

# TOWN OF WILTON, NEW HAMPSHIRE

## FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2017

**TOWN OF WILTON  
FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2017**

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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, 2017, 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.

### ***Opinions***

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, 2017, and the respective changes in financial position thereof, and budgetary comparisons of the major funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the pension related schedules on pages 33 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting. 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.

December 5, 2018

*Roberts & Greene, PLLC*

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2017**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,858,844
Investments	3,874,761
Intergovernmental receivable	8,443
Other receivables, net of allowance for uncollectibles	791,777
Prepaid items	28,465
Capital assets, not being depreciated:	
Land	210,644
Intangible assets	282,000
Construction in progress	417,057
Capital assets, net of accumulated depreciation:	
Land improvements	423,470
Buildings and building improvements	4,377,897
Machinery, vehicles and equipment	2,093,121
Infrastructure	822,244
Total assets	19,188,723
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	347,727
 <b>LIABILITIES</b>	
Accounts payable	281,373
Accrued payroll and benefits	40,981
Accrued interest payable	20,221
Intergovernmental payable	3,504,497
Noncurrent obligations:	
Due within one year:	
Bonds payable	50,000
Unamortized bond premium	7,940
Capital lease payable	40,679
Due in more than one year:	
Bonds payable	810,000
Unamortized bond premium	90,300
Net pension liability	1,501,710
Total liabilities	6,347,701
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	95,552
Deferred amounts related to pensions	94,792
Total deferred inflows of resources	190,344
 <b>NET POSITION</b>	
Net investment in capital assets	7,627,514
Restricted for:	
Perpetual care:	
Nonexpendable	740,025
Expendable	216,269
Other purposes	1,822,614
Unrestricted	2,591,983
Total net position	\$ 12,998,405

The notes to the 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, 2017**

	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	\$ 1,111,104	\$ 95,776	\$ 4	\$ -	\$ (1,015,324)
Public safety	1,607,541	316,953	2,315	-	(1,288,273)
Highways and streets	945,193	20,038	15,000	233,292	(676,863)
Sanitation	771,832	747,806	-	-	(24,026)
Water distribution and treatment	209,679	289,773	-	-	80,094
Health	18,381	-	-	-	(18,381)
Welfare	14,513	-	-	-	(14,513)
Culture and recreation	398,504	2,810	454,417	-	58,723
Conservation	6,716	-	1,200	-	(5,516)
Interest on long-term debt	29,334	-	-	-	(29,334)
Capital outlay	76,284	-	-	-	(76,284)
Total governmental activities	<u>\$ 5,189,081</u>	<u>\$ 1,473,156</u>	<u>\$ 472,936</u>	<u>\$ 233,292</u>	<u>(3,009,697)</u>
General revenues:					
Property taxes					2,503,496
Other taxes					125,229
Licenses and permits					759,605
Grants and contributions not restricted to specific programs					190,273
Miscellaneous					51,124
Total general revenues					<u>3,629,727</u>
Change in net position					620,030
Net position, beginning					<u>12,378,375</u>
Net position, ending					<u>\$ 12,998,405</u>

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

**EXHIBIT 3**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2017**

	General	Recycling Center Revolving	Ambulance	Water	Sewer	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,958,151	\$ 112,156	\$ 149,012	\$ 207,417	\$ 15,950	\$ 97,578	\$ 318,579	\$ 5,858,843
Investments	632	-	-	841,895	-	2,352,789	679,445	3,874,761
Receivables, net of allowance for uncollectibles:								
Taxes	448,616	-	-	-	-	-	-	448,616
Accounts	21,537	23,514	62,751	76,876	115,468	-	7,610	307,756
Intergovernmental	8,443	-	-	-	-	-	-	8,443
Interfund receivable	90,089	-	4,249	780	-	-	69,408	164,526
Prepaid items	25,108	-	-	-	-	-	3,357	28,465
Total assets	<u>\$ 5,552,576</u>	<u>\$ 135,670</u>	<u>\$ 216,012</u>	<u>\$ 1,126,968</u>	<u>\$ 131,418</u>	<u>\$ 2,450,367</u>	<u>\$ 1,078,399</u>	<u>\$ 10,691,410</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 159,424	\$ 14,514	\$ 29,726	\$ 15,576	\$ 15,997	\$ -	\$ 46,136	\$ 281,373
Accrued salaries and benefits	26,723	-	6,537	-	420	-	7,301	40,981
Intergovernmental payable	3,504,497	-	-	-	-	-	-	3,504,497
Interfund payable	73,657	4,640	-	25,781	54,250	6,198	-	164,526
Total liabilities	<u>3,764,301</u>	<u>19,154</u>	<u>36,263</u>	<u>41,357</u>	<u>70,667</u>	<u>6,198</u>	<u>53,437</u>	<u>3,991,377</u>
Deferred inflows of resources:								
Deferred revenue	369,403	76,521	23,332	16,028	23,150	-	19,031	527,465
Fund balances:								
Nonspendable	25,108	-	-	-	-	1,864,473	-	1,889,581
Restricted	107,455	-	-	-	-	579,696	227,284	914,435
Committed	46,376	39,995	156,417	1,069,583	37,601	-	778,647	2,128,619
Assigned	20,055	-	-	-	-	-	-	20,055
Unassigned	1,219,878	-	-	-	-	-	-	1,219,878
Total fund balances	<u>1,418,872</u>	<u>39,995</u>	<u>156,417</u>	<u>1,069,583</u>	<u>37,601</u>	<u>2,444,169</u>	<u>1,005,931</u>	<u>6,172,568</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,552,576</u>	<u>\$ 135,670</u>	<u>\$ 216,012</u>	<u>\$ 1,126,968</u>	<u>\$ 131,418</u>	<u>\$ 2,450,367</u>	<u>\$ 1,078,399</u>	<u>\$ 10,691,410</u>

