

**TOWN OF WILTON,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

TOWN OF WILTON, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Town of Wilton as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

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

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

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

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

As discussed in Note 1-O to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the single employer plan in the governmental activities, business-type activities, and proprietary funds. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities, business-type activities, and proprietary funds. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

Adverse Opinion

In our opinion, because of the significance of the matters described in the “Basis for Adverse Opinion on Governmental Activities, Business-type Activities, and Proprietary Funds” paragraphs, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Wilton, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Town of Wilton as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

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

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

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

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

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

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

June 7, 2021

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF WILTON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,102,392	\$ 432,727	\$ 1,535,119
Investments	5,793,085	1,108,933	6,902,018
Taxes receivables (net)	496,716	-	496,716
Account receivables (net)	84,105	195,880	279,985
Intergovernmental receivable	30,442	2,341	32,783
Internal balances	(86,652)	86,652	-
Tax deeded property, subject to resale	1,161	-	1,161
Total assets	<u>7,421,249</u>	<u>1,826,533</u>	<u>9,247,782</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	402,286	-	402,286
Amounts related to other postemployment benefits	12,462	-	12,462
Total deferred outflows of resources	<u>414,748</u>	<u>-</u>	<u>414,748</u>
LIABILITIES			
Accounts payable	154,578	60,743	215,321
Accrued salaries and benefits	80,336	3,192	83,528
Accrued interest payable	18,240	1,404	19,644
Intergovernmental payable	18,247	25,037	43,284
Long-term liabilities:			
Due within one year	148,151	22,880	171,031
Due in more than one year	2,873,336	61,686	2,935,022
Total liabilities	<u>3,292,888</u>	<u>174,942</u>	<u>3,467,830</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	8,000	-	8,000
Amounts related to pensions	99,335	-	99,335
Amounts related to other postemployment benefits	2,875	-	2,875
Total deferred inflows of resources	<u>110,210</u>	<u>-</u>	<u>110,210</u>
NET POSITION			
Net investment in capital assets	(1,041,143)	(78,640)	(1,119,783)
Restricted	3,269,482	1,730,231	4,999,713
Unrestricted	2,204,560	-	2,204,560
Total net position	<u>\$ 4,432,899</u>	<u>\$ 1,651,591</u>	<u>\$ 6,084,490</u>

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

EXHIBIT B
TOWN OF WILTON, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2020

	Program Revenues				Net (Expense) Revenue and Change in Net Position		Total
	Expenses	Charges	Grants and Contributions		Governmental Activities	Business-type Activities	
		for Services	Operating	Capital			
Governmental activities:							
General government	\$ 1,105,590	\$ 6,735	\$ 19,711	\$ -	\$(1,079,144)	\$ -	\$(1,079,144)
Public safety	2,223,494	430,285	85,063	-	(1,708,146)	-	(1,708,146)
Highways and streets	940,783	3,875	126,918	25,672	(784,318)	-	(784,318)
Sanitation	592,536	522,142	-	-	(70,394)	-	(70,394)
Health	90,454	-	-	-	(90,454)	-	(90,454)
Welfare	23,634	-	-	-	(23,634)	-	(23,634)
Culture and recreation	377,262	882	7,728	-	(368,652)	-	(368,652)
Conservation	7,661	-	1,200	-	(6,461)	-	(6,461)
Interest on long-term debt	26,918	-	-	-	(26,918)	-	(26,918)
Total governmental activities	<u>5,388,332</u>	<u>963,919</u>	<u>240,620</u>	<u>25,672</u>	<u>(4,158,121)</u>	<u>-</u>	<u>(4,158,121)</u>
Business-type activities:							
Water	317,085	290,225	141	-	-	(26,719)	(26,719)
Sewer	320,839	427,677	-	-	-	106,838	106,838
Total business-type activities	<u>637,924</u>	<u>717,902</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>80,119</u>	<u>80,119</u>
Total	<u>\$ 6,026,256</u>	<u>\$ 1,681,821</u>	<u>\$ 240,761</u>	<u>\$ 25,672</u>	<u>(4,158,121)</u>	<u>80,119</u>	<u>(4,078,002)</u>
General revenues:							
Taxes:							
Property					3,188,214	-	3,188,214
Other					93,214	-	93,214
Motor vehicle permit fees					862,215	-	862,215
Licenses and other fees					51,337	-	51,337
Grants and contributions not restricted to specific programs					242,050	-	242,050
Unrestricted investment earnings					363,926	16,582	380,508
Miscellaneous					173,232	-	173,232
Total general revenues					<u>4,974,188</u>	<u>16,582</u>	<u>4,990,770</u>
Change in net position					816,067	96,701	912,768
Net position, beginning					3,616,832	1,554,890	5,171,722
Net position, ending					<u>\$ 4,432,899</u>	<u>\$1,651,591</u>	<u>\$ 6,084,490</u>

