423)
Other	38,742
Total	<u><u>\$(319,864)</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 \$1,889,358, a change of \$124,219 in comparison with the prior year. Key elements of this change are as follows:

General fund operations, discussed further in section D	\$(213,159)
Expendable trust fund revenues exceed expenditures	285,597
Sewer fund expenditures exceed revenues	(82,509)
Non major fund revenues exceed expenditures	134,290
Total	<u><u>\$124,219</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 \$(841,019), while total fund balance was \$(548,576). The deficit mainly occurred because of the Town's desire to create much tighter budgets and not include any contingency within our cost centers. Discrepancies then result in substantial changes in its appropriations. The Town has recognized that this approach is not sustainable and has developed internal expense reports that track appropriations every time accounts payable checks are issued. The Town is also preparing our budgets in a more realistic manner.

The fund balance of the general fund changed by \$(213,159) during the current fiscal year. Key factors in this change are as follows:

Tax revenues under net tax warrant	\$(42,302)
Expenditures over budget (GAAP Basis)	(210,491)
Use of fund balance as a funding source	(35,000)

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The executive function was overspent by \$34,757 due to the replacement of a failed server and additional costs for the local access cable channel – there is an offsetting revenue for the local access cable channel. Going forward we now have a line item in the executive cost center.

Legal was overspent by \$6,298 due to the suit with Fairpoint over contested assessed values. The Town is part of a collective suit with Fairpoint over whether municipalities have the right to assess taxes on the poles within our jurisdiction. The suit should be completed in 2016.

Personnel was over spent by \$117,116 because of underestimated projections for health insurance, state retirement and workers' compensation. Each of those forecasts were based on historical averages of our expenditures.

Solid Waste was overspent by \$101,751 because of a mistake made in actual contract costs. Going forward those costs will be entered in the budget directly.

Parks & Recreation was overspent by \$10,702 – there is an offsetting revenue to account for recreation programming. Going forward we will have a separate line item to account for this increased recreation programming.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Total investment in capital assets for governmental activities at year end amounted to \$10,841,704 (net of accumulated depreciation), a change of \$(130,402) 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:

Ford Taurus Interceptor Police Cruiser	Police Department	29,928
Ford F450 Dump w/Plow (2)	Highway Department	86,123
Lockhaven Road Reclamation	Highway Department	60,469

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 \$4,309,068, 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, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,936,051
Investments	1,686,690
Intergovernmental receivable	16,364
Other receivables, net of allowances for uncollectible	1,314,495
Tax deeded property held for resale	36,866
Capital assets, not being depreciated:	
Land	2,037,495
Construction in progress	270,041
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	1,702,862
Machinery, vehicles and equipment	745,160
Infrastructure	6,086,146
Total assets	<u>17,832,170</u>
LIABILITIES	
Accounts payable	198,915
Accrued payroll and benefits	85,576
Accrued interest payable	100,041
Intergovernmental payable	3,972,157
Noncurrent obligations:	
Due within one year:	
Bonds payable	138,950
Capital leases payable	80,677
Compensated absences	10,540
Due in more than one year:	
Bonds payable	3,580,725
Capital leases payable	508,716
Compensated absences	109,840
Total liabilities	<u>8,786,137</u>
NET POSITION	
Net investment in capital assets	6,532,636
Restricted for:	
Endowments:	
Nonexpendable	204,101
Expendable	32,585
Other purposes	258,817
Unrestricted	2,017,894
Total net position	<u>\$ 9,046,033</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, 2014

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
General government	\$ 2,032,316	\$ 11,741	\$ 4,877	\$ (2,015,698)
Public safety	1,066,843	65,765	5,617	(995,461)
Highways and streets	1,257,153	918	123,431	(1,132,804)
Sanitation	981,595	344,134	-	(637,461)
Water distribution and treatment	184,205	184,462	-	257
Health	2,578	-	-	(2,578)
Welfare	35,991	-	-	(35,991)
Culture and recreation	245,896	29,255	-	(216,641)
Conservation	1,851	-	-	(1,851)
Economic development	10,000	-	-	(10,000)
Interest on long-term debt	122,642	-	-	(122,642)
Capital outlay	34,189	-	-	(34,189)
Total primary government	<u>\$ 5,975,259</u>	<u>\$ 636,275</u>	<u>\$ 133,925</u>	<u>(5,205,059)</u>
General revenues:				
Property taxes				3,426,463
Other taxes				109,358
Licenses and permits				941,806
Grants and contributions not restricted to specific programs				222,397
Miscellaneous				<u>185,171</u>
Total general revenues				<u>4,885,195</u>
Change in net position				(319,864)
Net position, beginning, as restated, see Note III.D.				<u>9,365,897</u>
Net position, ending				<u>\$ 9,046,033</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, 2014

