

**TOWN OF WILTON,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2019**

**TOWN OF WILTON, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

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# PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

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## *INDEPENDENT AUDITOR'S REPORT*

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Wilton as of and for the year ended December 31, 2019, 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 of 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 unmodified and adverse audit opinions.

### **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
Business-type Activities	Adverse
General Fund	Unmodified
Recycling Center Fund	Unmodified
Ambulance Fund	Unmodified
Permanent Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Proprietary Funds:	
Water Fund	Adverse
Sewer Fund	Adverse

***Town of Wilton  
Independent Auditor's Report***

***Basis for Adverse Opinion on Governmental Activities, Business-type Activities, and Proprietary Funds***

As discussed in Note 1-B to the financial statements, management has not recorded the capital assets and related accumulated depreciation in the governmental and business-type activities, and each proprietary fund and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets, be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities, business-type activities, and each proprietary fund. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities, business-type activities, and each proprietary fund is not reasonably determinable.

As discussed in Note 14-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the single employer plan in the governmental and business-type activities and proprietary funds. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position and increase the expenses of the governmental and business-type activities and proprietary funds. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental and business-type activities and proprietary funds is not readily determinable.

***Adverse Opinion***

In our opinion, because of the significance of the matters described in the “Basis for Adverse Opinion on Governmental Activities, Business-type Activities and Proprietary Funds” paragraphs, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements and proprietary funds of the Town of Wilton, as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and aggregate remaining fund information of the Town of Wilton as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund, recycling center and ambulance funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As discussed in Note 2-D to the financial statements, in fiscal year 2019 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

***Other Matters***

**Management's Discussion and Analysis** – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

**Required Supplementary Information** – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits, and
- Notes to the Required Supplementary Information

*Town of Wilton*  
*Independent Auditor's Report*

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, economic, or historical 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 of Wilton's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

August 13, 2020

*Plodzik & Sanderson*  
*Professional Association*

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,395,925	\$ 553,930	\$ 1,949,855
Investments	4,686,301	962,435	5,648,736
Taxes receivables (net)	462,341	-	462,341
Account receivables (net)	80,183	198,876	279,059
Intergovernmental receivable	10,631	-	10,631
Internal balances	8,157	(8,157)	-
Prepaid items	5,093	-	5,093
Tax deeded property, subject to resale	1,161	-	1,161
Total assets	<u>6,649,792</u>	<u>1,707,084</u>	<u>8,356,876</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Amounts related to pensions	145,904	-	145,904
Amounts related to other postemployment benefits	10,310	-	10,310
Total deferred outflows of resources	<u>156,214</u>	<u>-</u>	<u>156,214</u>
<b>LIABILITIES</b>			
Accounts payable	111,691	29,261	140,952
Accrued salaries and benefits	71,729	3,283	75,012
Accrued interest payable	19,957	2,329	22,286
Intergovernmental payable	16,890	-	16,890
Long-term liabilities:			
Due within one year	144,826	32,881	177,707
Due in more than one year	2,683,741	84,440	2,768,181
Total liabilities	<u>3,048,834</u>	<u>152,194</u>	<u>3,201,028</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Amounts related to pensions	139,757	-	139,757
Amounts related to other postemployment benefits	583	-	583
Total deferred inflows of resources	<u>140,340</u>	<u>-</u>	<u>140,340</u>
<b>NET POSITION</b>			
Net investment in capital assets	(1,185,969)	(111,521)	(1,297,490)
Restricted	3,021,140	1,666,411	4,687,551
Unrestricted	1,781,661	-	1,781,661
Total net position	<u>\$ 3,616,832</u>	<u>\$ 1,554,890</u>	<u>\$ 5,171,722</u>

The Notes to the Basic Financial Statements are an integral part of this statement.



**EXHIBIT B**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2019**

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>						
General government	\$ 1,061,568	\$ 31,718	\$ -	\$ (1,029,850)	\$ -	\$ (1,029,850)
Public safety	2,005,168	630,501	6,000	(1,368,667)	-	(1,368,667)
Highways and streets	1,193,840	7,637	130,005	(1,056,198)	-	(1,056,198)
Sanitation	598,080	417,726	-	(180,354)	-	(180,354)
Health	22,727	-	-	(22,727)	-	(22,727)
Welfare	20,215	-	-	(20,215)	-	(20,215)
Culture and recreation	414,065	3,553	-	(410,512)	-	(410,512)
Conservation	6,275	-	1,200	(5,075)	-	(5,075)
Economic development	5,196	-	-	(5,196)	-	(5,196)
Interest on long-term debt	29,590	-	-	(29,590)	-	(29,590)
Total governmental activities	<u>5,356,724</u>	<u>1,091,135</u>	<u>137,205</u>	<u>(4,128,384)</u>	<u>-</u>	<u>(4,128,384)</u>
<b>Business-type activities:</b>						
Water	207,837	294,846	-	-	87,009	87,009
Sewer	259,178	427,198	-	-	168,020	168,020
Total business-type activities	<u>467,015</u>	<u>722,044</u>	<u>-</u>	<u>-</u>	<u>255,029</u>	<u>255,029</u>
Total	<u>\$ 5,823,739</u>	<u>\$ 1,813,179</u>	<u>\$ 137,205</u>	<u>(4,128,384)</u>	<u>255,029</u>	<u>(3,873,355)</u>
<b>General revenues:</b>						
Taxes:						
Property				2,925,608	-	2,925,608
Other				131,636	-	131,636
Motor vehicle permit fees				834,890	-	834,890
Licenses and other fees				36,656	-	36,656
Grants and contributions not restricted to specific programs				236,616	-	236,616
Unrestricted investment earnings				541,254	26,428	567,682
Miscellaneous				204,121	5,510	209,631
Total general revenues				<u>4,910,781</u>	<u>31,938</u>	<u>4,942,719</u>
Change in net position				782,397	286,967	1,069,364
Net position, beginning, as restated (see Note 18)				<u>2,834,435</u>	<u>1,267,923</u>	<u>4,102,358</u>
Net position, ending				<u>\$ 3,616,832</u>	<u>\$ 1,554,890</u>	<u>\$ 5,171,722</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-1**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2019**

	General	Recycling Center	Ambulance	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 413,939	\$ 266,893	\$ 273,305	\$ 8,012	\$ 47,397	\$ 1,009,546
Investments	607,165	-	-	1,087,833	73,523	1,768,521
Receivables, net of allowance for uncollectible:						
Taxes	662,341	-	-	-	-	662,341
Accounts	27,137	-	53,046	-	-	80,183
Intergovernmental receivable	4,631	-	6,000	-	-	10,631
Interfund receivable	445,865	38,054	15,314	-	15,198	514,431
Voluntary tax liens	9,692	-	-	-	-	9,692
Voluntary tax liens reserved until collected	(9,692)	-	-	-	-	(9,692)
Prepaid items	5,093	-	-	-	-	5,093
Tax deeded property, subject to resale	1,161	-	-	-	-	1,161
Restricted assets:						
Cash and cash equivalents	386,379	-	-	-	-	386,379
Investments	2,917,780	-	-	-	-	2,917,780
<b>Total assets</b>	<b>\$ 5,471,491</b>	<b>\$ 304,947</b>	<b>\$ 347,665</b>	<b>\$ 1,095,845</b>	<b>\$ 136,118</b>	<b>\$ 7,356,066</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 69,548	\$ 38,912	\$ 3,231	\$ -	\$ -	\$ 111,691
Accrued salaries and benefits	54,805	6,047	10,877	-	-	71,729
Intergovernmental payable	16,890	-	-	-	-	16,890
Interfund payable	68,566	94,222	338,285	5,201	-	506,274
Total liabilities	209,809	139,181	352,393	5,201	-	706,584
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - Property taxes	134,782	-	-	-	-	134,782
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable	6,254	-	-	981,857	-	988,111
Restricted	1,887,109	-	-	108,787	43,387	2,039,283
Committed	1,397,777	165,766	-	-	92,731	1,656,274
Assigned	118,853	-	-	-	-	118,853
Unassigned (deficit)	1,716,907	-	(4,728)	-	-	1,712,179
Total fund balances (deficit)	5,126,900	165,766	(4,728)	1,090,644	136,118	6,514,700
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,471,491</b>	<b>\$ 304,947</b>	<b>\$ 347,665</b>	<b>\$ 1,095,845</b>	<b>\$ 136,118</b>	<b>\$ 7,356,066</b>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-2**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**December 31, 2019**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 6,514,700
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 145,904	
Deferred inflows of resources related to pensions	(139,757)	
Deferred outflows of resources related to OPEB	10,310	
Deferred inflows of resources related to OPEB	<u>(583)</u>	15,874
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (399,538)	
Payables	<u>399,538</u>	-
Long term revenue (taxes) are not available to pay current period expenditures and therefore, is deferred in the governmental funds.		
		134,782
Allowance for uncollectible property taxes that is reported on a full accrual basis, but not on the modified accrual basis.		
		(200,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(19,957)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bond	\$ 670,000	
Unamortized bond premium	70,840	
Capital leases	445,129	
Compensated absences	116,367	
Net pension liability	1,338,055	
Other postemployment benefits	<u>188,176</u>	(2,828,567)
Net position of governmental activities (Exhibit A)		<u><u>\$ 3,616,832</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-3**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2019**