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

EXHIBIT C-1
TOWN OF WILTON, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2020

	General	Recycling Center	Ambulance	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 182,045	\$ 388,086	\$ 126,343	\$ 15,017	\$ 64,998	\$ 776,489
Investments	1,289,125	-	-	1,230,803	73,984	2,593,912
Receivables, net of allowance for uncollectible:						
Taxes	696,716	-	-	-	-	696,716
Accounts	22,568	3,537	58,000	-	-	84,105
Intergovernmental receivable	4,770	-	-	-	25,672	30,442
Interfund receivable	371,287	-	-	-	-	371,287
Voluntary tax liens	9,692	-	-	-	-	9,692
Voluntary tax liens reserved until collected	(9,692)	-	-	-	-	(9,692)
Tax dedeed property, subject to resale	1,161	-	-	-	-	1,161
Restricted assets:						
Cash and cash equivalents	325,903	-	-	-	-	325,903
Investments	3,199,173	-	-	-	-	3,199,173
Total assets	\$ 6,092,748	\$ 391,623	\$ 184,343	\$ 1,245,820	\$ 164,654	\$ 8,079,188
LIABILITIES						
Accounts payable	\$ 69,482	\$ 61,429	\$ 1,495	\$ -	\$ 22,172	\$ 154,578
Accrued salaries and benefits	61,070	6,551	12,715	-	-	80,336
Intergovernmental payable	18,247	-	-	-	-	18,247
Interfund payable	86,652	63,502	299,918	4,367	3,500	457,939
Total liabilities	235,451	131,482	314,128	4,367	25,672	711,100
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - Property taxes	158,361	-	-	-	-	158,361
FUND BALANCES (DEFICIT)						
Nonspendable	1,161	-	-	1,098,503	-	1,099,664
Restricted	1,985,634	-	-	142,950	42,395	2,170,979
Committed	1,531,771	260,141	-	-	96,587	1,888,499
Assigned	229,738	-	-	-	-	229,738
Unassigned (deficit)	1,950,632	-	(129,785)	-	-	1,820,847
Total fund balances (deficit)	5,698,936	260,141	(129,785)	1,241,453	138,982	7,209,727
Total liabilities, deferred inflows of resources; and fund balances	\$ 6,092,748	\$ 391,623	\$ 184,343	\$ 1,245,820	\$ 164,654	\$ 8,079,188

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

EXHIBIT C-2
TOWN OF WILTON, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2020

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

Total fund balances of governmental funds (Exhibit C-1)		\$ 7,209,727
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 402,286	
Deferred inflows of resources related to pensions	(99,335)	
Deferred outflows of resources related to OPEB	12,462	
Deferred inflows of resources related to OPEB	<u>(2,875)</u>	
		312,538
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (371,287)	
Payables	<u>371,287</u>	
		-
Property taxes not collected within 60 days of fiscal year-end are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.		
Deferred property taxes	\$ 150,361	
Allowance for uncollectible taxes	<u>(200,000)</u>	
		(49,639)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(18,240)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bond	\$ 635,000	
Unamortized bond premium	65,780	
Capital leases	340,363	
Compensated absences	67,843	
Net pension liability	1,743,772	
Other postemployment benefits	<u>168,729</u>	
		(3,021,487)
Net position of governmental activities (Exhibit A)		<u>\$ 4,432,899</u>

EXHIBIT C-3
TOWN OF WILTON, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2020