The notes to the 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, 2017**

Total fund balances of governmental funds (Exhibit 3)	\$	6,172,568
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	\$	11,118,910
Less accumulated depreciation		<u>(2,492,477)</u>
		8,626,433
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$	(164,526)
Payables		<u>164,526</u>
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$	366,403
Unavailable cemetery revenue		3,000
Unavailable ambulance revenue		23,332
Unavailable water charges		16,028
Unavailable sewer charges		23,150
Unavailable elderly and welfare liens		<u>35,406</u>
		467,319
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(20,221)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$	860,000
Unamortized bond premium		98,240
Capital leases outstanding		40,679
Net pension liability		<u>1,501,710</u>
		(2,500,629)
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	\$	347,727
Deferred inflows of resources related to pensions		<u>(94,792)</u>
		252,935
Total net position of governmental activities (Exhibit 1)		<u>\$ 12,998,405</u>

The notes to the 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, 2017**

	General	Recycling Center Revolving	Ambulance	Water	Sewer	Permanent	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Taxes	\$ 2,658,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,165	\$ 2,666,662
Licenses, permits and fees	758,995	-	-	-	-	-	-	758,995
Intergovernmental	423,565	282,267	112,405	-	-	-	498	818,735
Charges for services	158,462	117,311	207,921	287,910	343,464	-	1,183	1,116,251
Miscellaneous	13,293	-	91	10,746	-	300,308	177,483	501,921
Total revenues	<u>4,012,812</u>	<u>399,578</u>	<u>320,417</u>	<u>298,656</u>	<u>343,464</u>	<u>300,308</u>	<u>187,329</u>	<u>5,862,564</u>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	1,082,590	-	-	-	-	19,022	-	1,101,612
Public safety	930,380	-	402,348	-	-	-	-	1,332,728
Highways and streets	851,124	-	-	-	-	-	-	851,124
Sanitation	-	562,637	-	-	298,342	-	-	860,979
Water distribution and treatment	-	-	-	203,202	-	-	-	203,202
Health	18,381	-	-	-	-	-	-	18,381
Welfare	17,009	-	-	-	-	-	-	17,009
Culture and recreation	332,772	-	-	-	-	-	61,085	393,857
Conservation	6,716	-	-	-	-	-	-	6,716
<b>Debt service:</b>								
Principal	28,800	-	-	-	-	-	-	28,800
Interest	38,518	-	-	-	-	-	-	38,518
Capital outlay	666,396	-	-	-	-	-	26,215	692,611
Total expenditures	<u>3,972,686</u>	<u>562,637</u>	<u>402,348</u>	<u>203,202</u>	<u>298,342</u>	<u>19,022</u>	<u>87,300</u>	<u>5,545,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,126</u>	<u>(163,059)</u>	<u>(81,931)</u>	<u>95,454</u>	<u>45,122</u>	<u>281,286</u>	<u>100,029</u>	<u>317,027</u>
<b>Other financing sources (uses):</b>								
Transfers in	276,198	162,884	129,396	-	-	-	311,789	880,267
Transfers out	(553,530)	-	-	-	-	(34,737)	(292,000)	(880,267)
Total other financing sources and uses	<u>(277,332)</u>	<u>162,884</u>	<u>129,396</u>	<u>-</u>	<u>-</u>	<u>(34,737)</u>	<u>19,789</u>	<u>-</u>
Net change in fund balances	(237,206)	(175)	47,465	95,454	45,122	246,549	119,818	317,027
Fund balances, beginning, as restated, see Note III.D.	1,656,078	40,170	108,952	974,129	(7,521)	2,197,620	886,113	5,855,541
Fund balances, ending	<u>\$ 1,418,872</u>	<u>\$ 39,995</u>	<u>\$ 156,417</u>	<u>\$ 1,069,583</u>	<u>\$ 37,601</u>	<u>\$ 2,444,169</u>	<u>\$ 1,005,931</u>	<u>\$ 6,172,568</u>

The notes to the 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, 2017**

Net change in fund balances of governmental funds (Exhibit 5)		\$ 317,027
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	\$ 703,465	
Depreciation expense	<u>(370,745)</u>	332,720
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (880,267)	
Transfers out	<u>880,267</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue	\$ (37,937)	
Change in unavailable cemetery revenue	(2,000)	
Change in unavailable police detail revenue	(6,030)	
Change in unavailable ambulance revenue	(14,363)	
Change in unavailable water charges	2,113	
Change in unavailable sewer charges	4,764	
Change in unavailable elderly and welfare liens	<u>2,496</u>	(50,957)
The repayment of the principal of long-term debt consumes current financial resources, but has no effect on net position.		
Repayment of bond principal	\$ 45,000	
Amortization of bond premium	7,940	
Repayment of capital lease principal	<u>39,415</u>	92,355
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		1,244
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.		
Town pension contributions	\$ 139,682	
Cost of benefits earned, net of employee contributions	<u>(212,041)</u>	<u>(72,359)</u>
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 620,030</u></u>

The notes to the 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, 2017**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,574,245	\$ 2,574,245	\$ 2,620,560	\$ 46,315
Licenses, permits and fees	760,350	760,350	758,995	(1,355)
Intergovernmental	316,102	423,557	423,565	8
Charges for services	109,917	109,917	158,462	48,545
Miscellaneous	2,000	2,000	13,293	11,293
Total revenues	<u>3,762,614</u>	<u>3,870,069</u>	<u>3,974,875</u>	<u>104,806</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,198,330	1,198,330	1,086,020	112,310
Public safety	1,031,716	1,031,716	930,380	101,336
Highways and streets	892,096	999,551	958,579	40,972
Health	24,191	24,191	18,381	5,810
Welfare	42,020	42,020	17,009	25,011
Culture and recreation	340,590	340,590	332,772	7,818
Conservation	7,825	7,825	6,716	1,109
Debt service:				
Principal	28,800	28,800	28,800	-
Interest	38,518	38,518	38,518	-
Capital outlay	667,450	667,450	676,062	(8,612)
Total expenditures	<u>4,271,536</u>	<u>4,378,991</u>	<u>4,093,237</u>	<u>285,754</u>
Deficiency of revenues under expenditures	<u>(508,922)</u>	<u>(508,922)</u>	<u>(118,362)</u>	<u>390,560</u>
Other financing sources (uses):				
Transfers in	270,000	270,000	276,198	6,198
Transfers out	(553,528)	(553,528)	(553,530)	(2)
Total other financing sources and uses	<u>(283,528)</u>	<u>(283,528)</u>	<u>(277,332)</u>	<u>6,196</u>
Net change in fund balance	<u>\$ (792,450)</u>	<u>\$ (792,450)</u>	(395,694)	<u>\$ 396,756</u>
Increase in nonspendable fund balance			(825)	
Unassigned fund balance, beginning, as restated, see Note III.D.			<u>1,982,800</u>	
Unassigned fund balance, ending			<u>\$ 1,586,281</u>	

