

# TOWN OF WILTON, NEW HAMPSHIRE

## FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2015

**TOWN OF WILTON  
FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2015**

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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen  
Town of Wilton  
Wilton, New Hampshire 03086

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wilton, New Hampshire, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wilton, New Hampshire as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I.B.5. to the financial statements, in 2015, the Town adopted new accounting guidance regarding the accounting and reporting for pensions. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the pension related schedules on pages 31 – 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting. 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.

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

*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 nonmajor and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

September 30, 2016

*Roberts & Greene, PLLC*

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2015**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,622,526
Investments	3,411,004
Other receivables, net of allowance for uncollectibles	935,255
Prepaid items	25,902
Capital assets, not being depreciated:	
Land	210,644
Intangible assets	282,000
Construction in progress	40,052
Capital assets, net of accumulated depreciation:	
Land improvements	444,682
Buildings and building improvements	4,491,255
Machinery, vehicles and equipment	2,016,788
Infrastructure	905,760
Total assets	<u>18,385,868</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions (see Note IV.B.)	<u>245,909</u>
 <b>LIABILITIES</b>	
Accounts payable	141,239
Accrued payroll and benefits	27,063
Accrued interest payable	22,328
Intergovernmental payable	3,496,237
Performance and escrow deposits	1,360
Noncurrent obligations:	
Due within one year:	
Bonds payable	40,000
Unamortized bond premium	7,940
Due in more than one year:	
Bonds payable	905,000
Unamortized bond premium	106,180
Net pension liability	1,167,042
Total liabilities	<u>5,914,389</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions (see Note IV.B.)	131,724
Unearned revenue	88,210
Total deferred inflows of resources	<u>219,934</u>
 <b>NET POSITION</b>	
Net investment in capital assets	7,332,061
Restricted for:	
Endowments:	
Nonexpendable	740,025
Expendable	53,996
Other purposes	1,271,404
Unrestricted	3,099,968
Total net position	<u>\$ 12,497,454</u>

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

**EXHIBIT 2**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 956,517	\$ 60,255	\$ (35,293)	\$ -	\$ (931,555)
Public safety	1,451,133	166,819	99,904	10,656	(1,173,754)
Highways and streets	937,555	14,705	24,783	116,983	(781,084)
Sanitation	764,824	413,142	249,016	-	(102,666)
Water distribution and treatment	213,604	222,258	15,000	-	23,654
Health	21,421	-	-	-	(21,421)
Welfare	34,068	1,987	-	-	(32,081)
Culture and recreation	324,699	4,015	5,498	-	(315,186)
Conservation	8,918	800	-	-	(8,118)
Economic development	5,000	-	-	-	(5,000)
Interest on long-term debt	45,214	-	-	-	(45,214)
Capital outlay	39,421	-	-	-	(39,421)
Total	<u>\$ 4,802,374</u>	<u>\$ 883,981</u>	<u>\$ 358,908</u>	<u>\$ 127,639</u>	<u>(3,431,846)</u>
General revenues:					
Property taxes					2,225,419
Other taxes					86,979
Licenses and permits					659,536
Grants and contributions not restricted to specific programs					177,022
Miscellaneous					151,631
Total general revenues					<u>3,300,587</u>
Change in net position					(131,259)
Net position, beginning, as restated, see Note III.D.					<u>12,628,713</u>
Net position, ending					<u>\$ 12,497,454</u>

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

**EXHIBIT 3**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2015**

	General	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,239,993	\$ 67,262	\$ 315,271	\$ 5,622,526
Investments	623	2,007,327	1,403,054	3,411,004
Receivables, net of allowances for uncollectible:				
Taxes	671,555	-	-	671,555
Accounts	23,294	-	202,956	226,250
Interfund receivable	156,903	-	36,978	193,881
Prepaid items	23,778	-	2,124	25,902
Total assets	<u>\$ 6,116,146</u>	<u>\$ 2,074,589</u>	<u>\$ 1,960,383</u>	<u>\$ 10,151,118</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 94,310	\$ -	\$ 46,929	\$ 141,239
Accrued salaries and benefits	22,234	-	4,829	27,063
Intergovernmental payable	3,496,237	-	-	3,496,237
Interfund payable	36,978	9,164	147,739	193,881
Escrow and performance deposits	1,360	-	-	1,360
Total liabilities	<u>3,651,119</u>	<u>9,164</u>	<u>199,497</u>	<u>3,859,780</u>
Deferred inflows of resources:				
Deferred revenue	659,426	-	37,819	697,245
Fund balances:				
Nonspendable	23,778	1,864,473	-	1,888,251
Restricted	-	200,952	148,653	349,605
Committed	17,461	-	1,616,325	1,633,786
Assigned	53,333	-	-	53,333
Unassigned	1,711,029	-	(41,911)	1,669,118
Total fund balances	<u>1,805,601</u>	<u>2,065,425</u>	<u>1,723,067</u>	<u>5,594,093</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,116,146</u>	<u>\$ 2,074,589</u>	<u>\$ 1,960,383</u>	<u>\$ 10,151,118</u>