	General	Recycling Center	Ambulance	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 3,261,509	\$ -	\$ -	\$ -	\$ 4,340	\$ 3,265,849
Licenses and permits	893,049	-	-	-	20,503	913,552
Intergovernmental	456,358	369,227	137,776	-	26,872	990,233
Charges for services	74,269	152,909	217,235	-	-	444,413
Miscellaneous	405,190	5	4,810	162,922	1,846	574,773
Total revenues	<u>5,090,375</u>	<u>522,141</u>	<u>359,821</u>	<u>162,922</u>	<u>53,561</u>	<u>6,188,820</u>
EXPENDITURES						
Current:						
General government	1,081,783	-	-	7,296	-	1,089,079
Public safety	1,239,750	-	655,009	-	-	1,894,759
Highways and streets	671,581	-	-	-	-	671,581
Sanitation	-	606,412	-	-	-	606,412
Health	90,454	-	-	-	-	90,454
Welfare	23,634	-	-	-	-	23,634
Culture and recreation	377,020	-	-	-	242	377,262
Conservation	4,511	-	-	-	3,150	7,661
Debt service:						
Principal	35,000	-	-	-	-	35,000
Interest	33,695	-	-	-	-	33,695
Capital outlay	610,080	28,504	-	-	25,672	664,256
Total expenditures	<u>4,167,508</u>	<u>634,916</u>	<u>655,009</u>	<u>7,296</u>	<u>29,064</u>	<u>5,493,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>922,867</u>	<u>(112,775)</u>	<u>(295,188)</u>	<u>155,626</u>	<u>24,497</u>	<u>695,027</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	26,450	207,150	170,131	-	-	403,731
Transfers out	(377,281)	-	-	(4,817)	(21,633)	(403,731)
Total other financing sources (uses)	<u>(350,831)</u>	<u>207,150</u>	<u>170,131</u>	<u>(4,817)</u>	<u>(21,633)</u>	<u>-</u>
Net change in fund balances	572,036	94,375	(125,057)	150,809	2,864	695,027
Fund balances (deficit), beginning	5,126,900	165,766	(4,728)	1,090,644	136,118	6,514,700
Fund balances (deficit), ending	<u>\$ 5,698,936</u>	<u>\$ 260,141</u>	<u>\$ (129,785)</u>	<u>\$ 1,241,453</u>	<u>\$ 138,982</u>	<u>\$ 7,209,727</u>

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

EXHIBIT C-4
TOWN OF WILTON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2020

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances of governmental funds (Exhibit C-3)		\$ 695,027
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$(403,731)	
Transfers out	<u>403,731</u>	
		-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		15,579
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of bond principal	\$ 35,000	
Repayment of capital leases	104,766	
Amortization of bond premium	<u>5,060</u>	
		144,826
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	\$ 1,717	
Decrease in compensated absences payable	48,524	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(108,913)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>19,307</u>	
		<u>(39,365)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 816,067</u></u>

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

EXHIBIT D
TOWN OF WILTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 3,244,573	\$ 3,244,573	\$ 3,277,088	\$ 32,515
Licenses and permits	800,703	800,703	893,049	92,346
Intergovernmental	368,898	368,898	446,300	77,402
Charges for services	35,579	35,579	74,269	38,690
Miscellaneous	128,020	128,020	204,796	76,776
Total revenues	<u>4,577,773</u>	<u>4,577,773</u>	<u>4,895,502</u>	<u>317,729</u>
EXPENDITURES				
Current:				
General government	1,233,087	1,233,087	1,057,948	175,139
Public safety	1,307,101	1,307,101	1,267,160	39,941
Highways and streets	1,056,345	1,056,345	836,581	219,764
Health	22,122	22,122	90,454	(68,332)
Welfare	40,757	40,757	23,634	17,123
Culture and recreation	351,978	351,978	309,971	42,007
Conservation	8,735	8,735	4,511	4,224
Debt service:				
Principal	35,000	35,000	35,000	-
Interest	34,250	34,250	33,695	555
Capital outlay	478,842	590,014	551,503	38,511
Total expenditures	<u>4,568,217</u>	<u>4,679,389</u>	<u>4,210,457</u>	<u>468,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,556</u>	<u>(101,616)</u>	<u>685,045</u>	<u>786,661</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	245,900	357,072	382,172	25,100
Transfers out	(823,006)	(823,006)	(823,006)	-
Bond proceeds	30,000	30,000	-	(30,000)
Total other financing sources (uses)	<u>(547,106)</u>	<u>(435,934)</u>	<u>(440,834)</u>	<u>(4,900)</u>
Net change in fund balances	<u>\$ (537,550)</u>	<u>\$ (537,550)</u>	244,211	<u>\$ 781,761</u>
Decrease in nonspendable fund balance			5,093	
Unassigned fund balance, beginning			1,651,689	
Unassigned fund balance, ending			<u>\$ 1,900,993</u>	

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

EXHIBIT E-1
TOWN OF WILTON, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
December 31, 2020

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
ASSETS			
Cash and cash equivalents	\$ 140,444	\$ 292,283	\$ 432,727
Investments	1,095,930	13,003	1,108,933
Receivables:			
Accounts	75,964	119,916	195,880
Intergovernmental	-	2,341	2,341
Internal balances	15,254	71,398	86,652
Total assets	<u>1,327,592</u>	<u>498,941</u>	<u>1,826,533</u>
LIABILITIES			
Current liabilities:			
Accounts payable	56,007	4,736	60,743
Accrued salaries and benefits	2,348	844	3,192
Accrued interest payable	-	1,404	1,404
Intergovernmental	-	25,037	25,037
Long term liabilities:			
Due within one year	-	22,880	22,880
Due in more than one year	5,926	55,760	61,686
Total liabilities	<u>64,281</u>	<u>110,661</u>	<u>174,942</u>
NET POSITION			
Net investment in capital assets	-	(78,640)	(78,640)
Restricted	1,263,311	466,920	1,730,231
Total net position	<u>\$ 1,263,311</u>	<u>\$ 388,280</u>	<u>\$ 1,651,591</u>