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

**EXHIBIT 8**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Recycling Center Revolving Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 313,874	\$ 282,267	\$ (31,607)
Charges for services	<u>53,825</u>	<u>117,311</u>	<u>63,486</u>
Total revenues	367,699	399,578	31,879
<b>EXPENDITURES</b>			
Current:			
Sanitation	<u>530,583</u>	<u>562,637</u>	<u>(32,054)</u>
Deficiency of revenues under expenditures	(162,884)	(163,059)	(175)
Other financing sources:			
Transfers in	<u>162,884</u>	<u>162,884</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	(175)	<u>\$ (175)</u>
Fund balance, beginning		<u>40,170</u>	
Fund balance, ending		<u>\$ 39,995</u>	

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

**EXHIBIT 9**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Ambulance Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 89,697	\$ 112,405	\$ 22,708
Charges for services	172,158	207,921	35,763
Miscellaneous	-	91	91
Total revenues	<u>261,855</u>	<u>320,417</u>	<u>58,562</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>391,249</u>	<u>402,348</u>	<u>(11,099)</u>
Deficiency of revenues under expenditures	(129,394)	(81,931)	47,463
Other financing sources:			
Transfers in	<u>129,394</u>	<u>129,396</u>	<u>2</u>
Net change in fund balance	<u>\$ -</u>	47,465	<u>\$ 47,465</u>
Fund balance, beginning		<u>108,952</u>	
Fund balance, ending		<u>\$ 156,417</u>	

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

**EXHIBIT 10**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Water Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 270,969	\$ 287,910	\$ 16,941
Miscellaneous	-	10,746	10,746
Total revenues	<u>270,969</u>	<u>298,656</u>	<u>27,687</u>
<b>EXPENDITURES</b>			
Current:			
Water distribution and treatment	<u>270,969</u>	<u>203,202</u>	<u>67,767</u>
Net change in fund balance	<u>\$ -</u>	95,454	<u>\$ 95,454</u>
Fund balance, beginning		<u>974,129</u>	
Fund balance, ending		<u>\$ 1,069,583</u>	

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

**EXHIBIT 11**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Sewer Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 311,436	\$ 343,464	\$ 32,028
<b>EXPENDITURES</b>			
Current:			
Sanitation	311,436	298,342	13,094
Net change in fund balance	\$ -	45,122	\$ 45,122
Fund balance, beginning		(7,521)	
Fund balance, ending		\$ 37,601	

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



**EXHIBIT 12**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2017**

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 860	\$ 22,804
Investments	<u>136,697</u>	<u>426,000</u>
Total assets	<u>137,557</u>	<u>448,804</u>
Liabilities:		
School district funds	<u>-</u>	<u>448,804</u>
Net position:		
Held in trust for specific purposes	<u>\$ 137,557</u>	<u>\$ -</u>

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

**EXHIBIT 13**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2017**

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	<u>Private Purpose Trust</u>
Additions:	
Investment earnings:	
Interest and dividends	\$ 6,461
Net change in fair value of investments	<u>10,846</u>
Change in net position	17,307
Net position, beginning	<u>120,250</u>
Net position, ending	<u><u>\$ 137,557</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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DECEMBER 31, 2017**

**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, 2017.

**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  
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*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. However, on the budgetary basis which is used for setting the tax rate, property taxes not collected within sixty days are not deferred. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are property taxes, intergovernmental amounts 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  
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**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.

*Recycling Center Revolving Fund* – Reports as a Special Revenue Fund and used to account for transactions related to the operation of the Recycling Center.

*Ambulance Fund* – Reports as a Special Revenue Fund and used to account for transactions related to the operations of the ambulance service.

*Water Fund* – Reports as a Special Revenue Fund and used to account for the financial activity related to the provision of water services to residents and businesses of the Town.

*Sewer Fund* – Reports as a Special Revenue Fund and used to account for the financial activity related to the provision of septage disposal services.

*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 four 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 Fund* – Accounts 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.

**TOWN OF WILTON, NEW HAMPSHIRE  
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**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 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 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 acquisition 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. However, it is maintained that those assets, net of accumulated depreciation, would no longer be material to the governmental activities.

**TOWN OF WILTON, NEW HAMPSHIRE  
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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:

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

**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, the capital lease and the net pension liability.

**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 prepaid items in the General Fund, and endowments in the Permanent Fund.
- Restricted, which represents the expendable income of the Permanent Fund, the balance of the Library Fund whose use is limited by law, and the unexpended additional highway block grant received during the year.



**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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- 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.
- Unassigned, which represents the remainder of the General Fund fund balance.

**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 Fund, and some of the nonmajor funds. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2017, \$750,000 of the unassigned fund balance from 2016 was so used, and \$42,450 was appropriated from fund balance.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restrictions, commitments or assignments of fund balance 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, 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.