	General	Sewer	Expendable Trust	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,240,531	\$ -	\$ 411,062	\$ 1,080,345	\$ 3,731,938
Investments	251,750	-	1,155,324	279,616	1,686,690
Receivables, net of allowances for uncollectible:					
Taxes	1,039,697	-	-	-	1,039,697
Accounts	117,373	99,588	-	57,837	274,798
Intergovernmental	-	-	-	1,304	1,304
Interfund receivable	523,098	-	-	1,583	524,681
Tax deeded property held for resale	36,866	-	-	-	36,866
Restricted cash	204,113	-	-	-	204,113
Total assets	<u>\$ 4,413,428</u>	<u>\$ 99,588</u>	<u>\$ 1,566,386</u>	<u>\$ 1,420,685</u>	<u>\$ 7,500,087</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 129,250	\$ 69,665	\$ -	\$ -	\$ 198,915
Accrued salaries and benefits	81,105	1,783	-	2,688	85,576
Intergovernmental payable	3,972,157	-	-	-	3,972,157
Interfund payable	-	473,684	-	50,997	524,681
Total liabilities	<u>4,182,512</u>	<u>545,132</u>	<u>-</u>	<u>53,685</u>	<u>4,781,329</u>
Deferred inflows of resources:					
Deferred revenue	<u>779,492</u>	<u>29,929</u>	<u>-</u>	<u>19,979</u>	<u>829,400</u>
Fund balances:					
Nonspendable	36,866	-	-	204,101	240,967
Restricted	206,056	-	-	293,200	499,256
Committed	-	-	1,566,386	898,731	2,465,117
Assigned	49,521	-	-	-	49,521
Unassigned	(841,019)	(475,473)	-	(49,011)	(1,365,503)
Total fund balances	<u>(548,576)</u>	<u>(475,473)</u>	<u>1,566,386</u>	<u>1,347,021</u>	<u>1,889,358</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,413,428</u>	<u>\$ 99,588</u>	<u>\$ 1,566,386</u>	<u>\$ 1,420,685</u>	<u>\$ 7,500,087</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, 2014

Total fund balances of governmental funds (Exhibit 3)		\$ 1,889,358
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 15,261,477	
Less accumulated depreciation	<u>(4,419,773)</u>	
		10,841,704
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		15,060
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (524,681)	
Payables	<u>524,681</u>	
		-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue	\$ 745,947	
Deferred ambulance revenue	33,545	
Deferred water charges	19,979	
Deferred sewer charges	<u>29,929</u>	
		829,400
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(100,041)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 3,719,675	
Capital leases outstanding	589,393	
Compensated absences payable	<u>120,380</u>	
		<u>(4,429,448)</u>
Total net position of governmental activities (Exhibit 1)		<u>\$ 9,046,033</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, 2014

	General	Sewer	Expendable Trust	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 3,194,692	\$ -	\$ -	\$ 260,365	\$ 3,455,057
Licenses, permits and fees	941,806	-	-	-	941,806
Intergovernmental	345,828	-	-	5,617	351,445
Charges for services	119,319	340,553	-	187,909	647,781
Miscellaneous	84,364	-	21,621	84,063	190,048
Total revenues	4,686,009	340,553	21,621	537,954	5,586,137
Expenditures:					
Current:					
General government	2,029,286	-	300	2,441	2,032,027
Public safety	1,008,265	-	-	7,884	1,016,149
Highways and streets	1,162,184	-	-	-	1,162,184
Sanitation	519,550	388,158	-	-	907,708
Water distribution and treatment	-	-	-	166,240	166,240
Health	2,578	-	-	-	2,578
Welfare	35,773	-	500	-	36,273
Culture and recreation	228,548	-	-	18,923	247,471
Conservation	1,600	-	-	251	1,851
Economic development	10,000	-	-	-	10,000
Debt service:					
Principal	68,291	6,128	-	128,159	202,578
Interest	15,729	3,776	-	51,882	71,387
Capital outlay	152,991	-	-	7,481	160,472
Total expenditures	5,234,795	398,062	800	383,261	6,016,918
Excess (deficiency) of revenues over (under) expenditures	(548,786)	(57,509)	20,821	154,693	(430,781)
Other financing sources (uses):					
Transfers in	86,675	-	351,048	1,583	439,306
Transfers out	(306,048)	(25,000)	(86,272)	(21,986)	(439,306)
Long-term debt issued	265,000	-	-	-	265,000
Inception of capital leases	290,000	-	-	-	290,000
Total other financing sources and uses	335,627	(25,000)	264,776	(20,403)	555,000
Net change in fund balances	(213,159)	(82,509)	285,597	134,290	124,219
Fund balances, beginning	(335,417)	(392,964)	1,280,789	1,212,731	1,765,139
Fund balances, ending	\$ (548,576)	\$ (475,473)	\$ 1,566,386	\$ 1,347,021	\$ 1,889,358