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

EXHIBIT E-2
TOWN OF WILTON, NEW HAMPSHIRE
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended December 31, 2020

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Operating revenues:			
User charges	\$ 285,917	\$ 421,194	\$ 707,111
Fees and interest	4,308	3,180	7,488
Miscellaneous	-	3,303	3,303
Total operating revenues	<u>290,225</u>	<u>427,677</u>	<u>717,902</u>
Operating expenses:			
Salaries and wages	101,544	30,639	132,183
Operation and maintenance	87,781	222,465	310,246
Contractual services	86,932	47,828	134,760
Materials and supplies	40,828	19,907	60,735
Total operating expenses	<u>317,085</u>	<u>320,839</u>	<u>637,924</u>
Operating gain/loss	<u>(26,860)</u>	<u>106,838</u>	<u>79,978</u>
Nonoperating revenue (expense):			
Interest income (loss)	17,358	222	17,580
Contributions and donations	141	-	141
Interest expense	-	(998)	(998)
Total nonoperating revenues (expense)	<u>17,499</u>	<u>(776)</u>	<u>16,723</u>
Change in net position	(9,361)	106,062	96,701
Net position, beginning	1,272,672	282,218	1,554,890
Net position, ending	<u>\$ 1,263,311</u>	<u>\$ 388,280</u>	<u>\$ 1,651,591</u>

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

EXHIBIT E-3
TOWN OF WILTON, NEW HAMPSHIRE
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2020

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 292,536	\$ 426,021	\$ 718,557
Payments to employees for salaries and benefits	(101,887)	(30,387)	(132,274)
Payments to suppliers	(189,197)	(354,834)	(544,031)
Net cash provided by operating activities	<u>1,452</u>	<u>40,800</u>	<u>42,252</u>
Cash flows from capital and related financing activities:			
Principal paid on capital lease	(10,001)	-	(10,001)
Principal paid on bond	-	(20,000)	(20,000)
Interest paid	(389)	(596)	(985)
Net cash used for capital and related financing activities	<u>(10,390)</u>	<u>(20,596)</u>	<u>(30,986)</u>
Cash flows from investing activities:			
Purchase of investments	(146,378)	(3,671)	(150,049)
Interest received	17,358	222	17,580
Net cash used for investing activities	<u>(129,020)</u>	<u>(3,449)</u>	<u>(132,469)</u>
Net increase/decrease in cash	(137,958)	16,755	(121,203)
Cash, beginning	278,402	275,528	553,930
Cash, ending	<u>\$ 140,444</u>	<u>\$ 292,283</u>	<u>\$ 432,727</u>

Reconciliation of Operating Gain/(Loss) to Net Cash Provided by Operating Activities

Operating gain/(loss)	<u>\$ (26,860)</u>	<u>\$ 106,838</u>	<u>\$ 79,978</u>
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:			
(Increase)/Decrease in receivables	2,311	(1,656)	655
Increase/(Decrease) in accounts payable	47,445	9,074	56,519
Increase/(Decrease) in accrued salaries and benefits	(343)	252	(91)
Increase/(Decrease) in internal balances	(21,101)	(73,708)	(94,809)
Total adjustments	<u>28,312</u>	<u>(66,038)</u>	<u>(37,726)</u>
Net cash provided by operating activities	<u>\$ 1,452</u>	<u>\$ 40,800</u>	<u>\$ 42,252</u>

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

EXHIBIT F-1
TOWN OF WILTON, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2020

	Private Purpose Trust Funds	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 1,212	\$ 3,638,895
Investments	172,965	175,000
Total assets	<u>174,177</u>	<u>3,813,895</u>
LIABILITIES		
Intergovernmental payables:		
School	<u>-</u>	<u>3,589,250</u>
NET POSITION		
Restricted	<u>\$ 174,177</u>	<u>\$ 224,645</u>

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

EXHIBIT F-2
TOWN OF WILTON, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2020