**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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**II.B. Reconciliation of General Fund Budgetary Basis to GAAP**

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 4,251,073
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	404,340
Tax revenue deferred in the current year	(366,403)
Per Exhibit 5 (GAAP basis)	<u>\$ 4,289,010</u>
 Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 4,646,767
Adjustments:	
Basis difference:	
Encumbrances, beginning	53,335
Encumbrances, ending	(173,886)
Per Exhibit 5 (GAAP basis)	<u>\$ 4,526,216</u>
 Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,586,281
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(366,403)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,219,878</u>

For the other funds, there is no difference between budgetary and GAAP basis.

**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 \$5,858,507 as of December 31, 2017. The bank balances for all of these funds totaled \$5,906,019, of which \$27,784 was uninsured and uncollateralized as of that date.

**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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**III.A.2. Investments**

As of December 31, 2017, the Town’s reporting entity had the following investments:

Certificates of Deposit	\$ 1,740,280
U.S. Government Agencies	99,477
Mutual Funds	688,614
Common Stocks	1,001,534
Corporate Bonds and Notes	659,317
New Hampshire Public Deposit Investment Pool	124,984
Other	123,252
	<u>\$ 4,437,458</u>

The investments appear in the fund financial statements as follow:

Governmental funds - balance sheet (Exhibit 3)	\$ 3,874,761
Fiduciary funds - statement of fiduciary net position (Exhibit 12)	562,697
Total	<u>\$ 4,437,458</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.

**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 \$4,437,458 of investments, \$1,665,858 has exposure to 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

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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 should be deeded to the Town. During 2017, the tax collector executed a lien for uncollected 2016 property taxes on June 6.

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, 2017, upon which the 2017 property tax levy was based was:

For the New Hampshire education tax	\$364,363,901
For all other taxes	\$369,475,701

The tax rates and amounts assessed for the year ended December 31, 2017 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$6.93	\$ 2,560,846
School portion:		
State of New Hampshire	\$2.29	832,835
Local	\$16.69	6,167,216
County portion	\$1.26	466,051
Total property taxes assessed		<u><u>\$10,026,948</u></u>

*This note continues on the following page.*

**TOWN OF WILTON, NEW HAMPSHIRE  
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The following details the taxes receivable at year-end:

Property:	
Levy of 2017	\$ 337,218
Levy of 2015	311
Levy of 2012	6,226
Unredeemed (under tax lien):	
Levy of 2016	115,589
Levy of 2015	83,482
Levy of 2014	45,379
Levy of 2013	32,428
Levy of 2012	9,105
Levy of 2011	12,512
Levy of 2010	10,703
Levy of 2009	7,456
Levy of 2008	8,942
Levy of 2007	3,291
Timber	974
Less: allowance for estimated uncollectible taxes	<u>(225,000)</u>
Net taxes receivable	<u><u>\$ 448,616</u></u>

*Other Receivables and Uncollectible Accounts*

Other 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 amounts. The allowance amounts consist of all of the elderly and welfare liens, and ambulance charges and other amounts with questionable collectability. Related amounts are as follow:

Accounts	\$ 511,395
Intergovernmental	8,443
Liens	35,406
Less: allowance for uncollectible amounts	<u>(239,045)</u>
Net total receivables	<u><u>\$ 316,199</u></u>

*Deferred Revenue*

Deferred revenue in the governmental funds consists of \$366,403 of taxes, \$23,332 of ambulance fees, \$23,150 of water charges, \$16,028 of sewer charges, and \$3,000 of cemetery fees not collected within sixty days of year-end; and \$76,521 of amounts collected from other towns for the recycling center in excess of actual costs, and \$19,031 of impact fees, both of which will be applied to the next year. In the Governmental Activities, only the recycling and impact fees are reported as unearned.

**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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**III.A.4. Capital Assets**

*Changes in Capital Assets*

The following provides a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
At cost:			
Not being depreciated:			
Land	\$ 210,644	\$ -	\$ 210,644
Intangible assets	282,000	-	282,000
Construction in progress	<u>56,263</u>	<u>360,794</u>	<u>417,057</u>
Total capital assets not being depreciated	<u>548,907</u>	<u>360,794</u>	<u>909,701</u>
Being depreciated:			
Land improvements	530,285	-	530,285
Buildings and building improvements	5,107,241	17,763	5,125,004
Machinery, vehicles and equipment	3,162,626	324,908	3,487,534
Infrastructure	<u>1,066,386</u>	<u>-</u>	<u>1,066,386</u>
Total capital assets being depreciated	<u>9,866,538</u>	<u>342,671</u>	<u>10,209,209</u>
Total all capital assets	<u>10,415,445</u>	<u>703,465</u>	<u>11,118,910</u>
Less accumulated depreciation:			
Land improvements	(96,209)	(10,606)	(106,815)
Buildings and building improvements	(681,369)	(65,738)	(747,107)
Machinery, vehicles and equipment	(1,141,770)	(252,643)	(1,394,413)
Infrastructure	<u>(202,384)</u>	<u>(41,758)</u>	<u>(244,142)</u>
Total accumulated depreciation	<u>(2,121,732)</u>	<u>(370,745)</u>	<u>(2,492,477)</u>
Net book value, capital assets being depreciated	<u>7,744,806</u>	<u>(28,074)</u>	<u>7,716,732</u>
Net book value, all capital assets	<u>\$ 8,293,713</u>	<u>\$ 332,720</u>	<u>\$ 8,626,433</u>

*Depreciation Expense*

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

General government	\$ 9,492
Public safety	202,454
Highways and streets	133,484
Sanitation	14,191
Water distribution and treatment	6,477
Culture and recreation	4,647
Total depreciation expense	<u>\$ 370,745</u>

**TOWN OF WILTON, NEW HAMPSHIRE  
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**III.B. Liabilities**

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

The amount due to other governments at December 31, 2017 consists of the balance of the 2017-2018 district assessment due to the Wilton-Lyndeborough Cooperative School District in the amount of \$3,499,532, and \$4,965 of motor vehicle fees due to the State.

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

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.

Liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2017	Current Portion
General obligation bonds payable:						
Fire station	\$833,800	2013	2033	4.1-5.6	\$ 730,000	\$ 30,000
Sewer project	\$191,200	2013	2023	5.1-5.6	130,000	20,000
					<u>860,000</u>	<u>50,000</u>
Unamortized bond premium					98,240	7,940
Capital lease payable:						
Wheel loader	\$121,927	2016	2018	2.96	40,679	40,679
Net pension liability					1,501,710	-
					<u>\$ 2,500,629</u>	<u>\$ 98,619</u>

*Changes in Long-Term Liabilities*

	General Obligation Bonds Payable	Unamortized Bond Premium	Capital Lease Payable	Net Pension Liability	Total
Balance, beginning	\$ 905,000	\$ 106,180	\$ 80,094	\$ 1,709,556	\$ 2,800,830
Reductions	(45,000)	(7,940)	(39,415)	(207,846)	(300,201)
Balance, ending	<u>\$ 860,000</u>	<u>\$ 98,240</u>	<u>\$ 40,679</u>	<u>\$ 1,501,710</u>	<u>\$ 2,500,629</u>

*This note continues on the following page.*

**TOWN OF WILTON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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*Debt Service Requirements to Maturity*

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

Year Ending December 31,	Principal	Interest	Total
2018	\$ 50,000	\$ 43,860	\$ 93,860
2019	50,000	41,060	91,060
2020	55,000	38,510	93,510
2021	55,000	35,567	90,567
2022	65,000	32,625	97,625
2023-2027	245,000	120,923	365,923
2028-2032	275,000	60,180	335,180
2033	65,000	3,315	68,315
Totals	<u>\$ 860,000</u>	<u>\$ 376,040</u>	<u>\$ 1,236,040</u>

The final payment on the capital lease is due in 2018 and consists of \$40,679 principal and \$1,155 interest for a total payment of \$41,834.

**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	Recycling Center	\$ 4,640
General	Water	25,781
General	Sewer	53,470
General	Permanent	6,198
Ambulance	General	4,249
Sewer	Water	780
Nonmajor	General	69,408
		<u>\$ 164,526</u>

The amount due to the General Fund from the Recycling Center Fund represents an overpayment of costs. The amounts due to the General Fund from the Water and Sewer Funds represent costs to be reimbursed. The amount due to the General Fund from the Permanent Fund represents perpetual care income to cover maintenance of cemetery lots. The amount due to the Ambulance Fund from the General Fund represents receipts to be transferred over.



**TOWN OF WILTON, NEW HAMPSHIRE  
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The amount due to the Sewer Fund from the Water Fund is for shared expenditures from prior years that has never been remitted. The amount due to the Nonmajor Funds from the General Fund represents \$65,808 due to the Library Fund for fourth quarter expenditures net of a reimbursement of \$2,600, and \$3,600 due to the Conservation Commission Fund for L-Chip revenue deposited into the General Fund account.

**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:				Total
	General Fund	Recycling Center Revolving Fund	Ambulance Fund	Nonmajor Funds	
Transfers out:					
General fund	\$ -	\$ 162,884	\$ 129,396	\$ 261,250	\$ 553,530
Permanent fund	6,198	-	-	28,539	34,737
Nonmajor funds	270,000	-	-	22,000	292,000
	<u>\$ 276,198</u>	<u>\$ 162,884</u>	<u>\$ 129,396</u>	<u>\$ 311,789</u>	<u>\$ 880,267</u>

The amounts transferred to the Recycling Center Revolving and the Ambulance Funds from the General Fund represent the Town's share of these funds' costs as appropriated. The amounts transferred to the Nonmajor Funds from the General Fund represent appropriations to the Expendable Trust Fund. The amounts transferred from the Permanent Fund represent investment earnings for perpetual care and the library. The amounts transferred to the Nonmajor Funds represent appropriations from the Expendable Trust Funds as approved by Town Meeting.

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

The equity balances at December 31, 2016, were restated as follow:

	General Fund	Conservation Commission Fund
To reclassify Conservation Commission revenue	\$ (2,400)	\$ 2,400
Fund balance, as previously reported	1,658,478	43,158
Fund balance, as restated	<u>\$ 1,656,078</u>	<u>\$ 45,558</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.4.:

	General Fund	Recycling Center Revolving Fund	Ambulance Revolving Fund	Water Fund	Sewer Fund	Permanent Fund	Nonmajor Funds
<b>Nonspendable:</b>							
Endowments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,864,473	\$ -
Prepaid items	25,108	-	-	-	-	-	-
Total nonspendable	25,108	-	-	-	-	1,864,473	-
<b>Restricted:</b>							
General government	-	-	-	-	-	97,244	-
Highways and streets	107,455	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	482,452	227,284
Total restricted	107,455	-	-	-	-	579,696	227,284
<b>Committed:</b>							
General government	3,620	-	-	-	-	-	-
Public safety	-	-	156,417	-	-	-	-
Sanitation	-	39,995	-	-	37,601	-	-
Water distribution and treatment	-	-	-	1,069,583	-	-	-
Conservation	-	-	-	-	-	-	55,368
Capital outlay	42,756	-	-	-	-	-	723,279
Total committed	46,376	39,995	156,417	1,069,583	37,601	-	778,647
Assigned to general government	20,055	-	-	-	-	-	-
Unassigned	1,219,878	-	-	-	-	-	-
Total fund balance	\$ 1,418,872	\$ 39,995	\$ 156,417	\$ 1,069,583	\$ 37,601	\$ 2,444,169	\$ 1,005,931

**III.F. Restricted Net Position**

The governmental activities' statement of net position includes restricted net position of \$2,441,169 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures.