	General	Recycling Center	Ambulance	Permanent	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 3,045,898	\$ -	\$ -	\$ -	\$ 20,000	\$ 3,065,898
Licenses and permits	871,546	-	-	-	-	871,546
Intergovernmental	367,021	302,304	190,202	-	17,781	877,308
Charges for services	78,775	115,424	389,765	-	-	583,964
Miscellaneous	544,322	1,993	15,316	179,703	7,725	749,059
Total revenues	<u>4,907,562</u>	<u>419,721</u>	<u>595,283</u>	<u>179,703</u>	<u>45,506</u>	<u>6,147,775</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,028,218	-	-	6,916	-	1,035,134
Public safety	1,117,651	-	884,246	-	-	2,001,897
Highways and streets	955,982	-	-	-	-	955,982
Sanitation	-	599,357	-	-	-	599,357
Health	22,727	-	-	-	-	22,727
Welfare	20,215	-	-	-	-	20,215
Culture and recreation	399,212	-	-	-	253	399,465
Conservation	6,275	-	-	-	-	6,275
Economic development	5,196	-	-	-	-	5,196
Debt service:						
Principal	30,000	-	-	-	-	30,000
Interest	38,143	-	-	-	-	38,143
Capital outlay	296,370	133	-	-	-	296,503
Total expenditures	<u>3,919,989</u>	<u>599,490</u>	<u>884,246</u>	<u>6,916</u>	<u>253</u>	<u>5,410,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>987,573</u>	<u>(179,769)</u>	<u>(288,963)</u>	<u>172,787</u>	<u>45,253</u>	<u>736,881</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	5,201	170,070	181,178	-	-	356,449
Transfers out	(351,248)	-	-	(5,201)	-	(356,449)
Capital lease	91,000	-	-	-	-	91,000
Total other financing sources (uses)	<u>(255,047)</u>	<u>170,070</u>	<u>181,178</u>	<u>(5,201)</u>	<u>-</u>	<u>91,000</u>
Net change in fund balances	732,526	(9,699)	(107,785)	167,586	45,253	827,881
Fund balances, beginning	4,394,374	175,465	103,057	923,058	90,865	5,686,819
Fund balances (deficit), ending	<u>\$ 5,126,900</u>	<u>\$ 165,766</u>	<u>\$ (4,728)</u>	<u>\$ 1,090,644</u>	<u>\$ 136,118</u>	<u>\$ 6,514,700</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-4**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended December 31, 2019**

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances of governmental funds (Exhibit C-3)		\$ 827,881
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (356,449)	
Transfers out	<u>356,449</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue	(33,654)	
Change in allowance for uncollectible property taxes	<u>25,000</u>	(8,654)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Inception of capital lease	\$ (91,000)	
Repayment of bond principal	30,000	
Repayment of capital leases	83,372	
Amortization of bond premium	<u>5,060</u>	27,432
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 3,493	
Increase in compensated absences payable	(25,356)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(40,326)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(2,073)</u>	(64,262)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 782,397</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT D-1**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,002,344	\$ 3,002,344	\$ 3,037,244	\$ 34,900
Licenses and permits	761,900	761,900	871,546	109,646
Intergovernmental	367,092	367,092	366,621	(471)
Charges for services	52,000	52,000	78,775	26,775
Miscellaneous	193,200	193,200	178,867	(14,333)
Total revenues	<u>4,376,536</u>	<u>4,376,536</u>	<u>4,533,053</u>	<u>156,517</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,268,286	1,268,286	1,055,532	212,754
Public safety	1,162,703	1,162,703	1,117,651	45,052
Highways and streets	934,174	934,174	864,982	69,192
Health	25,058	25,058	22,727	2,331
Welfare	41,196	41,196	20,215	20,981
Culture and recreation	334,643	334,643	330,724	3,919
Conservation	8,735	8,735	6,275	2,460
Economic development	6,500	6,500	5,196	1,304
Debt service:				
Principal	30,000	30,000	30,000	-
Interest	37,000	37,000	38,143	(1,143)
Capital outlay	295,994	355,889	363,814	(7,925)
Total expenditures	<u>4,144,289</u>	<u>4,204,184</u>	<u>3,855,259</u>	<u>348,925</u>
Excess of revenues over expenditures	<u>232,247</u>	<u>172,352</u>	<u>677,794</u>	<u>505,442</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	60,000	119,895	125,096	5,201
Transfers out	(776,247)	(776,247)	(776,248)	(1)
Total other financing sources (uses)	<u>(716,247)</u>	<u>(656,352)</u>	<u>(651,152)</u>	<u>5,200</u>
Net change in fund balances	<u>\$ (484,000)</u>	<u>\$ (484,000)</u>	26,642	<u>\$ 510,642</u>
Increase in nonspendable fund balance			(6,254)	
Unassigned fund balance, beginning, as restated (see Note 18)			1,631,301	
Unassigned fund balance, ending			<u>\$ 1,651,689</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT D-2**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Recycling Center Fund**  
**For the Fiscal Year Ended December 31, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 302,303	\$ 302,304	\$ 1
Charges for services	75,700	115,424	39,724
Miscellaneous	-	1,993	1,993
Total revenues	<u>378,003</u>	<u>419,721</u>	<u>41,718</u>
<b>EXPENDITURES</b>			
Current:			
Sanitation	<u>548,072</u>	<u>599,357</u>	<u>(51,285)</u>
Deficiency of revenues under expenditures	<u>(170,069)</u>	<u>(179,769)</u>	<u>(9,700)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>170,069</u>	<u>170,070</u>	<u>1</u>
Net change in fund balances	<u>\$ -</u>	<u>(9,699)</u>	<u>\$ (9,699)</u>
Fund balance, beginning		<u>175,465</u>	
Fund balance, ending		<u>\$ 165,766</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT D-3**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**Ambulance Fund**  
**For the Fiscal Year Ended December 31, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 184,003	\$ 190,202	\$ 6,199
Charges for services	260,000	389,765	129,765
Miscellaneous	-	15,316	15,316
Total revenues	<u>444,003</u>	<u>595,283</u>	<u>151,280</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>625,181</u>	<u>884,246</u>	<u>(259,065)</u>
Total expenditures			
Deficiency of revenues under expenditures	<u>(181,178)</u>	<u>(288,963)</u>	<u>(107,785)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>181,178</u>	<u>181,178</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(107,785)</u>	<u>\$ (107,785)</u>
Fund balance, beginning		<u>103,057</u>	
Fund balance (deficit), ending		<u>\$ (4,728)</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.