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



**EXHIBIT 4**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position**  
**December 31, 2015**

Total fund balances of governmental funds (Exhibit 3)	\$ 5,594,093	
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 10,210,083	
Less accumulated depreciation	<u>(1,818,902)</u>	8,391,181
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (193,881)	
Payables	<u>193,881</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Deferred tax revenue	\$ 567,216	
Deferred ambulance revenue	7,137	
Deferred cemetery revenue	4,000	
Deferred water charges	10,897	
Deferred sewer charges	19,785	
Unavailable elderly and welfare liens	<u>37,450</u>	646,485
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(22,328)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 945,000	
Unamortized bond premium	114,120	
Net pension liability	<u>1,167,042</u>	(2,226,162)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 245,909	
Deferred inflows of resources related to pensions	<u>(131,724)</u>	114,185
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 12,497,454</u></u>

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

**EXHIBIT 5**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2015**

	General	Permanent	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 2,252,496	\$ -	\$ -	\$ 2,252,496
Licenses, permits and fees	659,536	-	-	659,536
Intergovernmental	329,444	-	120,402	449,846
Charges for services	440,926	-	747,969	1,188,895
Miscellaneous	169,466	(35,293)	30,331	164,504
Total revenues	<u>3,851,868</u>	<u>(35,293)</u>	<u>898,702</u>	<u>4,715,277</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	948,266	60	-	948,326
Public safety	933,512	-	342,158	1,275,670
Highways and streets	823,669	-	-	823,669
Sanitation	490,398	-	259,410	749,808
Water distribution and treatment	-	-	204,203	204,203
Health	21,421	-	-	21,421
Welfare	34,068	-	-	34,068
Culture and recreation	293,057	-	26,995	320,052
Conservation	8,918	-	-	8,918
Economic development	5,000	-	-	5,000
<b>Debt service:</b>				
Principal	25,000	-	15,000	40,000
Interest	41,193	-	9,467	50,660
Capital outlay	526,612	-	34,281	560,893
Total expenditures	<u>4,151,114</u>	<u>60</u>	<u>891,514</u>	<u>5,042,688</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(299,246)</u>	<u>(35,353)</u>	<u>7,188</u>	<u>(327,411)</u>
<b>Other financing sources (uses):</b>				
Transfers in	50,938	-	331,529	382,467
Transfers out	<u>(308,763)</u>	<u>(31,930)</u>	<u>(41,774)</u>	<u>(382,467)</u>
Total other financing sources and uses	<u>(257,825)</u>	<u>(31,930)</u>	<u>289,755</u>	<u>-</u>
Net change in fund balances	(557,071)	(67,283)	296,943	(327,411)
Fund balances, beginning, as restated, see Note III.D.	<u>2,362,672</u>	<u>2,132,708</u>	<u>1,426,124</u>	<u>5,921,504</u>
Fund balances, ending	<u>\$ 1,805,601</u>	<u>\$ 2,065,425</u>	<u>\$ 1,723,067</u>	<u>\$ 5,594,093</u>

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

**EXHIBIT 6**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2015**

Net change in fund balances of governmental funds (Exhibit 5)		\$ (327,411)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 522,470	
Depreciation expense	<u>(332,402)</u>	190,068
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (382,467)	
Transfers out	<u>382,467</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue	\$ 59,902	
Change in deferred ambulance revenue	(27,661)	
Change in deferred water and sewer charges	(26,037)	
Change in allowance for elderly and welfare liens	1,458	
Change in deferred intergovernmental settlement	(47,165)	
Change in deferred police detail revenue	(8,659)	
Change in deferred cemetery revenue	<u>4,000</u>	(44,162)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond principal	\$ 40,000	
Amortization of bond premium	<u>7,940</u>	47,940
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest payable		(2,494)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Pension contributions	\$ 124,331	
Cost of benefits earned, net of employee contributions	<u>(119,531)</u>	4,800
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ (131,259)</u></u>

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

**EXHIBIT 7**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2015**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 2,253,470	\$ 2,312,398	\$ 58,928
Licenses, permits and fees	679,350	659,536	(19,814)
Intergovernmental	311,204	329,444	18,240
Charges for services	268,696	440,926	172,230
Miscellaneous	35,500	169,466	133,966
Total revenues	<u>3,548,220</u>	<u>3,911,770</u>	<u>363,550</u>
<b>EXPENDITURES</b>			
Current:			
General government	979,007	955,798	23,209
Public safety	998,868	932,831	66,037
Highways and streets	902,262	831,128	71,134
Sanitation	534,238	492,398	41,840
Health	21,516	21,421	95
Welfare	45,975	34,068	11,907
Culture and recreation	298,436	293,057	5,379
Conservation	11,500	8,918	2,582
Economic development	5,000	5,000	-
Debt service:			
Principal	25,000	25,000	-
Interest	41,193	41,193	-
Capital outlay	289,591	304,373	(14,782)
Total expenditures	<u>4,152,586</u>	<u>3,945,185</u>	<u>207,401</u>
Deficiency of revenues under expenditures	<u>(604,366)</u>	<u>(33,415)</u>	<u>570,951</u>
Other financing sources (uses):			
Transfers in	48,000	50,938	2,938
Transfers out	(443,634)	(308,763)	134,871
Total other financing sources and uses	<u>(395,634)</u>	<u>(257,825)</u>	<u>137,809</u>
Net change in fund balance	<u>\$ (1,000,000)</u>	(291,240)	<u>\$ 708,760</u>
Decrease in nonspendable fund balance		6,517	
Unassigned fund balance, beginning		<u>2,562,968</u>	
Unassigned fund balance, ending		<u>\$ 2,278,245</u>	