**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 coverages are on a calendar year. Contributions for property/liability to be

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recorded as an insurance expenditure/expense totaled \$49,391. There were no unpaid contributions for the year due in 2017. Contributions for workers' compensation coverage for 2017 totaled \$46,135, while the Town paid \$2,327 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 additional 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 rate of contribution for police officers was 11.55% of gross earnings. During the first six months of 2017, the rate of contribution from the Town for pension and the medical subsidy was 26.38% for police officers, increasing effective July 1 to 29.43%. 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 2015, 2016 and 2017 were \$124,331, \$132,491 and \$139,682, 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, 2017, the Town reported a liability of \$1,501,710 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward. 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, 2017, the Town's proportion was 0.0305%, which was a decrease of 0.0016% from its proportion reported as of December 31, 2016.

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For 2017, the Town recognized pension expense of \$212,041. 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	\$ 115,494	\$ 56,555
Changes in assumptions	150,792	-
Differences between expected and actual experience	3,405	19,112
Net difference between projected and actual earnings on pension plan investments	-	19,125
Town contributions subsequent to the measurement date	<u>78,036</u>	<u>-</u>
	<u>\$ 347,727</u>	<u>\$ 94,792</u>

The Town reported \$78,036 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>	
2018	\$ 61,331
2019	90,973
2020	59,531
2021	<u>(36,936)</u>
	<u>\$ 174,899</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2017 actuarial valuation was determined using the actuarial valuation as of June 30, 2016 rolled forward using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 through June 30, 2015.

**TOWN OF WILTON, NEW HAMPSHIRE  
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Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

*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 7.25%, 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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	\$1,978,428	\$1,501,710	\$1,111,059

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

**IV.C. Contingent Liabilities**

There are from time to time ,claims filed against the Town in the normal course of business. At this time, management does not believe that there are any pending claims that would result in any significant liability to the Town.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 14**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability**  
**New Hampshire Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability	0.0305%	0.0321%	0.0295%	0.0285%
Town's proportionate share of the net pension liability	\$1,501,710	\$1,709,556	\$1,167,042	\$1,067,757
Town's covered-employee payroll	\$498,843	\$502,241	\$479,855	\$453,858
Town's proportionate share of the net pension liability as a percentage of the covered-employee payroll	301.04%	340.39%	243.21%	235.26%
Plan net position as a percentage of the total pension liability	62.7%	58.3%	65.5%	66.3%

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

**EXHIBIT 15**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Schedule of the Town's Pension Contributions**  
**New Hampshire Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 139,682	\$ 132,491	\$ 124,331	\$ 114,826
Contribution in relation to the contractually required contribution	<u>(139,682)</u>	<u>(132,491)</u>	<u>(124,331)</u>	<u>(114,826)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$498,843	\$502,241	\$479,855	\$453,858
Contributions as a percentage of covered-employee payroll	28.00%	26.38%	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, 2017**

The Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of the Town's Pension Contributions are meant to present related information for ten years. Because this is the third year that the Town has presented the pension schedules, only four years are presented. An additional year's information will be added each year until there are ten years shown.

**COMBINING NONMAJOR AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 16**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2017**

	Special Revenue Funds				Total
	Impact Fees	Conservation Commission	Wilton Public and Gregg Free Library	Capital Projects Fund Expendable Trust	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,423	\$ -	\$ 211,554	\$ 95,602	\$ 318,579
Investments	-	51,768	-	627,677	679,445
Accounts receivable, net of allowances for uncollectible	7,608	-	2	-	7,610
Interfund receivable	-	3,600	65,808	-	69,408
Prepaid items	-	-	3,357	-	3,357
Total assets	<u>\$ 19,031</u>	<u>\$ 55,368</u>	<u>\$ 280,721</u>	<u>\$ 723,279</u>	<u>\$ 1,078,399</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 46,136	\$ -	\$ 46,136
Accrued salaries and benefits	-	-	7,301	-	7,301
Interfund payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>53,437</u>	<u>-</u>	<u>53,437</u>
Deferred inflows of resources:					
Deferred revenue	<u>19,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,031</u>
Fund balances:					
Restricted	-	-	227,284	-	227,284
Committed	<u>-</u>	<u>55,368</u>	<u>-</u>	<u>723,279</u>	<u>778,647</u>
Total fund balances	<u>-</u>	<u>55,368</u>	<u>227,284</u>	<u>723,279</u>	<u>1,005,931</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,031</u>	<u>\$ 55,368</u>	<u>\$ 280,721</u>	<u>\$ 723,279</u>	<u>\$ 1,078,399</u>

**EXHIBIT 17**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2017**

	Special Revenue Funds			Total
	Conservation Commission	Wilton Public and Gregg Free Library	Capital Projects Fund Expendable Trust	
<b>REVENUES</b>				
Taxes	\$ 8,165	\$ -	\$ -	\$ 8,165
Intergovernmental	-	498	-	498
Charges for services	-	1,183	-	1,183
Miscellaneous	1,645	155,372	20,466	177,483
Total revenues	<u>9,810</u>	<u>157,053</u>	<u>20,466</u>	<u>187,329</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	-	61,085	-	61,085
Capital outlay	-	26,215	-	26,215
Total expenditures	<u>-</u>	<u>87,300</u>	<u>-</u>	<u>87,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,810</u>	<u>69,753</u>	<u>20,466</u>	<u>100,029</u>
Other financing sources (uses):				
Transfers in	-	28,539	283,250	311,789
Transfers out	-	(22,000)	(270,000)	(292,000)
Total other financing sources and uses	<u>-</u>	<u>6,539</u>	<u>13,250</u>	<u>19,789</u>
Net change in fund balances	9,810	76,292	33,716	119,818
Fund balances, beginning, as restated, see Note III.D.	45,558	150,992	689,563	886,113
Fund balances, ending	<u>\$ 55,368</u>	<u>\$ 227,284</u>	<u>\$ 723,279</u>	<u>\$ 1,005,931</u>