	Private Purpose Trust Funds	All Custodial Funds
ADDITIONS		
Contributions	\$ -	\$ 53,919
Investment earnings	7,865	2,641
Change in fair market value	15,282	-
Tax collections for other governments	-	7,809,608
Total additions	<u>23,147</u>	<u>7,866,168</u>
DEDUCTIONS		
Benefits paid	3,490	-
Payments of taxes to other governments	-	7,882,013
Payments for escrow purposes	-	3,299
Total deductions	<u>3,490</u>	<u>7,885,312</u>
Change in net position	19,657	(19,144)
Net position, beginning	<u>154,520</u>	<u>243,789</u>
Net position, ending	<u>\$ 174,177</u>	<u>\$ 224,645</u>

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

TOWN OF WILTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

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

1-B Basis of Accounting, and Measurement Focus

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

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the capital assets and related accumulated depreciation, which have been omitted because they have not been inventoried at historical cost. In addition, long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town's single employer plan have also been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded depreciation expense nor other postemployment benefit expense of the Town's single employer plan in this statement. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to

TOWN OF WILTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The Town reports the following major governmental funds:

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

Recycling Center Fund – accounts for the activities related to the operation of the recycling center.

Ambulance Fund – accounts for the activities related to the operation of the Town’s ambulance services.

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

Additionally, the Town reports the following fund types:

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

Capital Projects Funds – are used to account for the financial resources and activities relating to specific construction projects.

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

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

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

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

The Town reports the following major proprietary funds:

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

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

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

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

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

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

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

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

1-D Restricted Assets

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

1-E Statement of Cash Flows

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

1-F Investments

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

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

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

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

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

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

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

Level 3 – Inputs are significant unobservable inputs.

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

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

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

1-G Receivables

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

1-H Interfund Activities

Interfund activities are reported as follows:

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

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

1-I Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 18, 2020 and November 13, 2020, and due on July 1, 2020 and December 13, 2020. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on July 23, 2020.

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

The Town net assessed valuation as of April 1, 2020 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$377,943,924
For all other taxes	\$373,208,024

The tax rates and amounts assessed for the year ended December 31, 2020 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$8.70	\$ 3,287,839
School portion:		
State of New Hampshire	\$2.18	812,676
Local	\$17.26	6,523,227
County portion	\$1.25	473,705
Total	\$29.39	\$ 11,097,447

1-J Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2020.

1-K Deferred Outflows/Inflows of Resources

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

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

1-L Long-term Obligations

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

TOWN OF WILTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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1-M Compensated Absences

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

1-N Defined Benefit Pension Plan

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

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

1-O Postemployment Benefits Other Than Pensions

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

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

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

1-P Net Position/Fund Balances

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

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

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

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

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

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

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

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

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

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

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

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

1-Q Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2020, \$530,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$7,550 was voted from unassigned fund balance as a transfer to the capital reserve funds.

2-B Budgetary Reconciliation to GAAP Basis

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for each major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$5,277,674
Adjustment:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	210,452
To eliminate transfers between blended expendable trust and general fund	(355,722)
Change in deferred tax revenue relating to 60-day revenue recognition	(15,579)
Per Exhibit C-3 (GAAP basis)	<u>\$5,116,825</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$5,033,463
Adjustment:	
Basis differences:	
Encumbrances, beginning	118,853
Encumbrances, ending	(229,738)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	67,936
To eliminate transfers between blended expendable trust and general fund	(445,725)
Per Exhibit C-3 (GAAP basis)	<u>\$4,544,789</u>

2-C Deficit Fund Balances

The ambulance special revenue fund had a deficit fund balance of \$129,785 at December 31, 2020. This deficit will be financed through future revenues of the fund.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$5,175,226 and the bank balances totaled \$5,151,701. Petty cash totaled \$536.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$1,535,119
Cash per Statement of Fiduciary Net Position (Exhibit F-1)	3,640,107
Total cash and cash equivalents	<u>\$5,175,226</u>

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NOTE 4 – RESTRICTED ASSETS

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

Cash and cash equivalents:	
General fund:	
Library	\$ 316,191
Capital reserve funds	9,712
Total restricted cash and cash equivalents	<u>325,903</u>
Investments:	
General fund:	
Library	1,677,114
Capital reserve funds	1,522,059
Total restricted investments	<u>3,199,173</u>
Total restricted assets	<u>\$ 3,525,076</u>

NOTE 5 – INVESTMENTS

Note 1-F describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Since investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2020:

	Valuation Measurement Method	Reported Balance	1-5 Years	After 10 Years	Exempt from Disclosure
Investments type:					
Certificates of deposit	Level 1	\$ 2,467,064	\$ 2,467,064	\$ -	\$ -
Common stock	Level 1	1,697,175	-	-	1,697,175
Corporate bonds	Level 2	345,774	345,774	-	-
Equity exchange traded funds	Level 1	21,714	-	-	21,714
Equity mutual funds	Level 1	350,963	-	-	350,963
Fixed income mortgage backed securi	Level 2	81,846	81,846	-	-
Fixed income taxable funds	Level 2	544,397	544,397	-	-
U.S. Government agency bonds	Level 2	176,233	-	176,233	-
Total fair value		<u>5,685,166</u>	<u>\$ 3,439,081</u>	<u>\$ 176,233</u>	<u>\$ 2,069,852</u>
Investments carried at amortized cost:					
New Hampshire Public Deposit Investment Pool		1,564,817			
Total investments		<u>\$ 7,249,983</u>			