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, 2014

Net change in fund balances of governmental funds (Exhibit 5)		\$ 124,219
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 depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 272,182	
Depreciation expense	<u>(402,584)</u>	
		(130,402)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (439,306)	
Transfers out	<u>439,306</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	\$ 80,764	
Change in deferred ambulance revenues	1,750	
Change in deferred water charges	(3,447)	
Change in deferred sewer charges	<u>(9,809)</u>	
		69,258
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	\$ (265,000)	
Inception of capital lease	(290,000)	
Repayment of bond principal	155,888	
Amortization of loan forgiveness	(2,510)	
Repayment of capital lease principal	<u>49,199</u>	
		(352,423)
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	\$ (51,254)	
Decrease in compensated absences payable	<u>20,738</u>	
		<u>(30,516)</u>
Change in net position of governmental activities (Exhibit 2)		<u>\$ (319,864)</u>

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

EXHIBIT 7
TOWN OF ENFIELD, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in
Unassigned Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 3,317,757	\$ 3,317,757	\$ 3,275,455	\$ (42,302)
Licenses, permits and fees	918,200	918,200	941,806	23,606
Intergovernmental	345,386	345,386	345,828	442
Charges for services	75,000	77,996	119,319	41,323
Miscellaneous	7,000	7,000	84,129	77,129
Total revenues	<u>4,663,343</u>	<u>4,666,339</u>	<u>4,766,537</u>	<u>100,198</u>
EXPENDITURES				
Current:				
General government	1,868,562	1,868,562	2,025,474	(156,912)
Public safety	979,372	979,372	1,000,290	(20,918)
Highways and streets	1,159,596	1,159,596	1,162,184	(2,588)
Sanitation	411,686	411,686	519,550	(107,864)
Health	2,210	2,210	2,578	(368)
Welfare	32,365	32,365	35,773	(3,408)
Culture and recreation	213,069	216,065	227,418	(11,353)
Conservation	1,600	1,600	1,600	-
Economic development	10,000	10,000	10,000	-
Debt service:				
Principal	18,921	18,921	89,968	(71,047)
Interest	17,679	17,679	23,791	(6,112)
Capital outlay	140,800	140,800	7,977	132,823
Total expenditures	<u>4,855,860</u>	<u>4,858,856</u>	<u>5,106,603</u>	<u>(247,747)</u>
Deficiency of revenues under expenditures	<u>(192,517)</u>	<u>(192,517)</u>	<u>(340,066)</u>	<u>(147,549)</u>
Other financing sources (uses):				
Transfers in	186,300	186,300	86,675	(99,625)
Transfers out	(293,783)	(293,783)	(306,048)	(12,265)
Long-term debt issued	265,000	265,000	265,000	-
Total other financing sources and uses	<u>157,517</u>	<u>157,517</u>	<u>45,627</u>	<u>(111,890)</u>
Net change in fund balance	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	(294,439)	<u>\$ (259,439)</u>
Increase in nonspendable fund balance			(10,554)	
Increase in restricted fund balance			(1,943)	
Unassigned fund balance, beginning			211,864	
Unassigned fund balance, ending			<u>\$ (95,072)</u>	

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

EXHIBIT 8
TOWN OF ENFIELD, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 2,486	\$ 9,332
Investments	48,983	-
Total assets	<u>51,469</u>	<u>9,332</u>
Liabilities:		
Accounts payable	163	-
Due to other governmental units	896	-
Due to developers	-	9,332
Total liabilities	<u>1,059</u>	<u>9,332</u>
Net position:		
Held in trust for specific purposes	<u>\$ 50,410</u>	<u>\$ -</u>

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

EXHIBIT 9
TOWN OF ENFIELD, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2014

	Private Purpose Trust
Additions:	
New funds	\$ 142
Investment earnings:	
Interest and dividends	1,201
Total additions	1,343
Deductions:	
Trust distributions	1,201
Change in net position	142
Net position, beginning	50,268
Net position, ending	\$ 50,410

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, 2014**

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, 2014.

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, 2014**

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual, governmental funds are reported in separate columns with composite columns for nonmajor funds.

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

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, 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
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DECEMBER 31, 2014**

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

Governmental Funds

The Town reports the following major governmental funds:

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

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

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 seven 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.

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

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

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

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

	<u>Years</u>
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

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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of 480 hours. Employees are entitled to 50% of their unused sick leave upon termination of employment if the employee is at least 55 years old or has had at least 20 years of Town employment.