**EXHIBIT 18**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 2,475,578	\$ 2,503,496	\$ 27,918
Land use change	8,165	8,165	-
Timber	8,500	10,359	1,859
Excavation	7,933	7,913	(20)
Payments in lieu of taxes	4,069	4,070	1
Interest and penalties on delinquent taxes	70,000	86,557	16,557
Total taxes	<u>2,574,245</u>	<u>2,620,560</u>	<u>46,315</u>
<b>Licenses, permits and fees:</b>			
Motor vehicle permits	730,000	725,624	(4,376)
Building permits	17,000	17,830	830
Other	13,350	15,541	2,191
Total licenses, permits and fees	<u>760,350</u>	<u>758,995</u>	<u>(1,355)</u>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	189,075	189,075	-
Highway block grant	125,839	125,837	(2)
State and federal forest land	288	288	-
Railroad tax	900	910	10
Additional highway block grant	107,455	107,455	-
Total intergovernmental	<u>423,557</u>	<u>423,565</u>	<u>8</u>
<b>Charges for services:</b>			
Income from departments	<u>109,917</u>	<u>158,462</u>	<u>48,545</u>
<b>Miscellaneous:</b>			
Interest on investments	2,000	2,855	855
Insurance dividends and reimbursements	-	6,247	6,247
Other	-	4,191	4,191
Total miscellaneous	<u>2,000</u>	<u>13,293</u>	<u>11,293</u>
<b>Other financing sources:</b>			
Transfers in:			
Permanent fund	-	6,198	6,198
Nonmajor funds	270,000	270,000	-
Total other financing sources	<u>270,000</u>	<u>276,198</u>	<u>6,198</u>
Total revenues and other financing sources	4,140,069	<u>\$ 4,251,073</u>	<u>\$ 111,004</u>
Fund balance appropriated	42,450		
Fund balance used to reduce taxes	750,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 4,932,519</u>		

**EXHIBIT 19**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**General Fund**  
*Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Year Ended December 31, 2017**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 443,754	\$ 422,294	\$ -	\$ 21,460
Election and registration	-	1,945	462	-	1,483
Legal	-	10,000	11,911	-	(1,911)
Planning and zoning	12,000	49,996	47,529	6,955	7,512
General government buildings	8,245	45,100	30,943	11,720	10,682
Cemeteries	-	36,395	19,603	-	16,792
Insurance, not otherwise allocated	-	71,299	72,733	-	(1,434)
Other	-	539,841	477,115	5,000	57,726
Total general government	<u>20,245</u>	<u>1,198,330</u>	<u>1,082,590</u>	<u>23,675</u>	<u>112,310</u>
<b>Public safety:</b>					
Police	-	722,541	669,327	-	53,214
Fire	-	140,333	95,008	-	45,325
Building inspection	-	26,556	24,669	-	1,887
Emergency management	-	1,100	575	-	525
Other	-	141,186	140,801	-	385
Total public safety	<u>-</u>	<u>1,031,716</u>	<u>930,380</u>	<u>-</u>	<u>101,336</u>
<b>Highways and streets:</b>					
Highways and streets	-	974,351	828,689	107,455	38,207
Street lighting	-	25,200	22,435	-	2,765
Total highways and streets	<u>-</u>	<u>999,551</u>	<u>851,124</u>	<u>107,455</u>	<u>40,972</u>
<b>Health:</b>					
Administration	-	595	535	-	60
Health agencies and hospitals	-	23,596	17,846	-	5,750
Total health	<u>-</u>	<u>24,191</u>	<u>18,381</u>	<u>-</u>	<u>5,810</u>
<b>Welfare:</b>					
Direct assistance	-	42,020	17,009	-	25,011
<b>Culture and recreation:</b>					
Parks and recreation	-	18,200	16,063	-	2,137
Public library	-	273,633	273,633	-	-
Patriotic purposes	-	750	750	-	-
Other	-	48,007	42,326	-	5,681
Total culture and recreation	<u>-</u>	<u>340,590</u>	<u>332,772</u>	<u>-</u>	<u>7,818</u>
Conservation	-	7,825	6,716	-	1,109

(continued)

**EXHIBIT 19 (continued)**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	28,800	28,800	-	-
Interest	-	38,518	38,518	-	-
Total debt service	-	67,318	67,318	-	-
Capital outlay:					
Machinery, vehicles and equipment	-	325,000	304,908	-	20,092
Buildings	-	300,000	257,244	42,756	-
Improvements other than buildings	33,090	42,450	104,244	-	(28,704)
Total capital outlay	33,090	667,450	666,396	42,756	(8,612)
Other financing uses:					
Transfers out:					
Recycling center revolving fund	-	162,884	162,884	-	-
Ambulance fund	-	129,394	129,396	-	(2)
Nonmajor funds	-	261,250	261,250	-	-
Total other financing uses	-	553,528	553,530	-	(2)
Total encumbrances, appropriations, expenditures and other financing uses	\$ 53,335	\$ 4,932,519	\$ 4,526,216	\$ 173,886	\$ 285,752

**EXHIBIT 20**  
**TOWN OF WILTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

Unassigned fund balance, beginning, as restated		\$ 1,982,800
Changes:		
Unassigned fund balance appropriated	\$ 42,450	
Unassigned fund balance used to reduce tax rate	<u>750,000</u>	(792,450)
Budget summary:		
Revenue surplus (Exhibit 18)	\$ 111,004	
Unexpended balance of appropriations (Exhibit 19)	<u>285,752</u>	396,756
Budget surplus		
Increase in nonspendable fund balance		<u>(825)</u>
Unassigned fund balance, ending		<u><u>\$ 1,586,281</u></u>





# Roberts & Greene, PLLC

## LETTER TO MANAGEMENT

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wilton as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wilton's internal control.