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

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

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. More than 5% of the Town's investments are in certificates of deposit, common stock, fixed income mortgage-backed securities and NHPDIP. These investments are 34.03%, 23.41%, 7.51% and 21.58%, respectively, of the Town's total investments.

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Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$6,902,018
Investments per Statement of Fiduciary Net Position (Exhibit F-1)	347,965
Total investments	\$7,249,983

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. The amount has been reduced by an allowance for an estimated uncollectible amount of \$200,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2020	\$ 404,618	\$ 404,618
Unredeemed (under tax lien):		
Levy of 2019	112,256	112,256
Levy of 2018	68,601	68,601
Levies of 2017 and prior	98,591	98,591
Land use change	12,650	12,650
Less: allowance for estimated uncollectible taxes	(200,000) *	-
Net taxes receivable	\$ 496,716	\$ 696,716

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

NOTE 7 – OTHER RECEIVABLES

Receivables at December 31, 2020, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2020 for the Town's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Activities				Total
	General Fund	Recycling Center	Ambulance	Nonmajor Funds	
Receivables:					
Accounts	\$ 22,568	\$ 3,537	\$ 162,334	\$ -	\$ 188,439
Intergovernmental	4,770	-	-	25,672	30,442
Gross receivables	27,338	3,537	162,334	25,672	218,881
Less: allowance for uncollectibles	-	-	(104,334)	-	104,334
Net total receivables	\$ 27,338	\$ 3,537	\$ 58,000	\$ 25,672	\$ 323,215

	Business-type Activities		
	Water	Sewer	Total
Receivables:			
Accounts	\$ 75,964	\$ 119,916	\$ 195,880
Intergovernmental	-	2,341	2,341
Gross receivables	75,964	122,257	198,221
Less: allowance for uncollectibles	-	-	-
Net total receivables	\$ 75,964	\$ 122,257	\$ 198,221

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NOTE 8 – INTERFUND/INTERNAL BALANCES AND TRANSFERS

Interfund and Internal Balances - The composition of interfund and internal balances as of December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General	Recycling center	\$ 63,502
	Ambulance	299,918
	Permanent	4,367
	Nonmajor	3,500
	Total interfunds	<u>\$ 371,287</u>
Water	General	15,254
Sewer	General	71,398
	Total internal balances	<u>\$ 86,652</u>

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

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2020 is as follows:

	Transfers In:			
	General Fund	Recycling Center Fund	Ambulance Fund	Total
Transfers out:				
General fund	\$ -	\$ 207,150	\$ 170,131	\$ 377,281
Permanent fund	4,817	-	-	4,817
Nonmajor fund	21,633	-	-	21,633
Total	<u>\$ 26,450</u>	<u>\$ 207,150</u>	<u>\$ 170,131</u>	<u>\$ 403,731</u>

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

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2020 consist of the following:

	Governmental Funds	Business-type Activities	Fiduciary Funds
	General	Sewer	
Miscellaneous fees due to the State of New Hampshire	\$ 1,041	\$ -	\$ -
Balance due to the New Hampshire Retirement System	17,149	-	-
Balance due to Hillsborough County	57	-	-
Taxes due to the Wilton-Lyndeborough Cooperative School District	-	-	3,589,250
State of New Hampshire - revolving fund drawdown requests	-	25,037	-
Total intergovernmental payables due	<u>\$ 18,247</u>	<u>\$ 25,037</u>	<u>\$ 3,589,250</u>

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NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2020 consist of amounts related to pensions totaling \$402,286 and amounts related to OPEB totaling \$12,462. For further discussion on these amounts, see Note 13 and 15, respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$150,361
Other taxes collected in advance of issuance of warrants	8,000	8,000
Amounts related to pensions, see Note 13	99,335	-
Amounts related to OPEB, see Note 15	2,875	-
Total deferred inflows of resources	\$ 110,210	\$158,361

NOTE 11 – CAPITAL LEASE OBLIGATIONS

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2020
Capital lease obligations:		
Chevrolet Caprice	4.39%	\$ 8,565
Plow truck	4.14%	103,564
Ambulance	4.19%	101,062
Cardiac monitors	1.90%	37,987
Skid steer loader	5.50%	16,385
Backhoe loader	3.85%	72,800
Total capital lease obligations		\$ 340,363

The annual requirements to amortize the capital leases payable as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2021	\$ 119,878
2022	110,939
2023	89,175
2024	48,311
Total requirements	368,303
Less: interest	27,940
Present value of remaining payments	\$ 340,363

Amortization of lease equipment under capital assets is included with depreciation expense.