**EXHIBIT E-1**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2019**

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 278,402	\$ 275,528	\$ 553,930
Investments	949,419	13,016	962,435
Accounts receivable	78,275	120,601	198,876
Total assets	<u>1,306,096</u>	<u>409,145</u>	<u>1,715,241</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	8,562	20,699	29,261
Accrued salaries and benefits	2,691	592	3,283
Accrued interest payable	523	1,806	2,329
Internal balances	5,847	2,310	8,157
Long term liabilities:			
Due within one year	10,001	22,880	32,881
Due in more than one year	5,800	78,640	84,440
Total liabilities	<u>33,424</u>	<u>126,927</u>	<u>160,351</u>
<b>NET POSITION</b>			
Net investment in capital assets	(10,001)	(101,520)	(111,521)
Restricted	1,282,673	383,738	1,666,411
Total net position	<u>\$ 1,272,672</u>	<u>\$ 282,218</u>	<u>\$ 1,554,890</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT E-2**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended December 31, 2019**

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Operating revenues:			
User charges	\$ 292,837	\$ 415,233	\$ 708,070
Fees and interest	2,009	3,784	5,793
Miscellaneous	-	8,181	8,181
Total operating revenues	<u>294,846</u>	<u>427,198</u>	<u>722,044</u>
Operating expenses:			
Salaries and wages	93,289	28,941	122,230
Operation and maintenance	65,136	206,298	271,434
Contractual services	16,193	13,737	29,930
Materials and supplies	33,219	5,221	38,440
Total operating expenses	<u>207,837</u>	<u>254,197</u>	<u>462,034</u>
Operating gain	<u>87,009</u>	<u>173,001</u>	<u>260,010</u>
Nonoperating revenue(expense):			
Interest income	26,241	187	26,428
Interest expense	-	(4,981)	(4,981)
Other	5,510	-	5,510
Total nonoperating revenues	<u>31,751</u>	<u>(4,794)</u>	<u>26,957</u>
Change in net position	118,760	168,207	286,967
Net position, beginning, as restated (see Note 18)	<u>1,153,912</u>	<u>114,011</u>	<u>1,267,923</u>
Net position, ending	<u>\$ 1,272,672</u>	<u>\$ 282,218</u>	<u>\$ 1,554,890</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT E-3**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended December 31, 2019**

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 285,408	\$ 426,685	\$ 712,093
Payments to employees	(94,054)	(28,924)	(122,978)
Payments to suppliers	(157,478)	(151,240)	(308,718)
Net cash provided by operating activities	<u>33,876</u>	<u>246,521</u>	<u>280,397</u>
Cash flows from capital and related financing activities:			
Principal paid on capital lease	(9,627)	-	(9,627)
Principal paid on bonds	-	(20,000)	(20,000)
Interest paid	-	(8,625)	(8,625)
Net cash used for capital and related financing activities	<u>(9,627)</u>	<u>(28,625)</u>	<u>(38,252)</u>
Cash flows from investing activities:			
Purchase of investments	(86,576)	(13,000)	(99,576)
Interest received	26,241	171	26,412
Net cash used for investing activities	<u>(60,335)</u>	<u>(12,829)</u>	<u>(73,164)</u>
Net increase/decrease in cash	(36,086)	205,067	168,981
Cash, beginning	314,488	70,461	384,949
Cash, ending	<u>\$ 278,402</u>	<u>\$ 275,528</u>	<u>\$ 553,930</u>

**Reconciliation of Operating Gain to Net Cash Provided by Operating Activities**

Operating gain	\$ 87,009	\$ 173,001	\$ 260,010
Adjustments to reconcile operating gain to net cash provided by operating activities:			
Increase in other receivables	(9,438)	(513)	(9,951)
(Increase)/Decrease in internal balances	(33,168)	71,802	38,634
Increase/(Decrease) in accounts payable	(9,760)	1,832	(7,928)
Increase in accrued salaries and benefits	618	17	635
Increase/(Decrease) in accrued interest payable	(2)	382	380
Decrease in compensated absences	(1,383)	-	(1,383)
Total adjustments	<u>(53,133)</u>	<u>73,520</u>	<u>20,387</u>
Net cash provided by operating activities	<u>\$ 33,876</u>	<u>\$ 246,521</u>	<u>\$ 280,397</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT F-1**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2019**

	Private Purpose Trust Funds	All Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 830	\$ 71,636
Investments	153,690	3,326,132
Total assets	<u>154,520</u>	<u>3,397,768</u>
<b>LIABILITIES</b>		
Intergovernmental payable:		
School	<u>-</u>	<u>3,153,979</u>
<b>NET POSITION</b>		
Restricted	<u>\$ 154,520</u>	<u>\$ 243,789</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT F-2**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2019**

	Private Purpose Trust Funds	All Custodial Funds
<b>ADDITIONS</b>		
Contributions	\$ -	\$ 150,490
Investment earnings	7,812	5,450
Change in fair market value	16,416	2,373
Tax collections for other governments	-	7,943,833
Total additions	<u>24,228</u>	<u>8,102,146</u>
<b>DEDUCTIONS</b>		
Benefits paid	1,058	-
Payments of taxes to other governments	-	8,199,285
Total deductions	<u>1,058</u>	<u>8,199,285</u>
Change in net position	23,170	(97,139)
Net position, beginning, as restated (see Note 18)	131,350	340,928
Net position, ending	<u>\$ 154,520</u>	<u>\$ 243,789</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**TOWN OF WILTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**TOWN OF WILTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Wilton, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In 2019 the Town implemented GASB Statement No. 84, *Fiduciary Activities*, which changed the way fiduciary activities are recorded. See Note 2-D for further information on this pronouncement.

The more significant of the Town's accounting policies are described below.

**1-A Reporting Entity**

The Town of Wilton is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

**1-B Basis of Accounting, and Measurement Focus**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-wide Financial Statements** – The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the capital assets and related accumulated depreciation, which have been omitted because they have not been inventoried at historical cost. In addition, long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town's single employer plan have also been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded depreciation expense nor other postemployment benefit expense of the Town's single employer plan in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services, and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

**Governmental Fund Financial Statements** – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of



**TOWN OF WILTON, NEW HAMPSHIRE**  
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the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

**General Fund** – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the library and expendable trust funds are consolidated in the general fund.

**Recycling Center Fund** – accounts for the operations of the Town’s recycling center.

**Ambulance Fund** – accounts for the operations of the Town’s ambulance services.

**Permanent Fund** – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports three nonmajor governmental funds.

**Proprietary Fund Financial Statements** – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each of the major proprietary funds.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary funds:

**Water Fund** – accounts for the activities related to the operation of the water treatment plant, wells, and water system.

**Sewer Fund** – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines.

**Fiduciary Fund Financial Statements** – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, which are custodial in nature. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

**TOWN OF WILTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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The Town also reports the following fiduciary funds:

**Private Purpose Trust Fund** – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

**Custodial Fund** – are custodial in nature and do not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

***1-C Cash and Cash Equivalents***

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, and savings accounts.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

***1-D Restricted Assets***

Certain Town assets are classified as restricted assets because their use is restricted by statutory limitation.

***1-E Statement of Cash Flows***

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

***1-F Investments***

State statutes place certain limitations on the nature of deposits and investments available as follows:

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

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

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

**Fair Value Measurements of Investments** – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

**Level 1** – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

**TOWN OF WILTON, NEW HAMPSHIRE**  
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**Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the Town’s holdings in New Hampshire Public Deposit Investment Pool (NHPDIP), U.S. government obligations, and corporate bonds would be examples of Level 2 investments.

**Level 3** – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

**Investments in Certain External Investment Pools** – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP’s Information Statement.

***1-G Receivables***

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

***1-H Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The nonspendable fund balance at the governmental fund level includes the amount of prepaids at year-end to indicate that portion of the governmental fund balance that is nonspendable.

***1-I Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***Interfund Transfers*** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

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***1-J Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on June 3, 2019 and November 20, 2019, and due on July 1, 2019 and December 21, 2019. Interest accrues at a rate of 12% (from January 1, 2019 through March 31, 2019) and 8% (after April 1, 2019) on bills outstanding after the due date and 18% (from January 1, 2019 through March 31, 2019) and 14% (after April 1, 2019) on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2018 on May 23, 2019.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Wilton-Lyndeborough Cooperative School District, and Hillsborough County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2019 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 377,007,917
For all other taxes	\$ 372,648,345

The tax rates and amounts assessed for the year ended December 31, 2019 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 7.93	\$ 2,992,919
School portion:		
State of New Hampshire	2.13	789,814
Local	17.76	6,695,317
County portion	1.22	458,702
Total	<u>\$ 29.04</u>	<u>\$ 10,936,752</u>

***1-K Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2019.

***1-L Deferred Outflows/Inflows of Resources***

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town's reporting period.

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

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***1-M Long-term Obligations***

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium.

***1-N Compensated Absences***

The Town's policy allows certain employees to earn varying amounts of vacation and sick pay based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by the Town's personnel policy. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

***1-O Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

***1-P Postemployment Benefits Other Than Pensions***

The Town maintains two separate other postemployment benefit plans (OPEB), as follows:

***New Hampshire Retirement System Plan*** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***Single Employer Plan*** – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board Statement No. 75.

***1-Q Net Position/Fund Balances***

***Government-wide Statements*** – Equity is classified as net position and displayed in three components:

**Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Because the Town has not reported its capital assets, this amount is a negative balance.