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

### *General Ledger System*

The general ledger presented for audit was still extremely cumbersome, as it has more detail and accounts than necessary, although we were pleased to see that the adjusting entries provided after the 2016 audit had been posted. There were four different property taxes receivable accounts for each year of levy, going back to the year 2010, even though for many of these years, there were no actual taxes still receivable. There were also several different accounts for gravel, current use and yield taxes; and sewer and water billings going back to 2007. In some of the years, the four accounts added together to zero, and we had provided adjustments in the prior year to zero out all of these accounts, but those adjustments were never posted. The balance sheet should only have one account for each type of tax or fee (property, gravel, yield, sewer, water, etc.) receivable, and if the accountant wants to keep a more detailed breakdown of the receivable for ease of reconciling with the Tax Collector, this should be done in subsidiary ledgers or spreadsheets and not on the actual general ledger. Added taxes and abatements should be posted directly to the receivable account. The same should be done for the different elderly or welfare liens; there is no need to have a separate general ledger account for each individual.

As reported in prior years, the Conservation Commission is accounted for as a separate fund as required by State law. However, it was included in the General Fund in the Town's general ledger with no liability reported to the Conservation Commission. We understand that due to the limited amount of transactions, the Town had elected to not set up an additional fund in its general ledger system. This would work provided that all of the Conservation Commission's activity was accounted for in a liability line, "Due to Conservation Commission Fund." However, such activity was recorded as General Fund revenue and expenditures, resulting in adjustments needed to report activity in the proper fund.

We also found an error from the prior year which occurred because of the Conservation Commission Fund's activity not being properly segregated. Although not above materiality levels, a restatement was made to the prior year's balance to record revenue in the proper fund.

The general ledger system was set up to record activity between the General Fund, and the other funds that are in the system (Ambulance, Sewer, Water, and Recycling Center) by posting receipts of these other funds that are deposited into the General Fund's operating account with a credit in the General Fund to "Due to (respective other) Fund", and a debit in the other fund to "Due from General Fund." Then payments made out of the General Fund on behalf of the other funds, are debited to "Due from (respective other) Fund" in the General Fund, and credited to "Due to General Fund" in the other fund. However, it would be easier for reconciling and for management to see what the interfund balances are, if these entries all went into one account rather than having both a "Due to" and a "Due from" account. At the very least if the two accounts are going to be used, they should be netted together annually or more often as they have just been accumulating for many years to extremely large balances.

Because Governmental Funds are maintained on a current financial resources measurement focus, only current assets and liabilities are reported on the balance sheet. We found, as in the past years, that there were liability accounts in the General Fund for Fire Station Bond and Fire Station Bond Premium. The bond payments should be posted to an expenditure line in the General Fund, while the outstanding balance of both the bond and the premium should not show in the General Fund.

We are aware that the Town has been working on changing to a general ledger system that is more compatible with municipal accounting, and we recommend that the State's Chart of Accounts be used which will make all required State reporting much easier for the Town.

#### *Cash Reconciliations*

We again noted in some of the cash reconciliations that there were old outstanding checks, transfers and deposits being carried as reconciling items. These should be investigated and adjusted as necessary. Unclaimed checks should be remitted to the State as escheat property if the payee cannot be located, and should not be carried as outstanding after six months. Errors on the reconciliation should be corrected because in no case, should a transfer from one account to another not have cleared within a few business days. The same is true of deposits in transit.

We also were not provided with any reconciliation of the payroll bank account at year-end. This account is generally kept with a low balance to cover payroll disbursements only, but we were not given any list of outstanding checks and had to review subsequent year's cancelled checks to ascertain the balance of the account with only an immaterial variance. We strongly recommend that every account be reconciled each month as soon as possible after receipt of the bank statements, and that all reconciliations including lists of outstanding items be retained for audit.

#### *Revenue Collected on Behalf of the State*

There are certain fees, primarily collected by the Town Clerk's office, that belong to the State of New Hampshire, and are remitted thereto as required. Some like motor vehicle fees are remitted within a day or two, while some like dog license fees are remitted annually. We noted that these were being posted to revenue in the general ledger. These fees when collected should be recorded in the general ledger as liabilities, due to the State. They are never revenue to the Town and should not be posted as such because this misstates the Town's revenue.

We also consider the following issues to be significant deficiencies:

*Recording of Elderly and Welfare Liens*

We noted that there was a lack of a process for communicating information on these types of liens between the personnel, granting the assistance, receiving payments on outstanding balances, and recording activity to the general ledger. While confidentiality is important in this area, the liens receivable balance should be reconciled and changes reported to the Finance Department so that the general ledger can be properly updated. Since the Welfare Director appears to be keeping accounts for each recipient who owns property in the Town, collections on these balances should be reported to him so that the accounts can be kept current.

*Sewer Fund Budgeting*

We noted that the Sewer Fund budget for the sewer use charge to Milford was almost \$20,000 less than what had been paid in 2016, and that this line was then overexpended in 2017 by \$17,633. It is possible that the budget did not include the final payment for December which although not received until 2018 is still recorded as a 2017 expenditure. We recommend that when setting the budget, prior year expenditures for regular charges be reviewed and unless there is a known change such as a reduced rate taking effect, that the amount budgeted not be less than the prior year's actual amount.

*Recycling Center Revenue from Other Towns*

In all prior years, there was a reconciliation done at year-end of actual expenditures for the Recycling Center less actual revenue with the difference then allocated to all of the participating towns (including Wilton) based on population percentages. Because the receipts from the towns are based on budgeted figures since they are collected before year-end, this reconciliation would then show whether the towns had over or underpaid for their share of the cost of operating the Recycling Center, and the next year's invoices to the towns would be adjusted accordingly. With the establishment of the Revolving Fund for the Recycling Center, this reconciliation was not provided for 2017, nor were we provided with a signed copy of the agreement with the other towns to see whether the invoices to these towns should still be adjusted in the event that receipts from the towns did not equal the difference between the Recycling Center's revenue and expenditures. We recommend that the Town determine if there is a liability to the other towns and adjust the amount being reported as deferred revenue in the Recycling Center Revolving Fund accordingly.

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

December 5, 2018

*Roberts & Heane, PLLC*