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

**EXHIBIT 8**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2015**

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 5,170	\$ 255,269
Investments	<u>112,246</u>	<u>384,992</u>
Total assets	<u>117,416</u>	<u>640,261</u>
Liabilities:		
Due to other governmental units	<u>-</u>	<u>640,261</u>
Net position:		
Held in trust for specific purposes	<u>\$ 117,416</u>	<u>\$ -</u>

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

**EXHIBIT 9**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2015**

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	<u>Private Purpose Trust</u>
Additions:	
Investment earnings:	
Interest and dividends	\$ 4,321
Net change in fair value of investments	<u>(6,986)</u>
Total additions	(2,665)
 Deductions:	
Trust distributions	<u>7,010</u>
 Change in net position	(9,675)
Net position, beginning	<u>127,091</u>
Net position, ending	<u><u>\$ 117,416</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2015**

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Wilton (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the year ended December 31, 2015.

**I.B. Financial Reporting Entity – Basis of Presentation**

**I.B.1. Entity Defined**

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

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

*Government-Wide Financial Statements*

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.



**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2015**

*Fund Financial Statements*

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

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

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

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

The agency fund is custodial in nature and does not measure results of operations.

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2015**

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

*Governmental Funds*

The Town reports the following major governmental funds:

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

*Permanent Fund* – Used to account for the financial resources held by the trustees of trust funds, from which only income, and not principal, is used for supporting Town purposes.

In addition, the Town reports seven nonmajor governmental funds.

*Fiduciary Funds*

The Town also reports the following fiduciary funds:

*Private Purpose Trust Funds* – Account for financial resources of the Town used only for the benefit of other entities or individuals.

*Agency Funds* – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town's agency fund is used to account for the various capital reserve accounts held by the trustees of trust funds on behalf of the local school district.

**I.B.5. Change in Accounting Principle**

The Town adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended December 31, 2015. This resulted in the inclusion of pension related liability and deferred inflows and outflows of resources in governmental activities. The prior year's net position was restated as shown in Note III.D.

**I.C. Assets, Liabilities, and Net Position or Fund Equity**

**I.C.1. Cash and Investments**

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal

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Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

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

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

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

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

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Town normally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. The Town does not have a detailed listing of the amounts reported as of December 31, 2007 and therefore, is not able to verify the accuracy of these amounts.

Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Land improvements	50
Buildings and building improvements	150
Machinery, vehicles and equipment	5-15
Infrastructure	20

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

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds. Included in long-term obligations are bond premiums and the net pension liability as described in Note IV.B.

**I.C.4. Equity**

The governmental activities report net position in the following components:

- Net investment in capital assets, which is computed as the capital assets less accumulated depreciation, reduced by any outstanding debt used to acquire those assets.
- Restricted for perpetual care, which represents the balance of permanent funds for which income earned must be used for cemetery care. This amount is segregated between nonexpendable representing principal that must be retained, and expendable representing investment income that can be used.
- Restricted for other purposes, which represents permanent funds for purposes other than perpetual care.
- Unrestricted which represents the balance of the net position.

The governmental fund financial statements report the following components of fund balance:

- Nonspendable, which consists of endowments in the Permanent Fund, and prepaid items in the General Fund.
- Restricted, which represents the expendable income in the Permanent Funds, the balance of the Library Fund whose use is limited by law, and unexpended bond proceeds in the Sewer Fund that can only be used to pay down the related debt.
- Committed, which consists of balances for which the intended use has been established by Town Meeting.
- Assigned, which consists of other appropriations encumbered by the Board of Selectmen for future obligations.
- Unassigned, which represents the remainder of the General Fund fund balance, and the deficit fund balance of the Sewer Fund.

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**I.C.5. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**II. Stewardship, Compliance and Accountability**

**II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Ambulance, Water and Sewer Funds. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2015, \$1,000,000 of the unassigned fund balance from 2014 was so used.

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

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

**II.B. Reconciliation of General Fund Budgetary Basis to GAAP**

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 3,962,708
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	507,314
Tax revenue deferred in the current year	<u>(567,216)</u>
Per Exhibit 5 (GAAP basis)	<u><u>\$ 3,902,806</u></u>

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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 4,253,948
Adjustments:	
Basis difference:	
Encumbrances, beginning	276,723
Encumbrances, ending	<u>(70,794)</u>
Per Exhibit 5 (GAAP basis)	<u>\$ 4,459,877</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 2,278,245
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	<u>(567,216)</u>
Per Exhibit 3 (GAAP basis)	<u>\$ 1,711,029</u>

**II.C. Deficit Fund Equity**

The Sewer Fund ended the year with a deficit of \$19,335, which was a reduction of \$35,508 from the \$54,843 deficit at the end of 2014. The Sewer Commission is continuing to work at reducing the deficit by exploring ways to decrease costs and increase revenues.