**Restricted net position** – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

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**Unrestricted net position** – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

**Fund Balance Classifications** – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

**Restricted** – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process.

**Unassigned** – Amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 5-17% of the total appropriations of the community.

### ***1-R Use of Estimates***

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

## ***NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY***

### ***2-A Budgetary Information***

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2019, \$454,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$30,000 was voted from unassigned fund balance as a transfer to the capital reserve funds.

**2-B Budgetary Reconciliation to GAAP Basis**

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for each major governmental fund which had a budget. There are no differences between the budgetary basis of accounting for the major recycling center and ambulance funds. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 4,658,149
Adjustment:	
Basis differences:	
Inception of capital lease	91,000
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	365,855
To eliminate transfers between general fund and blended expendable trust funds	(119,895)
Change in deferred tax revenue relating to 60-day revenue recognition	8,654
Per Exhibit C-3 (GAAP basis)	<u>\$ 5,003,763</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 4,631,507
Adjustment:	
Basis differences:	
Inception of capital lease	91,000
Encumbrances, beginning	23,268
Encumbrances, ending	(118,853)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	69,315
To eliminate transfers between general fund and blended expendable trust funds	(425,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 4,271,237</u>

**2-C Deficit Fund Balances**

The ambulance special revenue fund had a deficit fund balance of \$4,728 at December 31, 2019. This deficit will be financed through future revenues of the fund.

**2-D Accounting Change**

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2)

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investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 18.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$2,022,321 and the bank balances totaled \$2,056,952. Petty cash totaled \$536.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,949,855
Cash per Statement of Fiduciary Net Position (Exhibit F-1)	<u>72,466</u>
Total cash and cash equivalents	<u>\$ 2,022,321</u>

**NOTE 4 – RESTRICTED ASSETS**

Cash and investments are classified as restricted for the following purposes:

Cash and cash equivalents:	
General fund:	
Library	\$ 378,348
Expendable trust funds	<u>8,031</u>
Total restricted cash and cash equivalents	<u>386,379</u>
Investments:	
General fund:	
Library	1,528,034
Expendable trust funds	<u>1,389,746</u>
Total restricted investments	<u>2,917,780</u>
Total restricted assets	<u>\$ 3,304,159</u>

**NOTE 5 – INVESTMENTS**

Note 1-F describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.



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The Town has the following recurring fair value measurements and maturities as of December 31, 2019:

	Valuation Measurement Method	Reported Balance
Investments type:		
Certificates of deposit	Level 1	\$ 2,330,514
Equity mutual funds	Level 1	303,101
Equity stocks	Level 1	1,493,417
Fixed income government	Level 1	167,473
Equity exchange traded funds	Level 1	18,816
International equity stocks	Level 1	70,712
Fixed income taxable funds	Level 1	177,107
Fixed income corporate bonds	Level 1	534,136
Fixed income mortgage backed securities	Level 1	117,448
New Hampshire Public Deposit Investment Pool	Level 2	3,910,201
International equity mutual funds	Level 1	5,633
Total fair value		<u>\$ 9,128,558</u>

**Interest Rate Risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Custodial Credit Risk** – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have custodial credit risk policies for investments.

**Concentration of Credit Risk** – The Town places no limit on the amount it may invest in any one issuer. More than 5% of the Town’s investments are in certificates of deposit, equity stocks, and NHPDIP. These investments are 25.53%, 16.36%, and 42.83%, respectively, of the Town’s total investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 5,648,736
Investments per Statement of Fiduciary Net Position (Exhibit F-1)	<u>3,479,822</u>
Total investments	<u>\$ 9,128,558</u>

**NOTE 6 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2019. The amount has been reduced by an allowance for an estimated uncollectible amount of \$200,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2019	\$ 403,681	\$ 403,681
Unredeemed (under tax lien):		
Levy of 2018	106,356	106,356
Levy of 2017	65,522	65,522
Levies of 2016 and prior	86,782	86,782
Less: allowance for estimated uncollectible taxes	(200,000) *	-
Net taxes receivable	<u>\$ 462,341</u>	<u>\$ 662,341</u>

\*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

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**NOTE 7 – OTHER RECEIVABLES**

Receivables at December 31, 2019, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2019 for the Town’s individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Activities			Business-type Activities		
	General Fund	Ambulance	Total	Water	Sewer	Total
Receivables:						
Accounts	\$ 27,137	\$ 245,289	\$ 272,426	\$ 78,275	\$ 120,601	\$ 198,876
Intergovernmental	4,631	6,000	10,631	-	-	-
Gross receivables	31,768	251,289	283,057	78,275	120,601	198,876
Less: allowance for uncollectibles	-	(192,243)	(192,243)	-	-	-
Net total receivables	<u>\$ 31,768</u>	<u>\$ 59,046</u>	<u>\$ 90,814</u>	<u>\$ 78,275</u>	<u>\$ 120,601</u>	<u>\$ 198,876</u>

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances** - The composition of interfund balances as of December 31, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General	Recycling center	\$ 94,222
	Ambulance	338,285
	Permanent	5,201
Nonmajor	General	68,566
		<u>\$ 506,274</u>

**Internal Balances** - The composition of internal balances as of December 31, 2019 is as follows:

<b>Internal Balances</b>		
Receivable Fund	Payable Fund	Amount
General	Enterprise fund - water	\$ 5,847
	Enterprise fund - sewer	2,310
		<u>\$ 8,157</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfers** - The composition of interfund transfers for the year ended December 31, 2019 is as follows:

	Transfers In:			
	General Fund	Recycling Center Fund	Ambulance Fund	Total
Transfers out:				
General fund	\$ -	\$ 170,070	\$ 181,178	\$ 351,248
Permanent fund	5,201	-	-	5,201
Total	<u>\$ 5,201</u>	<u>\$ 170,070</u>	<u>\$ 181,178</u>	<u>\$ 356,449</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

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**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2019 consist of the following:

	General Fund	Fiduciary Funds
Miscellaneous fees due to the State of New Hampshire	\$ 654	\$ -
Balance due to the New Hampshire Retirement System	16,236	-
Taxes due to the Wilton-Lyndeborough Cooperative School District	-	3,153,979
Total intergovernmental payables due	<u>\$ 16,890</u>	<u>\$ 3,153,979</u>

**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of at December 31, 2019 consist of amounts related to pensions totaling \$145,904 and amounts related to OPEB totaling \$10,310. For further discussion on these amounts, see Note 13 and 14 respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 134,782
Amounts related to pensions, see Note 13	139,757	-
Amounts related to OPEB, see Note 14	583	-
Total deferred inflows of resources	<u>\$ 140,340</u>	<u>\$ 134,782</u>

**NOTE 11 – CAPITAL LEASE OBLIGATIONS**

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2019
<b>Governmental Activities:</b>		
Capital lease obligations:		
Chevrolet Caprice	4.39%	\$ 16,771
Plow truck	4.14%	126,934
Ambulance	4.19%	132,077
Cardiac monitors	1.90%	54,356
Skid steer loader	5.50%	23,991
Backhoe loader	3.85%	91,000
Total governmental capital lease obligations		<u>\$ 445,129</u>
<b>Business-type Activities:</b>		
Ford F-350	3.89%	<u>\$ 10,001</u>

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The annual requirements to amortize the capital leases payable as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities	Business-type Activities
2020	\$ 119,880	\$ 10,390
2021	119,878	-
2022	110,940	-
2023	89,176	-
2024	48,311	-
Total requirements	488,185	10,390
Less: interest	43,056	389
Present value of remaining payments	<u>\$ 445,129</u>	<u>\$ 10,001</u>

**NOTE 12 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
<b>Governmental activities:</b>					
Bond payable:					
General obligation bond	\$ 700,000	\$ -	\$ (30,000)	\$ 670,000	\$ 35,000
Premium	75,900	-	(5,060)	70,840	5,060
Total bond payable	<u>775,900</u>	-	<u>(35,060)</u>	<u>740,840</u>	<u>40,060</u>
Capital leases	437,501	91,000	(83,372)	445,129	104,766
Compensated absences	91,011	25,356	-	116,367	-
Net pension liability	1,339,243	-	(1,188)	1,338,055	-
Net other postemployment benefits	196,944	-	(8,768)	188,176	-
Total long-term liabilities	<u>\$ 2,840,599</u>	<u>\$ 116,356</u>	<u>\$ (128,388)</u>	<u>\$ 2,828,567</u>	<u>\$ 144,826</u>
<b>Business-type activities:</b>					
Bond payable:					
General obligation bond	\$ 110,000	\$ -	\$ (20,000)	\$ 90,000	\$ 20,000
Premium	14,400	-	(2,880)	11,520	2,880
Total bond payable	<u>124,400</u>	-	<u>(22,880)</u>	<u>101,520</u>	<u>22,880</u>
Capital leases	19,628	-	(9,627)	10,001	10,001
Compensated absences	7,183	-	(1,383)	5,800	-
Total long-term liabilities	<u>\$ 151,211</u>	<u>\$ -</u>	<u>\$ (33,890)</u>	<u>\$ 117,321</u>	<u>\$ 32,881</u>