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NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town’s long-term liabilities consisted of the following for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Governmental activities:					
Bond payable:					
General obligation bonds	\$ 670,000	\$ -	\$ (35,000)	\$ 635,000	\$ 35,000
Premium	70,840	-	(5,060)	65,780	5,060
Total bond payable	740,840	-	(40,060)	700,780	40,060
Capital leases	445,129	-	(104,766)	340,363	108,091
Compensated absences	116,367	-	(48,524)	67,843	-
Net pension liability	1,338,055	405,717	-	1,743,772	-
Net other postemployment benefits	188,176	-	(19,447)	168,729	-
Total long-term liabilities	<u>\$ 2,828,567</u>	<u>\$405,717</u>	<u>\$ (212,797)</u>	<u>\$ 3,021,487</u>	<u>\$ 148,151</u>
Business-type activities:					
Bond payable:					
General obligation bond	\$ 90,000	\$ -	\$ (20,000)	\$ 70,000	\$ 20,000
Premium	11,520	-	(2,880)	8,640	2,880
Total bond payable	101,520	-	(22,880)	78,640	22,880
Capital leases	10,001	-	(10,001)	-	-
Compensated absences	5,800	126	-	5,926	-
Total long-term liabilities	<u>\$ 117,321</u>	<u>\$ 126</u>	<u>\$ (32,881)</u>	<u>\$ 84,566</u>	<u>\$ 22,880</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2020	Current Portion
Governmental activities:						
General obligation bond payable:						
Fire station	\$ 833,800	2013	2033	3.75%	\$ 635,000	\$ 35,000
Bond premium					65,780	5,060
Total					<u>\$ 700,780</u>	<u>\$ 40,060</u>
Business-type activities:						
General obligation bond payable:						
Sewer project	\$ 191,200	2013	2023	2.62%	\$ 70,000	\$ 20,000
Bond premium					8,640	2,880
Total					<u>\$ 78,640</u>	<u>\$ 22,880</u>

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The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2020, including interest payments, are as follows:

Governmental activities:

Fiscal Year Ending December 31,	Principal	Interest	Total
2021	\$ 35,000	\$ 31,822	\$ 66,822
2022	40,000	29,950	69,950
2023	40,000	29,950	69,950
2024	40,000	25,670	65,670
2025	45,000	24,030	69,030
2026-2030	250,000	88,065	338,065
2031-2035	185,000	19,125	204,125
Totals	<u>\$ 635,000</u>	<u>\$ 248,612</u>	<u>\$ 883,612</u>

Business-type activities:

Fiscal Year Ending December 31,	Principal	Interest	Total
2021	\$ 20,000	\$ 3,745	\$ 23,745
2022	25,000	2,675	27,675
2023	25,000	1,340	26,340
Totals	<u>\$ 70,000</u>	<u>\$ 7,760</u>	<u>\$ 77,760</u>

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

Bonds Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2020 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
2020	Stormwater asset management - Clean water state revolving loan	\$ 30,000
2020	Wastewater asset management - Clean water state revolving loan	30,000
Total		<u>\$ 60,000</u>

NOTE 13 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time State employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

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Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

Contributions - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$131,913, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2020 the Town reported a liability of \$1,743,772 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.03% which was the same as its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$239,527. At December 31, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 1,652	\$ 80,612
Changes in assumptions	172,494	-
Net difference between projected and actual investment earnings on pension plan investments	107,854	-
Differences between expected and actual experience	47,090	18,723
Contributions subsequent to the measurement date	73,196	-
Total	<u>\$ 402,286</u>	<u>\$ 99,335</u>

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The \$73,196 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2021	\$ 16,034
2022	55,831
2023	82,011
2024	75,879
Thereafter	-
Totals	<u>\$ 229,755</u>

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

Inflation:	2.0%
Salary increases:	5.6% average, including inflation
Wage inflation:	2.75% (2.25% for teachers)
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (police and fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	<u>20.00%</u>	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	<u>25.00%</u>	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	2.95%
Total	<u>100.00%</u>	

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Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75% 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 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 2,257,476	\$ 1,743,772	\$ 1,324,009

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

NOTE 14 – SUPPLEMENTAL RETIREMENT PLAN

All regular full-time and part-time employees on a regular continuous basis, including certain contracted employees, employed by the Town are eligible to participate in a defined contribution pension plan administered by Mass Mutual Financial Group. Participation begins after the completion of at least three months continuous employment with the Town. The Town has no requirement or obligation under State Statutes to contribute to this plan, however the Town has adopted the Supplemental Retirement Plan 457 for its employees. The Board of Selectmen has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The Town contributes up to 7% of each employee’s salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended December 31, 2020 were \$105,987 which consisted of \$47,679 from the Town and \$58,308 from employees.