**III. Detailed Notes on Funds and Government-Wide Statements**

**III.A. Assets**

**III.A.1. Cash and Equivalents**

The Town reported total cash and equivalents in all funds of \$5,882,965 as of December 31, 2015. The bank balances for all of these funds totaled \$5,885,256, of which \$111,823 was uninsured and uncollateralized as of that date.

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**III.A.2. Investments**

As of December 31, 2015, the Town’s reporting entity had the following investments:

Certificates of Deposit	\$ 1,602,289
U.S. Government Agencies	10,491
U.S. Treasury Obligations	29,916
ETF and Mutual Funds	982,554
Preferred Stocks	35,884
Common Stocks	636,667
Corporate Bonds and Notes	496,088
New Hampshire Public Deposit Investment Pool	114,353
	<u>\$ 3,908,242</u>

The investments appear in the fund financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 3,411,004
Fiduciary funds - statement of fiduciary net position (Exhibit 8)	497,238
Total	<u>\$ 3,908,242</u>

*Investment Policies*

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town’s investment policy does not place any further restrictions on its investment choices.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town does not have an investment policy that addresses limiting interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. The Town does not have an investment policy that addresses concentration of credit risk. At year-end, the Town had \$244,974 invested in certificates of deposit of the Bank of China, \$218,995 in certificates of deposit of Bank Hapoalim, and \$200,964 in certificates of deposit of Compass Bank. These investments represent 6.27%, 5.61% and 5.15%, respectively of the total investments. These certificates are insured by the Federal Deposit Insurance Corporation.

**Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Of the Town’s \$3,908,242 of investments, \$1,901,193 has exposure to

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custodial credit risk because the related securities are uninsured and uncollateralized and are held by a brokerage firm.

**III.A.3. *Receivables, Uncollectible Accounts and Deferred Revenue***

*Property Taxes Receivable and Property Tax Calendar*

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During 2015, the tax collector executed a lien for uncollected 2014 property taxes on June 11.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Wilton-Lyndeborough Cooperative School District and Hillsborough County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2015, upon which the 2015 property tax levy was based was:

For the New Hampshire education tax	\$364,963,189
For all other taxes	\$369,750,689



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The tax rates and amounts assessed for the year ended December 31, 2015 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$6.26	\$ 2,324,167
School portion:		
State of New Hampshire	\$2.34	856,732
Local	\$16.53	6,134,085
County portion	\$1.21	449,990
Total property taxes assessed		\$ 9,764,974

The following details the taxes receivable at year-end:

Property:	
Levy of 2015	\$ 477,137
Levy of 2012	6,226
Unredeemed (under tax lien):	
Levy of 2014	147,977
Levy of 2013	111,235
Levy of 2012	63,441
Levy of 2011	35,926
Levy of 2010	11,670
Levy of 2009	7,646
Levy of 2008	9,122
Levy of 2007	3,505
Timber	2,670
Less: allowance for estimated uncollectible taxes	(205,000)
Net taxes receivable	\$ 671,555

*Other Receivables and Uncollectible Accounts*

Significant receivables include amounts due from customers for utility and other services (sewer, water, ambulance). These funds report accounts receivable and revenues, net of any allowance for uncollectible and unavailable accounts. The allowance amounts consist of all of the elderly and welfare liens, and ambulance charges and other amounts with questionable collectability.

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Related amounts are as follow:

Accounts	\$ 359,889
Liens	37,450
Less: allowance for uncollectible amounts	<u>(171,089)</u>
Net total receivables	<u><u>\$ 226,250</u></u>

*Deferred Revenue*

Deferred revenue in the governmental funds consists of \$567,216 of taxes, \$7,137 of ambulance fees, \$10,897 of water charges, \$19,785 of sewer charges, and \$4,000 of cemetery fees not collected within sixty days of year-end; and \$88,210 of amounts collected from other towns for the recycling center in excess of actual costs, which will be applied to the next year. In the Governmental Activities, only the \$88,210 is reported as unearned.

*The notes continue on the following page.*

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**III.A.4. Capital Assets**

*Changes in Capital Assets*

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

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 210,644	\$ -	\$ -	\$ 210,644
Intangible assets	282,000	-	-	282,000
Construction in progress	212,228	273,024	(445,200)	40,052
Total capital assets not being depreciated	<u>704,872</u>	<u>273,024</u>	<u>(445,200)</u>	<u>532,696</u>
Being depreciated:				
Land improvements	530,285	-	-	530,285
Buildings and building improvements	5,027,651	79,590	-	5,107,241
Machinery, vehicles and equipment	2,387,323	615,056	(28,904)	2,973,475
Infrastructure	1,066,386	-	-	1,066,386
Total capital assets being depreciated	<u>9,011,645</u>	<u>694,646</u>	<u>(28,904)</u>	<u>9,677,387</u>
Total all capital assets	<u>9,716,517</u>	<u>967,670</u>	<u>(474,104)</u>	<u>10,210,083</u>
Less accumulated depreciation:				
Land improvements	(74,997)	(10,606)	-	(85,603)
Buildings and building improvements	(551,549)	(64,437)	-	(615,986)
Machinery, vehicles and equipment	(769,990)	(215,601)	28,904	(956,687)
Infrastructure	(118,868)	(41,758)	-	(160,626)
Total accumulated depreciation	<u>(1,515,404)</u>	<u>(332,402)</u>	<u>28,904</u>	<u>(1,818,902)</u>
Net book value, capital assets being depreciated	<u>7,496,241</u>	<u>362,244</u>	<u>-</u>	<u>7,858,485</u>
Net book value, all capital assets	<u>\$ 8,201,113</u>	<u>\$ 635,268</u>	<u>\$ (445,200)</u>	<u>\$ 8,391,181</u>