I.C.5. *Equity*

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the balance of the permanent 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, 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 deficit fund balances in the General Fund, Sewer Fund and nonmajor Capital Project Funds.

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014**

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

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and Sewer Funds, as well as the nonmajor Water Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2014, \$35,000 of the fund balance of the General Fund from 2013 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 legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 5,118,212
Adjustments:	
Basis difference:	
Capital lease inception	290,000
Tax revenue deferred in the prior year	665,184
Tax revenue deferred in the current year	(745,947)
Interest earned on lease proceeds	235
Per Exhibit 5 (GAAP basis)	<u>\$ 5,327,684</u>

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 5,412,651
Adjustments:	
Basis difference:	
Encumbrances, beginning	91,591
Encumbrances, ending	(49,521)
Capital lease inception	290,000
Balance of lease proceeds held in escrow	(203,878)
Per Exhibit 5 (GAAP basis)	<u>\$ 5,540,843</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ (95,072)
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(745,947)
Per Exhibit 3 (GAAP basis)	<u>\$ (841,019)</u>

There is no difference between the budgetary basis and GAAP in the Sewer Fund. The major Expendable Trust Fund is not budgeted.

II.B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2014, expenditures exceeded appropriations in the General Fund by \$260,012. 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 \$251,374.

II.C. Deficit Fund Balances

The General Fund reports an unassigned deficit at year-end of \$841,019, which partially arises because the Town estimated revenue from bond proceeds of \$265,000 in error. The proceeds had already been estimated in 2013, and proceeds were received in 2014. 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 deficit fund balance is \$95,072.

The Sewer Fund reports an unassigned deficit at year-end of \$475,473, 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
DECEMBER 31, 2014**

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, 2014, \$142,172 of the Town of Enfield's bank balances of \$4,082,776 was exposed to custodial credit risk as uninsured and uncollateralized.

III.A.2. Investments

As of December 31, 2014, the Town's reporting entity had the following investments:

Certificates of Deposit	\$ 1,183,597
Mutual Funds	300,326
New Hampshire Public Deposit Investment Pool	251,750
	<u>\$ 1,735,673</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 1,686,690
Fiduciary funds - statement of fiduciary net position (Exhibit 7)	48,983
Total	<u>\$ 1,735,673</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 generally deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2013 property taxes on May 5th.

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, 2014, upon which the 2014 property tax levy was based was:

For the New Hampshire education tax	\$ 518,591,179
For all other taxes	\$ 522,297,479

The tax rates and amounts assessed for the year ended December 31, 2014 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$6.25	\$ 3,263,932
School portion:		
State of New Hampshire	\$2.47	1,279,003
Local	\$12.75	6,660,756
County portion	\$1.69	883,564
Precinct portion:		
Eastman Village District	\$1.41	21,539
Total property taxes assessed		<u>\$ 12,108,794</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 2014	\$ 698,039
Unredeemed (under tax lien):	
Levy of 2013	209,960
Levy of 2012	112,597
Levy of 2011	20,867
Levies of 2010 and prior	12,897
Excavation	337
Less: allowance for estimated uncollectible taxes	(15,000)
Net taxes receivable	<u>\$ 1,039,697</u>

Other Receivables

Significant receivables include amounts for water and sewer user charges.

Deferred Revenue

Deferred revenue in the General Fund of \$779,492 at December 31, 2014 represents \$745,947 of property taxes and \$33,545 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.

Deferred revenue in the Sewer Fund of \$29,929 and the Nonmajor Funds of \$19,979 represents 2014 sewer and water user charges, respectively, that were not collected within sixty days after the year ended.

(The notes continue on the next page.)

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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DECEMBER 31, 2014**

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	\$ 2,037,495	\$ -	\$ -	\$ 2,037,495
Construction in progress	4,109,986	116,050	(3,955,995)	270,041
Total capital assets not being depreciated	6,147,481	116,050	(3,955,995)	2,307,536
Being depreciated:				
Buildings and building improvements	2,240,202	136,316	-	2,376,518
Machinery, vehicles and equipment	3,411,586	127,469	-	3,539,055
Infrastructure	3,190,026	3,848,342	-	7,038,368
Total capital assets being depreciated	8,841,814	4,112,127	-	12,953,941
Total all capital assets	14,989,295	4,228,177	(3,955,995)	15,261,477
Less accumulated depreciation:				
Buildings and building improvements	(662,114)	(11,542)	-	(673,656)
Machinery, vehicles and equipment	(2,601,405)	(192,490)	-	(2,793,895)
Infrastructure	(753,670)	(198,552)	-	(952,222)
Total accumulated depreciation	(4,017,189)	(402,584)	-	(4,419,773)
Net book value, capital assets being depreciated	4,824,625	3,709,543	-	8,534,168
Net book value, all capital assets	<u>\$ 10,972,106</u>	<u>\$ 3,825,593</u>	<u>\$ (3,955,995)</u>	<u>\$ 10,841,704</u>