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Long-term bonds are comprised of the following:

**Governmental activities:**

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2019	Current Portion
General obligation bond payable:						
Fire station	\$ 833,800	2013	2033	3.75%	\$ 670,000	\$ 35,000
Bond premium					70,840	5,060
Total					<u>\$ 740,840</u>	<u>\$ 40,060</u>

**Business-type activities:**

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2019	Current Portion
General obligation bond payable:						
Sewer project	\$ 191,200	2013	2023	2.62%	\$ 90,000	\$ 20,000
Bond premium					11,520	2,880
Total					<u>\$ 101,520</u>	<u>\$ 22,880</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2019, including interest payments, are as follows:

**Governmental activities:**

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 35,000	\$ 33,695	\$ 68,695
2021	35,000	31,822	66,822
2022	40,000	29,950	69,950
2023	40,000	27,810	67,810
2024	40,000	25,670	65,670
2025-2029	240,000	99,855	339,855
2030-2033	240,000	31,365	271,365
Totals	<u>\$ 670,000</u>	<u>\$ 280,167</u>	<u>\$ 950,167</u>

**Business-type activities:**

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 20,000	\$ 4,815	\$ 24,815
2021	20,000	3,745	23,745
2022	25,000	2,675	27,675
2023	25,000	1,340	26,340
Totals	<u>\$ 90,000</u>	<u>\$ 12,575</u>	<u>\$ 102,575</u>

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

**NOTE 13 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a

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contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time State employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

**Benefits Provided** – The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by ¼ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

**Contributions** - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2019, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2019 was \$124,733, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2019 the Town reported a liability of \$1,338,055 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town’s proportion was 0.03% which is the same as its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$166,554. At December 31, 2019 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 26,801	\$ 100,055
Changes in assumptions	48,009	-
Net difference between projected and actual investment earnings on pension plan investments	-	10,930
Differences between expected and actual experience	7,398	28,772
Contributions subsequent to the measurement date	63,696	-
Total	<u>\$ 145,904</u>	<u>\$ 139,757</u>

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The \$63,696 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2020	\$ 26,375
2021	(63,561)
2022	(23,334)
2023	2,971
Thereafter	-
Totals	<u>\$ (57,549)</u>

**Actuarial Assumptions** – The collective total pension liability was based on the following assumptions:

Inflation:	2.5%
Salary increases:	5.6% average, including inflation
Wage inflation	3.25% (3.00% for teachers)
Investment rate of return:	7.25% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

**Long-term Rates of Return** – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2019</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	<u>20.00%</u>	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	<u>25.00%</u>	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	3.00%
Total	<u>100.00%</u>	

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**Discount Rate** – The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

**Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 1,791,710	\$ 1,338,055	\$ 963,112

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

**NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**14-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

**Benefits Provide** - Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2019 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.



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**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the Town contributed 4.10% for police and fire, and 0.30% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2019 was \$19,301, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At December 31, 2019, the Town reported a liability of \$188,176 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town’s proportion was 0.04% which is the same as its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$22,505. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 45
Net difference between projected and actual investment earnings on OPEB plan investments	-	211
Differences between expected and actual experience	-	327
Contributions subsequent to the measurement date	10,310	-
Total	\$ 10,310	\$ 583

The \$10,310 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2020	\$ (513)
2021	(140)
2022	15
2023	55
Thereafter	-
Totals	\$ (583)

**Actuarial Assumptions** – The collective total OPEB liability was based on the following actuarial assumptions:

Inflation:	2.5 %
Wage inflation:	3.25 % (3.00%) for teachers
Salary increases:	5.6 % average, including inflation
Investment rate of return:	7.25 % net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

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The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

**Long-term Rates of Return** – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the Town's proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the Town's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 204,106	\$ 188,176	\$ 174,334

**Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption** – GASB No. 75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

**OPEB Plan Fiduciary Net Position** – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

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**14-B Town of Wilton Retiree Health Benefit Program**

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town's contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2019 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town's single employer plan are unknown.

**NOTE 15 – ENCUMBRANCES**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2019 and are as follows:

General fund:	
General government	\$ 30,276
Capital outlay	88,577
Total encumbrances	<u>\$ 118,853</u>

**NOTE 16 – NET POSITION**

Net position reported on the Statement of Net Position at December 31, 2019 include the following:

	Government-wide Financial Statements			Fiduciary Funds
	Governmental Activities	Business-type Activities	Total	
Net investment in capital assets:				
Net book value, all capital assets	\$ -	\$ -	\$ -	\$ -
Less:				
General obligation bond payable	(670,000)	(90,000)	(760,000)	-
Unamortized bond premiums	(70,840)	(11,520)	(82,360)	-
Capital leases payable	(445,129)	(10,001)	(455,130)	-
Total net investment in capital assets	<u>(1,185,969)</u>	<u>(111,521)</u>	<u>(1,297,490)</u>	<u>-</u>
Restricted net position:				
Perpetual care - nonexpendable	981,857	-	981,857	-
Perpetual care - expendable	108,787	-	108,787	-
Library	1,887,109	-	1,887,109	-
Impact fees	43,387	-	43,387	69,775
Water	-	1,282,673	1,282,673	-
Sewer	-	383,738	383,738	-
Individuals, organizations and other governments	-	-	-	328,534
Total restricted net position	<u>3,021,140</u>	<u>1,666,411</u>	<u>4,687,551</u>	<u>398,309</u>
Unrestricted	<u>1,781,661</u>	<u>-</u>	<u>1,781,661</u>	<u>-</u>
Total net position	<u>\$ 3,616,832</u>	<u>\$ 1,554,890</u>	<u>\$ 5,171,722</u>	<u>\$ 398,309</u>

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**NOTE 17 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

	General Fund	Recycling Center	Ambulance Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>						
Prepaid items	\$ 5,093	\$ -	\$ -	\$ -	\$ -	\$ 5,093
Tax dedeed property	1,161	-	-	-	-	1,161
Permanent fund - principal balance	-	-	-	981,857	-	981,857
Total nonspendable fund balance	<u>6,254</u>	<u>-</u>	<u>-</u>	<u>981,857</u>	<u>-</u>	<u>988,111</u>
<b>Restricted:</b>						
Library	1,887,109	-	-	-	-	1,887,109
Permanent - income balance	-	-	-	108,787	-	108,787
Impact fees	-	-	-	-	43,387	43,387
Total restricted fund balance	<u>1,887,109</u>	<u>-</u>	<u>-</u>	<u>108,787</u>	<u>43,387</u>	<u>2,039,283</u>
<b>Committed:</b>						
Expendable trusts	1,397,777	-	-	-	-	1,397,777
Sanitation	-	165,766	-	-	-	165,766
Conservation	-	-	-	-	90,671	90,671
Culture and recreation	-	-	-	-	2,060	2,060
Total committed fund balance	<u>1,397,777</u>	<u>165,766</u>	<u>-</u>	<u>-</u>	<u>92,731</u>	<u>1,656,274</u>
<b>Assigned:</b>						
Encumbrances	118,853	-	-	-	-	118,853
Unassigned (deficit)	<u>1,716,907</u>	<u>-</u>	<u>(4,728)</u>	<u>-</u>	<u>-</u>	<u>1,712,179</u>
Total governmental fund balances (deficit)	<u>\$ 5,126,900</u>	<u>\$ 165,766</u>	<u>\$ (4,728)</u>	<u>\$ 1,090,644</u>	<u>\$ 136,118</u>	<u>\$ 6,514,700</u>

**NOTE 18 – PRIOR PERIOD ADJUSTMENTS**

Net position/fund balance at January 1, 2019 was restated to give retroactive effect to the following prior period adjustments:

	Government-wide Activities	General Fund	General (Budgetary Basis)	Business-type Activities	Sewer Fund	Fiduciary Funds
To restate for the cumulative changes related to implementation of GASB Statement No. 84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,928
To restate for internal balance in the sewer fund which was determined to be inaccurate	(42,541)	(42,541)	(42,541)	42,541	42,541	-
Net position/fund balance, as previously reported	<u>2,876,976</u>	<u>4,436,915</u>	<u>1,673,842</u>	<u>1,225,382</u>	<u>71,470</u>	<u>131,350</u>
Net position/fund balance, as restated	<u>\$ 2,834,435</u>	<u>\$ 4,394,374</u>	<u>\$ 1,631,301</u>	<u>\$ 1,267,923</u>	<u>\$ 114,011</u>	<u>\$ 472,278</u>

**NOTE 19 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2019, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2019 to December 31, 2019 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the

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member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2019 the Town paid \$49,687 and \$50,900 respectively, to Primex for property, liability and worker's compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 20 – DEFERRED COMPENSATION PLAN**

Effective September 1, 2013, the Town implemented a deferred compensation plan pursuant to Section 457(b) of the IRS code. The primary purpose of this plan is to permit employees of the Town to enter into an agreement which will provide for deferral of payment of a portion of their current compensation until death, retirement, severance, from employment or other event in accordance with the provisions of Section 475(b).