*Depreciation Expense*

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

General government	\$ 8,191
Public safety	180,263
Highways and streets	114,884
Sanitation	15,016
Water distribution and treatment	9,401
Culture and recreation	4,647
Total depreciation expense	<u>\$ 332,402</u>

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**III.A.5. Restricted Net Position**

The governmental activities' statement of net position includes restricted net position of \$2,065,425 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures.

**III.B. Liabilities**

**III.B.1. Intergovernmental Payable**

The amount due to other governments at December 31, 2015 consists of the balance of the 2015-2016 district assessment due to the Wilton-Lyndeborough Cooperative School District in the amount of \$3,496,237.

**III.B.2. Long-Term Debt**

General obligation debt is approved by the voters and repaid with general revenue (property taxes). These liabilities are backed by the full faith and credit of the Town.

Debt currently outstanding is as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2015	Current Portion
General obligation bonds payable:						
Fire station	\$ 833,800	2013	2033	4.1-5.6	\$ 783,800	\$ 25,000
Sewer project	\$ 191,200	2013	2023	5.1-5.6	161,200	15,000
					<u>945,000</u>	<u>40,000</u>
Unamortized bond premiums					114,120	7,940
Net pension liability					1,167,042	-
					<u>\$ 2,226,162</u>	<u>\$ 47,940</u>

**Changes in Long-Term Liabilities**

	General Obligation Bonds Payable	Unamortized Bond Premium	Net Pension Liability	Total
Balance, beginning	\$ 985,000	\$ 122,060	\$ 1,067,757	\$ 2,174,817
Additions	-	-	99,285	99,285
Reductions	(40,000)	(7,940)	-	(47,940)
Balance, ending	<u>\$ 945,000</u>	<u>\$ 114,120</u>	<u>\$ 1,167,042</u>	<u>\$ 2,226,162</u>

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*Debt Service Requirements to Maturity*

The annual debt service requirements to maturity for the bonds outstanding are as follow:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 40,000	\$ 48,620	\$ 88,620
2017	45,000	46,380	91,380
2018	50,000	43,860	93,860
2019	50,000	41,060	91,060
2020	55,000	38,510	93,510
2021-2025	270,000	147,040	417,040
2026-2030	250,000	86,445	336,445
2031-2033	185,000	19,125	204,125
Totals	<u>\$ 945,000</u>	<u>\$ 471,040</u>	<u>\$ 1,416,040</u>

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

**III.C.1. *Receivables and Payables***

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

The following reports receivables and payables within the entity at the end of the year:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Permanent	\$ 9,164
General	Nonmajor	147,739
Nonmajor	General	36,978
		<u>\$ 193,881</u>

The amount due to the General Fund from the Permanent Fund represents trust income to cover maintenance of cemetery lots. The amount due from the nonmajor funds to the General Fund represents \$73,650 from the Expendable Trust Fund to cover expenditures made; \$2,599 from the Library Fund to reimburse for insurance paid from the General Fund in December; and \$60,559 from the Sewer Fund and \$10,931 from the Water Fund to reimburse for expenditures paid on behalf of those funds. The amount due to the Nonmajor Funds from the General Fund represents ambulance receipts to be remitted to the Ambulance Fund.

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**III.C.2. Transfers**

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, funding capital reserve accounts and reimbursing for approved expenditures from the same, and distributing trust income to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following reports transfers within the reporting entity:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 308,763	\$ 308,763
Permanent fund	9,164	22,766	31,930
Nonmajor funds	41,774	-	41,774
	<u>\$ 50,938</u>	<u>\$ 331,529</u>	<u>\$ 382,467</u>

The amounts transferred to the nonmajor funds from the General Fund represent \$111,763 to the Ambulance Fund for the Town's share of operations, and \$197,000 of appropriated additions to the Expendable Trust Fund. The amount transferred to the General Fund from the Permanent Fund represents perpetual care income used to maintain cemetery lots. The amount transferred from the Permanent Fund to the nonmajor funds represents income on library endowments transferred to the Library Fund. The amount transferred to the General Fund from the nonmajor funds represents fire truck expenditures reimbursed by the Expendable Trust Fund.