De

preciation Expense

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

General government	\$ 21,078
Public safety	60,715
Highways and streets	214,087
Sanitation	86,426
Water distribution and treatment	17,157
Culture and recreation	3,121
Total depreciation expense	<u>\$ 402,584</u>

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014**

III.B. Liabilities

III.B.1 Intergovernmental Payable

The amount due to other governments at December 31, 2014 consists of \$3,969,879 due to the Mascoma Valley Regional School District for the balance of the 2014-2015 district assessment, and \$2,278 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 12/31/2014	Current Portion
General obligation bonds and notes payable:						
Sewer	\$ 350,000	1989	2016	5.00	\$ 25,925	\$ 12,963
Drinking water	\$ 317,951	2002	2021	2.976-4.580	91,993	15,652
Clean water	\$ 291,820	2011	2030	2.864	251,415	12,607
Rt. 4 water/sewer extension	\$3,200,000	2013	2042	2.950-4.375	3,085,342	71,228
Jones Hill Road	\$ 265,000	2014	2024	2.763	265,000	26,500
					<u>3,719,675</u>	<u>138,950</u>
Capital leases payable:						
Police cruisers	\$ 59,951	2012	2016	2.30	30,657	15,154
DPW vehicles	\$ 300,000	2013	2022	2.50	245,775	28,133
Cruiser	\$ 29,900	2013	2017	4.98	22,961	7,285
DPW vehicles & cruiser	\$ 290,000	2014	2024	2.78	290,000	30,105
					<u>589,393</u>	<u>80,677</u>
Compensated absences payable:						
Vested sick leave					54,282	10,818
Accrued vacation leave					66,098	11,024
					<u>120,380</u>	<u>21,842</u>
					<u>\$4,429,448</u>	<u>\$241,469</u>

TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2014:

	General Obligation Bonds and Notes Payable	Capital Leases Payable	Compensated Absences Payable	Total
Balance, beginning	\$ 3,610,563	\$ 348,592	\$ 141,118	\$ 4,100,273
Additions	265,000	290,000	-	555,000
Reductions	(155,888)	(49,199)	(20,738)	(225,825)
Balance, ending	<u>\$ 3,719,675</u>	<u>\$ 589,393</u>	<u>\$ 120,380</u>	<u>\$ 4,429,448</u>

Debt Service Requirements to Maturity

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

Year Ending December 31,	Principal	Interest	Total
2015	\$ 138,950	\$ 113,004	\$ 251,954
2016	140,994	108,556	249,550
2017	129,827	104,257	234,084
2018	119,780	140,932	260,712
2019	122,200	136,682	258,882
2020-2024	617,140	602,048	1,219,188
2025-2029	569,902	483,241	1,053,143
2030-2034	615,931	357,981	973,912
2035-2039	739,191	214,914	954,105
2040-2042	525,760	46,703	572,463
Totals	<u>\$3,719,675</u>	<u>\$2,308,318</u>	<u>\$6,027,993</u>

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

Year Ending December 31,	Principal	Interest	Total
2015	\$ 80,677	\$ 16,054	\$ 96,731
2016	82,930	13,803	96,733
2017	69,387	11,485	80,872
2018	62,982	9,462	72,444
2019	56,621	7,796	64,417
2020-2024	236,796	16,730	253,526
Totals	<u>\$ 589,393</u>	<u>\$ 75,330</u>	<u>\$ 664,723</u>

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014**

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	Sewer	\$ 473,684
General	Nonmajor	49,414
Nonmajor	Nonmajor	1,583
		<u>\$ 524,681</u>

The amounts due to the General Fund from the Sewer Fund and Nonmajor Funds represent overdrafts of pooled cash. The amount due to the Nonmajor Funds from 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>	<u>Total</u>
Transfers out:				
General fund	\$ -	\$ 306,048	\$ -	\$ 306,048
Sewer fund	-	25,000	-	25,000
Expendable trust fund	86,272	-	-	86,272
Nonmajor funds	403	20,000	1,583	21,986
	<u>\$ 86,675</u>	<u>\$ 351,048</u>	<u>\$ 1,583</u>	<u>\$ 439,306</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 Sewer Fund and the Nonmajor Funds to the Expendable Trust Fund also represent voted

TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014

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.D. Restatement of Beginning Equity