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the Town begins on January 1 and ends on December 31. In 2019 the Town contributed \$24,087 towards the deferred compensation plan.

**NOTE 21 – CONTINGENT LIABILITIES**

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

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

**NOTE 22 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Town had no such agreements at December 31, 2019.

**NOTE 23 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through August 13, 2020, the date the December 31, 2019 financial statements were available to be issued, and the following event occurred that requires disclosure:

On March 11, 2020, the World Health Organization declared, the outbreak of a coronavirus (COVID-19), a pandemic. In response to the pandemic, the State of New Hampshire's Governor, issued an order declaring a state of emergency on March 13, 2020. As a result, economic uncertainties have arisen which could have a financial impact though such impact is unknown at this time.

At the Town's March 2020 annual meeting Warrant Article No. 18 was approved which utilizes \$7,300 of December 31, 2019 unassigned fund balance for the purchase of a welcome sign.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT G**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Town's proportion of the net pension liability	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Town's proportionate share of the net pension liability	\$ 1,123,961	\$ 1,067,757	\$ 1,167,042	\$ 1,709,556	\$ 1,501,710	\$ 1,339,243	\$ 1,338,055
Town's covered payroll	\$ 453,858	\$ 453,858	\$ 479,855	\$ 502,241	\$ 498,843	\$ 459,941	\$ 472,575
Town's proportionate share of the net pension liability as a percentage of its covered payroll	247.65%	235.26%	243.21%	340.39%	301.04%	291.18%	283.14%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%

**EXHIBIT H**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 64,938	\$ 92,286	\$ 98,833	\$ 115,119	\$ 111,863	\$ 117,553	\$ 121,018
Contributions in relation to the contractually required contributions	64,938	92,286	98,833	115,119	111,863	117,553	121,018
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 453,858	\$ 453,858	\$ 479,855	\$ 502,241	\$ 498,843	\$ 459,941	\$ 472,575
Contributions as a percentage of covered payroll	14.31%	20.33%	20.60%	22.92%	22.42%	25.56%	25.61%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.



**TOWN OF WILTON, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

***Schedule of the Town’s Proportionate Share of Net Pension Liability and  
Schedule of Town Contributions - Pensions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town’s pension plan at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2019:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

**Other Information:**

Notes	Contribution rates for fiscal year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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**EXHIBIT I**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,			
	2016	2017	2018	2019
Town's proportion of the net OPEB liability	0.03%	0.03%	0.04%	0.04%
Town's proportionate share of the net OPEB liability (asset)	\$ 163,395	\$ 147,014	\$ 196,944	\$ 188,176
Town's covered payroll	\$ 502,241	\$ 498,843	\$ 459,941	\$ 472,575
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	32.53%	29.47%	42.82%	39.82%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	5.21%

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**EXHIBIT J**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,			
	2016	2017	2018	2019
Contractually required contribution	\$ 19,612	\$ 19,057	\$ 19,027	\$ 19,588
Contributions in relation to the contractually required contribution	19,612	19,057	19,027	19,588
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 502,241	\$ 498,843	\$ 459,941	\$ 472,575
Contributions as a percentage of covered payroll	3.90%	3.82%	4.14%	4.14%

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**TOWN OF WILTON, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

***Schedule of the Town’s Proportionate Share of Net Other Postemployment Benefits Liability and  
Schedule of Town Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2019*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 2,890,220	\$ 2,925,608	\$ 35,388
Land use change	21,300	21,300	-
Yield	16,600	14,378	(2,222)
Excavation	5,112	5,113	1
Payment in lieu of taxes	5,112	5,053	(59)
Interest and penalties on taxes	64,000	65,792	1,792
Total from taxes	<u>3,002,344</u>	<u>3,037,244</u>	<u>34,900</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	1,300	1,305	5
Motor vehicle permit fees	728,000	834,890	106,890
Building permits	17,700	18,971	1,271
Other	14,900	16,380	1,480
Total from licenses, permits, and fees	<u>761,900</u>	<u>871,546</u>	<u>109,646</u>
<b>Intergovernmental:</b>			
<b>State:</b>			
Shared revenues	46,665	46,665	-
Meals and rooms distribution	188,947	188,947	-
Highway block grant	130,201	130,005	(196)
State and federal forest land reimbursement	315	315	-
Other	964	689	(275)
Total from intergovernmental	<u>367,092</u>	<u>366,621</u>	<u>(471)</u>
<b>Charges for services:</b>			
Income from departments	<u>52,000</u>	<u>78,775</u>	<u>26,775</u>
<b>Miscellaneous:</b>			
Sale of municipal property	1,000	-	(1,000)
Interest on investments	28,200	35,318	7,118
Other	164,000	143,549	(20,451)
Total from miscellaneous	<u>193,200</u>	<u>178,867</u>	<u>(14,333)</u>
<b>Other financing sources:</b>			
Transfers in	<u>119,895</u>	<u>125,096</u>	<u>5,201</u>
Total revenues and other financing sources	4,496,431	<u>\$ 4,658,149</u>	<u>\$ 161,718</u>
Unassigned fund balance used to reduce tax rate	454,000		
Amounts voted from fund balance	30,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 4,980,431</u>		

**SCHEDULE 2**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Major General Fund**

*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2019*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 635	\$ 236,658	\$ 183,934	\$ -	\$ 53,359
Election and registration	-	172,367	164,261	-	8,106
Financial administration	-	213,254	194,662	30,276	(11,684)
Legal	-	30,000	24,112	-	5,888
Personnel administration	-	407,476	305,059	-	102,417
Planning and zoning	-	65,676	65,837	-	(161)
General government buildings	1,500	78,413	35,597	-	44,316
Cemeteries	-	41,516	16,848	-	24,668
Insurance, not otherwise allocated	-	22,925	37,081	-	(14,156)
Advertising and regional associations	-	1	-	-	1
Total general government	<u>2,135</u>	<u>1,268,286</u>	<u>1,027,391</u>	<u>30,276</u>	<u>212,754</u>
Public safety:					
Police	-	837,529	809,178	-	28,351
Fire	-	145,930	130,798	-	15,132
Building inspection	-	45,982	43,176	-	2,806
Emergency management	-	6,242	7,460	-	(1,218)
Other	-	127,020	127,039	-	(19)
Total public safety	<u>-</u>	<u>1,162,703</u>	<u>1,117,651</u>	<u>-</u>	<u>45,052</u>
Highways and streets:					
Highways and streets	-	908,974	846,588	-	62,386
Street lighting	-	25,200	18,394	-	6,806
Total highways and streets	<u>-</u>	<u>934,174</u>	<u>864,982</u>	<u>-</u>	<u>69,192</u>
Health:					
Administration	-	2	171	-	(169)
Health agencies	-	25,056	22,556	-	2,500
Total health	<u>-</u>	<u>25,058</u>	<u>22,727</u>	<u>-</u>	<u>2,331</u>
Welfare:					
Administration and direct assistance	-	41,196	20,215	-	20,981
Culture and recreation:					
Parks and recreation	-	18,595	11,457	-	7,138
Library	-	289,048	292,267	-	(3,219)
Patriotic purposes	-	750	750	-	-
Other	-	26,250	26,250	-	-
Total culture and recreation	<u>-</u>	<u>334,643</u>	<u>330,724</u>	<u>-</u>	<u>3,919</u>
Conservation	-	8,735	6,275	-	2,460
Economic development	-	6,500	5,196	-	1,304
Debt service:					
Principal of long-term debt	-	30,000	30,000	-	-
Interest on long-term debt	-	37,000	38,143	-	(1,143)
Total debt service	<u>-</u>	<u>67,000</u>	<u>68,143</u>	<u>-</u>	<u>(1,143)</u>
Capital outlay	21,133	355,889	296,370	88,577	(7,925)
Other financing uses:					
Transfers out	-	776,247	776,248	-	(1)
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 23,268</u>	<u>\$ 4,980,431</u>	<u>\$ 4,535,922</u>	<u>\$ 118,853</u>	<u>\$ 348,924</u>