**III.D. Restatement of Beginning Equity**

The equity balances at December 31, 2014, were restated as follow:

	Governmental Activities	General Fund	Nonmajor Funds
To record net pension liability and related deferrals	\$ (1,057,657)	\$ -	\$ -
To record prepaid insurance	20,230	20,230	-
To reclassify Drug Forfeiture Fund receipts	-	(1,376)	1,376
Net position/fund balance, as previously reported	13,666,140	2,343,818	1,424,748
Net position/fund balance, as restated	<u>\$ 12,628,713</u>	<u>\$ 2,362,672</u>	<u>\$ 1,426,124</u>

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**III.E. Components of Fund Balance**

Fund balance of the governmental funds is categorized in the following components as described in Note I.C.3:

	<u>General Fund</u>	<u>Permanent Fund</u>	<u>Nonmajor Funds</u>
Nonspendable:			
Endowments	\$ -	\$ 1,864,473	\$ -
Prepaid items	<u>23,778</u>	<u>-</u>	<u>-</u>
Total nonspendable	<u>23,778</u>	<u>1,864,473</u>	<u>-</u>
Restricted:			
General government	-	61,797	-
Culture and recreation	-	139,155	126,077
Debt service	-	-	<u>22,576</u>
Total restricted	<u>-</u>	<u>200,952</u>	<u>148,653</u>
Committed:			
Public safety	-	-	144,529
Water distribution and treatment	-	-	864,447
Conservation	-	-	42,187
Capital outlay	<u>17,461</u>	<u>-</u>	<u>565,162</u>
Total committed	<u>17,461</u>	<u>-</u>	<u>1,616,325</u>
Assigned:			
General government	18,874	-	-
Highways and streets	32,459	-	-
Sanitation	<u>2,000</u>	<u>-</u>	<u>-</u>
Total assigned	<u>53,333</u>	<u>-</u>	<u>-</u>
Unassigned	<u>1,711,029</u>	<u>-</u>	<u>(41,911)</u>
Total fund balance	<u>\$ 1,805,601</u>	<u>\$ 2,065,425</u>	<u>\$ 1,723,067</u>

**IV. Other Information**

**IV.A. Risk Management**

The Town's risk management activities are reported with governmental activities and recorded in the General Fund. During the fiscal year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex), from which it obtained property and liability, workers' compensation and unemployment compensation insurance. Primex is considered to be a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

Property/liability coverage runs from July 1 through June 30, while workers' and unemployment compensation coverage is on a calendar year. Contributions paid in 2015 for property/liability for fiscal year 2016 ending June 30, 2016, to be recorded as an insurance expenditure/expense totaled \$44,555. There were no unpaid contributions for the year ending June 30, 2016 and

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due in 2015. Contributions for workers' compensation coverage for 2015 totaled \$38,128, while the Town paid \$4,718 for unemployment compensation insurance. The membership agreement permits Primex to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Primex foresees no likelihood of an assessment for this or any prior year.

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers was 11.55% of gross earnings for the year. The rate of contribution from the Town during the first six months of 2015 was 25.30% for police officers, increasing to 26.38% on July 1. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2013, 2014 and 2015 were \$97,868, \$114,826 and \$124,331, respectively. The amounts are paid on a monthly basis as due.

*Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At December 31, 2015, the Town reported a liability of \$1,167,042 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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 municipalities and school districts, actuarially determined. As of June 30, 2015, the Town's proportion was 0.0295%, which was an increase of 0.0010% from its proportion measured as of June 30, 2014.



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For 2015, the Town recognized pension expense of \$119,531. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 99,471	\$ -
Differences between expected and actual experience	-	25,610
Net difference between projected and actual earnings on pension plan investments	74,924	106,114
Town contributions subsequent to the measurement date	<u>71,514</u>	<u>-</u>
	<u><u>\$ 245,909</u></u>	<u><u>\$ 131,724</u></u>

The Town reported \$71,514 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follow:

<u>Year</u>	
2016	\$ 3,371
2017	3,371
2018	3,371
2019	31,722
2020	836
	<u><u>\$ 42,671</u></u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75%
Salary increases	5.8% average, including inflation
Investment rate of return	7.75% per year

Mortality rates were based on the RP-2000 Mortality Table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2015**

*Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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 one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of net pension liability	<u>\$1,536,259</u>	<u>\$1,167,042</u>	<u>\$852,282</u>

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, is available in the separately issued NHRS report.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 10**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of the Town's Proportionate Share of the Net Pension Liability**  
**New Hampshire Retirement System**

	2015	2014
Town's proportion of net pension liability	0.0295%	0.0285%
Town's proportionate share of the net pension liability	\$1,167,042	\$1,067,757
Town's covered-employee payroll	\$479,855	\$453,858
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	243.21%	235.26%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	66.3%

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

**EXHIBIT 11**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
*Schedule of Town Contributions*  
**New Hampshire Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$124,331	\$114,826
Contribution in relation to the contractually required contribution	(124,331)	(114,826)
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$479,855	\$453,858
Contributions as a percentage of covered-employee payroll	25.91%	25.30%

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

**TOWN OF WILTON, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**

The Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of Town Pension Contributions are meant to present related information for ten years. Because this is the first year that the Town has adopted GASB Statement No. 68 and presented the pension schedules, only two years are presented. An additional year's information will be added each year until there are ten years shown.