Equity at January 1, 2014 was restated to reflect the following adjustments:

	Governmental Activities
To correct year asset placed in service	\$ 65,000
To remove asset that does not exist	(6,400)
Net position, as previously reported	<u>9,307,297</u>
Net position, as restated	<u><u>\$ 9,365,897</u></u>

III.E. Fund Equity

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

	General Fund	Sewer Fund	Expendable Trust Fund	Nonmajor Funds
Nonspendable:				
Endowments	\$ -	\$ -	\$ -	\$ 204,101
Tax deeded property	36,866	-	-	-
Total nonspendable	<u>36,866</u>	<u>-</u>	<u>-</u>	<u>204,101</u>
Restricted:				
General government	1,943	-	-	32,585
Public safety	-	-	-	1,798
Culture and recreation	-	-	-	258,817
Capital outlay	204,113	-	-	-
Total restricted	<u>206,056</u>	<u>-</u>	<u>-</u>	<u>293,200</u>
Committed:				
Water distribution and treatment	-	-	-	405,017
Conservation	-	-	-	16,806
Capital outlay	-	-	1,566,386	476,908
Total committed	<u>-</u>	<u>-</u>	<u>1,566,386</u>	<u>898,731</u>
Assigned:				
General government	10,588	-	-	-
Public safety	550	-	-	-
Culture and recreation	216	-	-	-
Debt service	38,167	-	-	-
Total assigned	<u>49,521</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>(841,019)</u>	<u>(475,473)</u>	<u>-</u>	<u>(49,011)</u>
Total fund balance	<u><u>\$ (548,576)</u></u>	<u><u>\$ (475,473)</u></u>	<u><u>\$ 1,566,386</u></u>	<u><u>\$ 1,347,021</u></u>

**TOWN OF ENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014**

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 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.

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 2014 to be recorded as an insurance expenditure/expense totaled \$52,806. There were no unpaid contributions for the year ending June 30, 2015 and due in 2014. The Town also paid \$99,301 for workers' compensation, and \$7,764 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 2014, 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 25.30% for police and 10.77% for other employees. Employer contributions from the Town during the years 2012, 2013 and 2014 were \$186,061, \$220,180 and \$243,441, 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, 2014**

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.

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 10
TOWN OF ENFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2014

	Special Revenue Funds					Capital	Permanent	
	Library	Grants	Conservation Commission	Water	TIF District	Project Fund	Fund	Total
ASSETS								
Cash and cash equivalents	\$ 204,760	\$ 417	\$ 16,806	\$ 369,924	\$ 476,908	\$ -	\$ 11,530	\$ 1,080,345
Investments	52,474	-	-	-	-	-	227,142	279,616
Receivables:								
Accounts	-	77	-	57,760	-	-	-	57,837
Intergovernmental	-	1,304	-	-	-	-	-	1,304
Interfund receivable	1,583	-	-	-	-	-	-	1,583
Total assets	<u>\$ 258,817</u>	<u>\$ 1,798</u>	<u>\$ 16,806</u>	<u>\$ 427,684</u>	<u>\$ 476,908</u>	<u>\$ -</u>	<u>\$ 238,672</u>	<u>\$ 1,420,685</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accrued salaries and benefits	\$ -	\$ -	\$ -	\$ 2,688	\$ -	\$ -	\$ -	\$ 2,688
Interfund payable	-	-	-	-	-	49,011	1,986	50,997
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,688</u>	<u>-</u>	<u>49,011</u>	<u>1,986</u>	<u>53,685</u>
Deferred inflows of resources:								
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,979</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	204,101	204,101
Restricted	258,817	1,798	-	-	-	-	32,585	293,200
Committed	-	-	16,806	405,017	476,908	-	-	898,731
Unassigned	-	-	-	-	-	(49,011)	-	(49,011)
Total fund balances	<u>258,817</u>	<u>1,798</u>	<u>16,806</u>	<u>405,017</u>	<u>476,908</u>	<u>(49,011)</u>	<u>236,686</u>	<u>1,347,021</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 258,817</u>	<u>\$ 1,798</u>	<u>\$ 16,806</u>	<u>\$ 427,684</u>	<u>\$ 476,908</u>	<u>\$ -</u>	<u>\$ 238,672</u>	<u>\$ 1,420,685</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, 2014