**SCHEDULE 3**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2019**

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 18)		\$ 1,631,301
Changes:		
Unassigned fund balance used to reduce 2019 tax rate		(454,000)
Amounts voted from fund balance		(30,000)
2019 Budget summary:		
Revenue surplus (Schedule 1)	\$ 161,718	
Unexpended balance of appropriations (Schedule 2)	<u>348,924</u>	
2019 Budget surplus		510,642
Increase in nonspendable fund balance		<u>(6,254)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,651,689
<b>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(134,782)
Elimination of the allowance for uncollectible taxes		<u>200,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,716,907</u></u>



**SCHEDULE 4**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2019**

	Special Revenue Funds			Total
	Town Impact Fees	Conservation Commission	Heritage	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 43,387	\$ 1,950	\$ 2,060	\$ 47,397
Investments	-	73,523	-	73,523
Interfund receivable	-	15,198	-	15,198
Total assets	<u>\$ 43,387</u>	<u>\$ 90,671</u>	<u>\$ 2,060</u>	<u>\$ 136,118</u>
<b>FUND BALANCES</b>				
Restricted	\$ 43,387	-	-	\$ 43,387
Committed	-	90,671	2,060	92,731
Total fund balances	<u>\$ 43,387</u>	<u>\$ 90,671</u>	<u>\$ 2,060</u>	<u>\$ 136,118</u>

**SCHEDULE 5**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2019**

	Special Revenue Funds			Total
	Town Impact Fees	Conservation Commission	Heritage	
<b>Revenues:</b>				
Taxes	\$ -	\$ 20,000	\$ -	\$ 20,000
Intergovernmental	16,581	1,200	-	17,781
Miscellaneous	5,754	1,358	613	7,725
Total revenues	<u>22,335</u>	<u>22,558</u>	<u>613</u>	<u>45,506</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	-	-	253	253
Net change in fund balances	22,335	22,558	360	45,253
Fund balances, beginning	21,052	68,113	1,700	90,865
Fund balances, ending	<u>\$ 43,387</u>	<u>\$ 90,671</u>	<u>\$ 2,060</u>	<u>\$ 136,118</u>

**SCHEDULE 6**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Fiduciary Net Position**  
**December 31, 2019**

	Custodial Funds			Total
	Taxes	School Trust Funds	School Impact Fees	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,861	\$ 69,775	\$ 71,636
Investments	3,153,979	172,153	-	3,326,132
Total assets	<u>\$ 3,153,979</u>	<u>\$ 174,014</u>	<u>\$ 69,775</u>	<u>\$ 3,397,768</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>Liabilities:</b>				
Intergovernmental payable:				
School	\$ 3,153,979	\$ -	\$ -	\$ 3,153,979
<b>Net Position:</b>				
Restricted for school purposes	-	174,014	69,775	243,789
Total liabilities, and net position	<u>\$ 3,153,979</u>	<u>\$ 174,014</u>	<u>\$ 69,775</u>	<u>\$ 3,397,768</u>

**SCHEDULE 7**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2019**

	Custodial Funds			Total
	Taxes	School Trust Funds	School Impact Fees	
<b>Additions:</b>				
Contributions	\$ -	\$ 120,000	\$ 30,490	\$ 150,490
Investment earnings	-	4,802	648	5,450
Change in fair market value	-	2,373	-	2,373
Tax collections for other governments	7,943,833	-	-	7,943,833
Total additions	<u>7,943,833</u>	<u>127,175</u>	<u>31,138</u>	<u>8,102,146</u>
<b>Deductions:</b>				
Payments to other governments	<u>7,943,833</u>	<u>255,452</u>	<u>-</u>	<u>8,199,285</u>
Change in net position	-	(128,277)	31,138	(97,139)
Net position, beginning, as restated (see Note 18)	-	302,291	38,637	340,928
Net position, ending	<u>\$ -</u>	<u>\$ 174,014</u>	<u>\$ 69,775</u>	<u>\$ 243,789</u>



## PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

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### ***INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES***

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

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Wilton as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Wilton's internal control over financial reporting as a basis for designing audit procedures that are appropriate in 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 material weaknesses and other deficiencies that we consider to be a significant deficiency.

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

#### ***General Ledger Maintenance***

During the audit, it was noted that most journal entries were not authorized, and some did not have supporting documentation. Nonrecurring journal entries should require individual authorization by management. Journal entries should always be supported by appropriate documentation, where possible. Good documentation serves as an accounting record and facilitates future follow-up as well as additional insight for other users.

There are three Town funds which are not recorded in the general ledger system (i.e. conservation commission, impact fees, and heritage commission). The tracking and recordkeeping of these funds is inconsistent with the Town's internal controls. All of the Town's funds should be tracked in the general ledger and processed through the same procedures as the general fund in order to provide accurate reporting and consistency. We recommend that the Town consider adding these other funds to the general ledger as their own unique funds. Once included, activity in those funds should be recorded and processed as are the other funds.

Additionally, two of the Town's funds had large operating losses during 2019 which greatly reduced the available fund balance in these funds. Particular attention should be paid to the recycling center, and ambulance funds, which could, and one has, run into deficit positions if not properly monitored by management.

**Management's Response:** See "Response to FY 2019 Audit Findings & Management Letter" prepared by Gama.K Services, LLC, for the Town of Wilton, undated. This is a working document that serves as an outline of correction actions to address and mitigate audit findings. This outline will guide the action steps identified by the Town of Wilton throughout the coming year to improve the fiscal health of the Town through policy, process, and procedure development.

***Town of Wilton  
Independent Auditor's Communication of Material Weaknesses and Significant Deficiencies***

***General Ledger and Cash Reconciliations***

During our audit, we noted that the Town did not perform periodic reconciliations on various major accounts (i.e., accounts receivable, accounts payable, interfund receivables and payables). It is important to reconcile subsidiary ledgers or supporting schedules to the general ledger to ensure the accuracy of financial information and minimize the risk of misstatement or misappropriation. We strongly recommend that a policy be implemented, whereby all subsidiary ledgers and/or supporting schedules are reconciled to the general ledger on a monthly basis. We also recommend that appropriate management-level personnel review the reconciliations for accuracy and then document evidence of their review for audit purposes.

Reconciliations of interfund activity should be performed on a monthly basis. This will help to ensure that activity is being reimbursed timely and will also help to reduce the chance of duplicate activity occurring. Untimely reconciliations could lead to inaccurate requests, or duplicate requests occurring. Activity may also not be posted to the proper accounting period. This could also cause financial reports (such as budget to actual expenditures) for the water and sewer funds to be misleading or inaccurate as they do not correctly reflect costs initially paid by the general fund. We recommend that interfund activity be reconciled monthly and that interfund reimbursements be made on a monthly basis.

The collection of off-site improvement fees was noted, however, there is no one presently at the Town who is responsible for tracking these. The Town should have proper policies and procedures over the use of off-site improvements assessed and collected. State RSA's require separate tracking of these funds. Without these procedures, funds could be collected without tracking and misappropriated or not collected at all. We recommend that the Town create policies and procedures over off-site improvements involving the land use department, building department, and accounting department so that proper practices are put into place and there is a segregation of duties.

**Management's Response:** See "Response to FY 2019 Audit Findings & Management Letter" prepared by Gama.K Services, LLC, for the Town of Wilton, undated. This is a working document that serves as an outline of correction actions to address and mitigate audit findings. This outline will guide the action steps identified by the Town of Wilton throughout the coming year to improve the fiscal health of the Town through policy, process, and procedure development.

***Town Treasurer***

The following was noted during review and discussions with the Town Treasurer:

- The Treasurer is not completing a bank reconciliation for any Town accounts and is not reviewing the reconciliations completed by the Finance Officer.
- The Treasurer is not maintaining a cash book to use in comparison with the Town's general ledger.