**COMBINING NONMAJOR AND INDIVIDUAL FUND STATEMENTS**

**EXHIBIT 12**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2015**

	Special Revenue Funds						Total
	Wilton Public and Gregg Free Library	Ambulance	Conservation Commission	Water	Sewer	Capital Project Fund Expendable Trust	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 132,487	\$ 63,663	\$ -	\$ 9,415	\$ 704	\$ 109,002	\$ 315,271
Investments	-	-	42,187	831,057	-	529,810	1,403,054
Accounts receivable, net of allowances for uncollectible accounts	-	57,524	-	54,068	91,364	-	202,956
Interfund receivable	-	36,978	-	-	-	-	36,978
Prepaid items	2,124	-	-	-	-	-	2,124
Total assets	<u>\$ 134,611</u>	<u>\$ 158,165</u>	<u>\$ 42,187</u>	<u>\$ 894,540</u>	<u>\$ 92,068</u>	<u>\$ 638,812</u>	<u>\$ 1,960,383</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 5,935	\$ 3,026	\$ -	\$ 7,244	\$ 30,724	\$ -	\$ 46,929
Accrued salaries and benefits	-	3,473	-	1,021	335	-	4,829
Interfund payable	2,599	-	-	10,931	60,559	73,650	147,739
Total liabilities	<u>8,534</u>	<u>6,499</u>	<u>-</u>	<u>19,196</u>	<u>91,618</u>	<u>73,650</u>	<u>199,497</u>
Deferred inflows of resources:							
Deferred revenue	-	7,137	-	10,897	19,785	-	37,819
Fund balances:							
Restricted	126,077	-	-	-	22,576	-	148,653
Committed	-	144,529	42,187	864,447	-	565,162	1,616,325
Unassigned	-	-	-	-	(41,911)	-	(41,911)
Total fund balances	<u>126,077</u>	<u>144,529</u>	<u>42,187</u>	<u>864,447</u>	<u>(19,335)</u>	<u>565,162</u>	<u>1,723,067</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 134,611</u>	<u>\$ 158,165</u>	<u>\$ 42,187</u>	<u>\$ 894,540</u>	<u>\$ 92,068</u>	<u>\$ 638,812</u>	<u>\$ 1,960,383</u>



**EXHIBIT 13**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2015**

	Special Revenue Funds							Total
	Wilton Public and Gregg Free Library	Ambulance	Drug Forfeiture	Conservation Commission	Water	Sewer	Capital Project Expendable Trust	
<b>REVENUES</b>								
Intergovernmental	\$ 5,498	\$ 99,904	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 120,402
Charges for services	4,015	183,518	-	-	233,673	326,763	-	747,969
Miscellaneous	25,379	72	-	30	4,423	-	427	30,331
Total revenues	<u>34,892</u>	<u>283,494</u>	<u>-</u>	<u>30</u>	<u>253,096</u>	<u>326,763</u>	<u>427</u>	<u>898,702</u>
<b>EXPENDITURES</b>								
Current:								
Public safety	-	338,866	3,292	-	-	-	-	342,158
Sanitation	-	-	-	-	-	259,410	-	259,410
Water distribution and treatment	-	-	-	-	204,203	-	-	204,203
Culture and recreation	26,995	-	-	-	-	-	-	26,995
Debt service:								
Principal	-	-	-	-	-	15,000	-	15,000
Interest	-	-	-	-	-	9,467	-	9,467
Capital outlay	9,000	2,500	-	-	15,403	7,378	-	34,281
Total expenditures	<u>35,995</u>	<u>341,366</u>	<u>3,292</u>	<u>-</u>	<u>219,606</u>	<u>291,255</u>	<u>-</u>	<u>891,514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,103)</u>	<u>(57,872)</u>	<u>(3,292)</u>	<u>30</u>	<u>33,490</u>	<u>35,508</u>	<u>427</u>	<u>7,188</u>
Other financing sources (uses):								
Transfers in	22,766	111,763	-	-	-	-	197,000	331,529
Transfers out	-	-	-	-	-	-	(41,774)	(41,774)
Total other financing sources and uses	<u>22,766</u>	<u>111,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,226</u>	<u>289,755</u>
Net change in fund balances	21,663	53,891	(3,292)	30	33,490	35,508	155,653	296,943
Fund balances, beginning, as restated, see Note III.D.	104,414	90,638	3,292	42,157	830,957	(54,843)	409,509	1,426,124
Fund balances, ending	<u>\$ 126,077</u>	<u>\$ 144,529</u>	<u>\$ -</u>	<u>\$ 42,187</u>	<u>\$ 864,447</u>	<u>\$ (19,335)</u>	<u>\$ 565,162</u>	<u>\$ 1,723,067</u>