	Special Revenue Funds					Capital Project Fund	Permanent Fund	Total
	Library	Grants	Conservation Commission	Water	TIF District			
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 260,365	\$ -	\$ -	\$ 260,365
Intergovernmental	-	5,617	-	-	-	-	-	5,617
Charges for services	-	-	-	187,909	-	-	-	187,909
Miscellaneous	61,601	17,577	8	-	-	-	4,877	84,063
Total revenues	61,601	23,194	8	187,909	260,365	-	4,877	537,954
EXPENDITURES								
Current:								
General government	-	2,441	-	-	-	-	-	2,441
Public safety	-	7,884	-	-	-	-	-	7,884
Water distribution and treatment	-	-	-	166,240	-	-	-	166,240
Culture and recreation	2,033	16,890	-	-	-	-	-	18,923
Conservation	-	251	-	-	-	-	-	251
Debt service:								
Principal	-	-	-	13,501	114,658	-	-	128,159
Interest	-	-	-	4,294	47,588	-	-	51,882
Capital outlay	-	-	-	-	7,481	-	-	7,481
Total expenditures	2,033	27,466	-	184,035	169,727	-	-	383,261
Excess (deficiency) of revenues over (under) expenditures	59,568	(4,272)	8	3,874	90,638	-	4,877	154,693
Other financing sources (uses):								
Transfers in	1,583	-	-	-	-	-	-	1,583
Transfers out	-	-	-	(20,000)	-	-	(1,986)	(21,986)
Total other financing sources and uses	1,583	-	-	(20,000)	-	-	(1,986)	(20,403)
Net change in fund balances	61,151	(4,272)	8	(16,126)	90,638	-	2,891	134,290
Fund balances, beginning	197,666	6,070	16,798	421,143	386,270	(49,011)	233,795	1,212,731
Fund balances, ending	\$ 258,817	\$ 1,798	\$ 16,806	\$ 405,017	\$ 476,908	\$ (49,011)	\$ 236,686	\$ 1,347,021

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, 2014

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 3,192,007	\$ 3,166,097	\$ (25,910)
Land use change	15,000	-	(15,000)
Timber	10,000	9,049	(951)
Excavation	750	623	(127)
Interest and penalties on delinquent taxes	100,000	99,686	(314)
Total taxes	<u>3,317,757</u>	<u>3,275,455</u>	<u>(42,302)</u>
Licenses, permits and fees:			
Business licenses and permits	200	260	60
Motor vehicle permits	850,000	865,341	15,341
Building permits	8,000	9,639	1,639
Other	60,000	66,566	6,566
Total licenses, permits and fees	<u>918,200</u>	<u>941,806</u>	<u>23,606</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	222,397	222,397	-
Highway block grant	122,989	123,431	442
Total intergovernmental	<u>345,386</u>	<u>345,828</u>	<u>442</u>
Charges for services:			
Income from departments	<u>77,996</u>	<u>119,319</u>	<u>41,323</u>
Miscellaneous:			
Sale of property	6,000	8,545	2,545
Interest on investments	1,000	934	(66)
Rent	-	4,350	4,350
Insurance dividends and reimbursements	-	67,436	67,436
Contributions and donations	-	2,283	2,283
Other	-	581	581
Total miscellaneous	<u>7,000</u>	<u>84,129</u>	<u>77,129</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	186,300	86,272	(100,028)
Nonmajor funds	-	403	403
Long-term debt issued	265,000	265,000	-
Total other financing sources	<u>451,300</u>	<u>351,675</u>	<u>(99,625)</u>
Total revenues and other financing sources	5,117,639	<u>\$ 5,118,212</u>	<u>\$ 573</u>
Use of fund balance to reduce taxes	<u>35,000</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 5,152,639</u>		

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, 2014

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 231,654	\$ 266,411	\$ -	\$ (34,757)
Election and registration	-	77,839	68,289	-	9,550
Financial administration	700	215,907	214,993	5,800	(4,186)
Revaluation of property	13,700	42,000	38,912	4,788	12,000
Legal	-	8,000	14,298	-	(6,298)
Personnel administration	-	928,215	1,045,331	-	(117,116)
Planning and zoning	-	66,235	72,617	-	(6,382)
General government buildings	-	181,200	208,914	-	(27,714)
Cemeteries	-	2,000	4,202	-	(2,202)
Insurance, not otherwise allocated	-	72,000	52,806	-	19,194
Advertising and regional associations	-	42,512	42,513	-	(1)
Other	-	1,000	-	-	1,000
Total general government	14,400	1,868,562	2,029,286	10,588	(156,912)
Public safety:					
Police	-	664,623	683,488	550	(19,415)
Ambulance	-	100,100	101,858	-	(1,758)
Fire	8,525	99,180	97,996	-	9,709
Building inspection	-	46,969	53,123	-	(6,154)
Emergency management	-	500	263	-	237
Other	-	68,000	71,537	-	(3,537)
Total public safety	8,525	979,372	1,008,265	550	(20,918)
Highways and streets:					
Administration	-	568,596	552,043	-	16,553
Highways and streets	-	573,000	576,780	-	(3,780)
Street lighting	-	18,000	33,361	-	(15,361)
Total highways and streets	-	1,159,596	1,162,184	-	(2,588)
Sanitation:					
Administration	-	88,886	89,271	-	(385)
Solid waste collection	-	189,800	291,551	-	(101,751)
Solid waste disposal	-	133,000	138,728	-	(5,728)
Total sanitation	-	411,686	519,550	-	(107,864)
Health:					
Administration	-	210	212	-	(2)
Pest control	-	2,000	2,366	-	(366)
Total health	-	2,210	2,578	-	(368)
Welfare:					
Administration and direct assistance	-	32,365	35,773	-	(3,408)