The Treasurer should be approving the Finance Officer's reconciliation as well as creating his own reconciliation for each account. State RSA 41:29-a *Duties of Elected and Appointed Town Treasurers* requires the Treasurer to maintain a cashbook for each account in his custody. When these procedures are not completed properly, errors in reconciliations may not be caught and corrected. We recommend that the Treasurer review and sign off on the Finance Officer's reconciliation monthly. The Treasurer also should create their own reconciliation and make sure that it ties out to the Finance Officer's reconciliation for each account in their custody. Finally, in accordance with the State statute, he should be maintaining an appropriate cash book for each account in his custody which should be reconciled to the monthly bank statements and then to the Town's general ledger.

**Management's Response:** See "Response to FY 2019 Audit Findings & Management Letter" prepared by Gama.K Services, LLC, for the Town of Wilton, undated. This is a working document that serves as an outline of correction actions to address and mitigate audit findings. This outline will guide the action steps identified by the Town of Wilton throughout the coming year to improve the fiscal health of the Town through policy, process, and procedure development.

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:

***General Town Policies***

During our audit, we noted that over the past few years the Town has experienced a high turnover in its upper management and accounting positions. As a result, well-defined accounting policies and procedures had not been established and many review and reconciliation policies and procedures have not been consistently or continuously maintained. We suggest that a formal accounting policies and procedures manual be developed, documented, and distributed to all employees. A well-structured accounting policies and procedures manual can be very helpful in ensuring that proper procedures and related internal controls are in place and consistently followed.

***Town of Wilton  
Independent Auditor's Communication of Material Weaknesses and Significant Deficiencies***

The Town is lacking formal policies over ambulance write offs and capital assets. The write off process for ambulance accounts receivable should be formalized and documented in a policy, which includes procedures on Board approval of any suggested write offs. This approval is a basic element of a strong system of internal controls. A capital asset policy is an integral part of the recording and maintenance of the Town's capital asset records. Without such a policy in place there can be inconsistency in the tracking, recording, and disposal of assets. We recommend that the Town establish and formally adopt the above noted policies.

**Management's Response:** See "Response to FY 2019 Audit Findings & Management Letter" prepared by Gama.K Services, LLC, for the Town of Wilton, undated. This is a working document that serves as an outline of correction actions to address and mitigate audit findings. This outline will guide the action steps identified by the Town of Wilton throughout the coming year to improve the fiscal health of the Town through policy, process, and procedure development.

***Annual Budget***

Budget adjustments are being made without proper approval and there is a lack of a transfer of appropriations policy. The Board of Selectmen and department heads are not reviewing monthly budget to actual reports resulting in poor budget monitoring. The general ledger is the main source of financial reporting and the budget that is entered should be in agreement with the final approved budget. Any changes to these amounts should be formally approved by the Board of Selectmen and there should be a policy in place over this. Finally, the department heads and Board of Selectmen should be reviewing monthly budget to actual revenue and expenditure reports in order to ensure appropriate management of the Town's budget.

**Management's Response:** See "Response to FY 2019 Audit Findings & Management Letter" prepared by Gama.K Services, LLC, for the Town of Wilton, undated. This is a working document that serves as an outline of correction actions to address and mitigate audit findings. This outline will guide the action steps identified by the Town of Wilton throughout the coming year to improve the fiscal health of the Town through policy, process, and procedure development.

***Cash Receipts and Disbursements***

There is a lack of segregation of duties over the processing of cash receipts when the Administrative Assistant is absent, as the Town Clerk's office disburses mail and processes all deposits. We recommend that the Town designate a different department to receive and disburse mail when the Administrative Assistant is absent, in order to alleviate the segregation of duties conflict.

The Town does not utilize purchase orders and there is a lack of evidence that the Town is following their purchasing procedures. Many contracts and bids are lacking backup documentation. We further recommend that the Town ensure its established purchasing policy be followed and all supporting documentation for contracts, bids and other documents be maintained at the Town Hall.

**Management's Response:** See "Response to FY 2019 Audit Findings & Management Letter" prepared by Gama.K Services, LLC, for the Town of Wilton, undated. This is a working document that serves as an outline of correction actions to address and mitigate audit findings. This outline will guide the action steps identified by the Town of Wilton throughout the coming year to improve the fiscal health of the Town through policy, process, and procedure development.

***Tax Collections & Warrants***

The property tax receivables per the Tax Collector should be reconciled to the general ledger on a monthly basis. When the general ledger does not maintain an accurate record of tax receivables, management of the Town may be using inaccurate information in their decision making. This also causes a lack of appropriate monitoring of the receivable balances. We recommend that the Finance Office reconcile with the Tax Collector's receivable balances to the general ledger on a monthly basis.

In addition, the second half property tax warrant that was approved by the Board of Selectmen was inaccurate. The total included the first half warrant in addition to the second half and should have only included the second warrant total. We recommend in the future that the Town ensure each warrant is exclusive of the taxes issued for that warrant. When reviewing and approving these documents the Board of Selectmen should be checking that the total agrees to the total committed per the blotter lists.

**Management's Response:** See "Response to FY 2019 Audit Findings & Management Letter" prepared by Gama.K Services, LLC, for the Town of Wilton, undated. This is a working document that serves as an outline of correction actions to address and mitigate audit findings. This outline will guide the action steps identified by the Town of Wilton throughout the coming year to improve the fiscal health of the Town through policy, process, and procedure development.

*Town of Wilton*  
*Independent Auditor's Communication of Material Weaknesses and Significant Deficiencies*

*Recycling Center*

Review of the Town's recycling center identified the following conditions:

- Deposits are only being made once a week and until they are made, they are kept in a safe in the home of the Recycling Center Manager.
- The Recycling Center Manager is not receiving monthly reports from the Finance Officer in order to compare what he is reporting for revenue to what is being posted in the general ledger.
- There are no procedures in place on the sale of scrap metal. The scrap metal is taken from the recycling center without a slip on what was taken so there is no way to determine if everything that was taken has been paid to the Town.

Controls should be in place so that timely deposits are being made and that the money is kept in a safe location on Town property prior to deposit. In addition, there should be procedures in place to track the sale of scrap metal, and there should be a monthly reconciliation of the recycling center revenue to the general ledger to avoid potential misstatement of funds. These processes can cause potential loss of funds, or a misstatement of revenue which could go undetected.

We recommend that deposits be made more frequently. Until the deposit is made it should be either kept in a locked safe or other means at the Recycling Center or brought to the Town Clerk's office daily. In addition, monthly revenue reports should be run by the Finance Officer and given to the Recycling Center Manager for his review and comparison to his records. At that point, any discrepancies should be discussed with the Finance Officer and resolved. Finally, procedures should be established and followed over the sale of scrap metal. When the vendor takes scrap metal from the Recycling Center a slip should be given to the Recycling Center Manager for what was taken and then a copy should be given to the Finance Officer so that when payment is received from the vendor it can be matched up to the slip and checked to make sure they have been properly reimbursed. If payment is not received, then the Town can go after payment on these slips for which payment has not been received.

**Management's Response:** See "Response to FY 2019 Audit Findings & Management Letter" prepared by Gama.K Services, LLC, for the Town of Wilton, undated. This is a working document that serves as an outline of correction actions to address and mitigate audit findings. This outline will guide the action steps identified by the Town of Wilton throughout the coming year to improve the fiscal health of the Town through policy, process, and procedure development.

*IT and General Computer Controls*

The Town was unable to respond to inquiries regarding general IT and computer controls, we are therefore unable to determine if internal controls over these areas are appropriately designed and implemented. The Town should have proper controls over information technology and applicable policies in place to ensure the Town's electronic data is secured. We recommend that the Town establish a good system of internal controls and policies over IT and ensure that these are formally documented and followed by all departments. We further recommend that all Town computers and software be password protected and access be limited to only required personnel.

**Management's Response:** See "Response to FY 2019 Audit Findings & Management Letter" prepared by Gama.K Services, LLC, for the Town of Wilton, undated. This is a working document that serves as an outline of correction actions to address and mitigate audit findings. This outline will guide the action steps identified by the Town of Wilton throughout the coming year to improve the fiscal health of the Town through policy, process, and procedure development.

The Town of Wilton's response to the findings identified in our audit are described above and the Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, 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.

August 13, 2020

*Plodzik & Sanderson*  
*Professional Association*