**EXHIBIT 14**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2015**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 2,164,774	\$ 2,225,419	\$ 60,645
Land use change	5,800	-	(5,800)
Timber	9,643	16,562	6,919
Excavation	5,680	4,548	(1,132)
Payments in lieu of taxes	6,026	4,238	(1,788)
Interest and penalties on delinquent taxes	61,547	61,631	84
<b>Total taxes</b>	<b>2,253,470</b>	<b>2,312,398</b>	<b>58,928</b>
<b>Licenses, permits and fees:</b>			
Motor vehicle permits	630,000	639,251	9,251
Building permits	9,000	9,127	127
Other	40,350	11,158	(29,192)
<b>Total licenses, permits and fees</b>	<b>679,350</b>	<b>659,536</b>	<b>(19,814)</b>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	176,342	176,342	-
Highway block grant	115,982	116,983	1,001
State and federal forest land	270	270	-
Railroad tax	60	410	350
Federal sources:			
FEMA	-	24,783	24,783
Other governmental sources:			
Contributions from other towns for ambulance	18,550	10,656	(7,894)
Repayment of 2010 school assessment from Lyndeborough	-	47,165	47,165
<b>Total intergovernmental</b>	<b>311,204</b>	<b>376,609</b>	<b>65,405</b>
<b>Charges for services:</b>			
Income from departments	268,696	441,926	173,230
<b>Miscellaneous:</b>			
Interest on investments	1,500	3,109	1,609
Insurance dividends and reimbursements	33,000	116,412	83,412
Contributions and donations	1,000	1,000	-
Other	-	780	780
<b>Total miscellaneous</b>	<b>35,500</b>	<b>121,301</b>	<b>85,801</b>
<b>Other financing sources:</b>			
Transfers in:			
Permanent fund	3,000	9,164	6,164
Nonmajor funds	45,000	41,774	(3,226)
<b>Total other financing sources</b>	<b>48,000</b>	<b>50,938</b>	<b>2,938</b>
<b>Total revenues and other financing sources</b>	<b>3,596,220</b>	<b>\$ 3,962,708</b>	<b>\$ 366,488</b>
Use of fund balance to reduce taxes	1,000,000		
<b>Total revenues, other financing sources and use of fund balance</b>	<b>\$ 4,596,220</b>		

**EXHIBIT 15**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2015**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 328,312	\$ 334,440	\$ -	\$ (6,128)
Election and registration	-	1,990	1,199	-	791
Legal	-	20,000	8,012	-	11,988
Planning and zoning	10,142	48,676	37,829	18,874	2,115
General government buildings	-	51,560	50,084	-	1,476
Cemeteries	1,200	30,441	31,590	-	51
Insurance, not otherwise allocated	-	37,560	73,603	-	(36,043)
Other	-	460,468	411,509	-	48,959
<b>Total general government</b>	<b>11,342</b>	<b>979,007</b>	<b>948,266</b>	<b>18,874</b>	<b>23,209</b>
<b>Public safety:</b>					
Police	-	700,781	645,389	-	55,392
Fire	681	137,268	125,735	-	12,214
Building inspection	-	25,034	18,255	-	6,779
Emergency management	-	1,400	9,800	-	(8,400)
Communications	-	134,385	134,333	-	52
<b>Total public safety</b>	<b>681</b>	<b>998,868</b>	<b>933,512</b>	<b>-</b>	<b>66,037</b>
<b>Highways and streets:</b>					
Highways and streets	25,000	485,862	430,078	32,459	48,325
Resurfacing	-	384,500	369,309	-	15,191
Street lighting	-	31,900	24,282	-	7,618
<b>Total highways and streets</b>	<b>25,000</b>	<b>902,262</b>	<b>823,669</b>	<b>32,459</b>	<b>71,134</b>
<b>Sanitation:</b>					
Transfer station	-	534,238	490,398	2,000	41,840
<b>Health:</b>					
Administration	-	500	500	-	-
Health agencies and hospitals	-	21,016	20,921	-	95
<b>Total health</b>	<b>-</b>	<b>21,516</b>	<b>21,421</b>	<b>-</b>	<b>95</b>
Welfare	-	45,975	34,068	-	11,907
<b>Culture and recreation:</b>					
Parks and recreation	-	40,655	35,276	-	5,379
Public library	-	256,331	256,331	-	-
Patriotic purposes	-	750	750	-	-
Other	-	700	700	-	-
<b>Total culture and recreation</b>	<b>-</b>	<b>298,436</b>	<b>293,057</b>	<b>-</b>	<b>5,379</b>
Conservation	-	11,500	8,918	-	2,582
Economic development	-	5,000	5,000	-	-

(continued)

**EXHIBIT 15 (continued)**  
**TOWN OF WILTON, NEW HAMPSHIRE, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2015**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	25,000	25,000	-	-
Interest	-	41,193	41,193	-	-
Total debt service	-	66,193	66,193	-	-
Capital outlay:					
Machinery, vehicles and equipment	212,228	171,959	401,830	-	(17,643)
Buildings	12,320	117,632	121,232	5,859	2,861
Improvements other than buildings	15,152	-	3,550	11,602	-
Total capital outlay	239,700	289,591	526,612	17,461	(14,782)
Other financing uses:					
Transfers out:					
Nonmajor funds	-	443,634	308,763	-	134,871
Total encumbrances, appropriations, expenditures and other financing uses	\$ 276,723	\$ 4,596,220	\$ 4,459,877	\$ 70,794	\$ 342,272

**EXHIBIT 16**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2015**

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Unassigned fund balance, beginning		\$ 2,562,968
Changes:		
Unassigned fund balance used to reduce tax rate		(1,000,000)
Budget summary:		
Revenue surplus (Exhibit 14)	\$ 366,488	
Unexpended balance of appropriations (Exhibit 15)	<u>342,272</u>	
Budget surplus		708,760
Decrease in nonspendable fund balance		<u>6,517</u>
Unassigned fund balance, ending		<u><u>\$ 2,278,245</u></u>