(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, 2014

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	54,904	65,606	-	(10,702)
Public library	1,327	153,505	156,723	216	(2,107)
Patriotic purposes	-	1,100	950	-	150
Other	19	6,556	5,269	-	1,306
Total culture and recreation	<u>1,346</u>	<u>216,065</u>	<u>228,548</u>	<u>216</u>	<u>(11,353)</u>
Conservation	-	1,600	1,600	-	-
Economic development	-	10,000	10,000	-	-
Debt service:					
Principal	8,428	18,921	68,291	30,105	(71,047)
Interest	-	17,679	15,729	8,062	(6,112)
Total debt service	<u>8,428</u>	<u>36,600</u>	<u>84,020</u>	<u>38,167</u>	<u>(77,159)</u>
Capital outlay:					
Machinery, vehicles and equipment	-	108,800	180	-	108,620
Buildings	58,892	22,000	56,827	-	24,065
Improvements other than buildings	-	10,000	9,862	-	138
Total capital outlay	<u>58,892</u>	<u>140,800</u>	<u>66,869</u>	<u>-</u>	<u>132,823</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	293,783	306,048	-	(12,265)
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 91,591</u>	<u>\$ 5,152,639</u>	<u>\$ 5,454,721</u>	<u>\$ 49,521</u>	<u>\$ (260,012)</u>

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, 2014

Unassigned fund balance, beginning		\$ 211,864
Changes:		
Unassigned fund balance used to reduce tax rate		(35,000)
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 573	
Overdraft of appropriations (Exhibit 13)	<u>(260,012)</u>	
Budget deficit		(259,439)
Increase in nonspendable fund balance		(10,554)
Increase in restricted fund balance		<u>(1,943)</u>
Unassigned fund balance, ending		<u><u>\$ (95,072)</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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, 2014, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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 deficiencies in internal control to be significant deficiencies:

Estimated Revenue Budgeting Error

During the budgeting process, the Town estimated revenue from the proceeds of long-term bonds and notes of \$265,000. However, this was the funding source for the Jones Hill Road paving project that was appropriated and the corresponding revenue source estimated in 2013. Because this item was estimated twice, tax revenues were not sufficiently raised to cover the 2014 appropriations by \$265,000. We recommend care be taken with future projects that rely on funding from long-term debt, so that in the case of a project spreading over multiple years, estimated revenues are not included twice.

Management's response: We agree with the finding.

Excess of Expenditures Over Appropriations

The General Fund appropriations were over expended by \$260,012, and the Town's total appropriation by \$251,374. The Town did not obtain approval from the Department of Revenue to over expend its budget. We recommend the Town take steps to ensure it does not over expend, including more frequent reviews of year-to-date expenditures. The Town should further evaluate if its budgets are realistic.

Management's response: We are preparing our budgets in a more realistic manner.

General Fund Deficit

As noted in Note II.B. of the Financial Report, the General Fund is reporting a deficit fund balance at December 31, 2014 of \$841,019. The deficit is the result of the Town over expending its budget in 2012, 2013 and 2014, as well as a budgeting error in 2014, as noted above. We recommend the Town take steps to reduce the deficit in accordance with RSA 41:9.

Management's response: The on-going deficit that has occurred over the last couple of years is a result of a couple major factors. The first is our desire to create much tighter budgets and not include any contingency within our cost centers. Discrepancies then result in substantial changes in our appropriations. I have recognized that this approach is not sustainable and have developed internal expense reports that track our appropriations every time we issue accounts payable checks. We are also preparing our budgets in a more realistic manner.

Sewer Deficits – Repeat Finding

The Sewer Fund reported a net decrease in fund balance during 2014 of \$82,509, and an ending deficit fund balance of \$475,473, as reported on Exhibit 5 and Exhibit 3, respectively, of the Financial Report. This is the fifth year that we have seen significant losses in net income and deficit fund balances. We recommend the Town continue to 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 budget deficit.

Management's response: We agree with the finding.

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

October 8, 2015

Roberts & Heune, PLLC