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

15-A New Hampshire Retirement System (NHRS)

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

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

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

Maximum medical subsidy rates paid during fiscal year 2020 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$19,422, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2020, the Town reported a liability of \$168,729 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.04% which was the same as of its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$979. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 2,386
Net difference between projected and actual investment earnings on OPEB plan investments	631	489
Differences between expected and actual experience	1,085	-
Contributions subsequent to the measurement date	10,746	-
Total	\$ 12,462	\$ 2,875

The \$10,746 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2021	\$(1,742)
2022	187
2023	223
2024	173
Thereafter	-
Totals	\$(1,159)

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

Inflation:	2.0%
Salary increases:	5.6 % average, including inflation
Wage inflation:	2.75 % (2.25%) for teachers
Investment rate of return:	6.75 % net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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

Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted average long-term expected real rate of return</u> <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	<u>20.00%</u>	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	<u>25.00%</u>	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	2.95%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the Town's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 183,222	\$ 168,729	\$ 156,146

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

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

15-B Town of Wilton Retiree Health Benefit Program

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

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2020 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town's single employer plan are unknown.

NOTE 16 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2020 and are as follows:

General fund:	
General government	\$ 7,328
Public safety	27,410
Highways and streets	165,000
Capital outlay	30,000
Total encumbrances	\$ 229,738

TOWN OF WILTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTE 17 – NET POSITION

Net position reported on the government wide and fiduciary funds Statements of Net Position at December 31, 2020 include the following:

	Government-wide Financial Statements			Fiduciary Funds
	Governmental Activities	Business-type Activities	Total	
Net investment in capital assets:				
Net book value, all capital assets	\$ -	\$ -	\$ -	\$ -
Less:				
General obligation bonds payable	(635,000)	(70,000)	(705,000)	-
Unamortized bond premiums	(65,780)	(8,640)	(74,420)	-
Capital leases payable	(340,363)	-	(340,363)	-
Total net investment in capital assets	<u>(1,041,143)</u>	<u>(78,640)</u>	<u>(1,119,783)</u>	<u>-</u>
Restricted net position:				
Perpetual care - nonexpendable	1,098,503	-	1,098,503	-
Perpetual care - expendable	142,950	-	142,950	-
Library	1,985,634	-	1,985,634	-
Impact fees	42,395	-	42,395	36,602
Water	-	1,263,311	1,263,311	-
Sewer	-	466,920	466,920	-
Individuals, organizations, and other governments	-	-	-	362,220
Total restricted net position	<u>3,269,482</u>	<u>1,730,231</u>	<u>4,999,713</u>	<u>398,822</u>
Unrestricted	<u>2,204,560</u>	<u>-</u>	<u>2,204,560</u>	<u>-</u>
Total net position	<u>\$ 4,432,899</u>	<u>\$ 1,651,591</u>	<u>\$ 6,084,490</u>	<u>\$ 398,822</u>

NOTE 18 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General Fund	Recycling Center Fund	Ambulance Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ 1,161	\$ -	\$ -	\$ -	\$ -	\$ 1,161
Permanent fund - principal balance	-	-	-	1,098,503	-	1,098,503
Total nonspendable fund balance	<u>1,161</u>	<u>-</u>	<u>-</u>	<u>1,098,503</u>	<u>-</u>	<u>1,099,664</u>
Restricted:						
Library	1,985,634	-	-	-	-	1,985,634
Permanent - income balance	-	-	-	142,950	-	142,950
Impact fees	-	-	-	-	42,395	42,395
Total restricted fund balance	<u>1,985,634</u>	<u>-</u>	<u>-</u>	<u>142,950</u>	<u>42,395</u>	<u>2,170,979</u>
Committed:						
Expendable trusts	1,531,771	-	-	-	-	1,531,771
Sanitation	-	260,141	-	-	-	260,141
Conservation	-	-	-	-	93,522	93,522
Culture and recreation	-	-	-	-	3,065	3,065
Total committed fund balance	<u>1,531,771</u>	<u>260,141</u>	<u>-</u>	<u>-</u>	<u>96,587</u>	<u>1,888,499</u>
Assigned:						
Encumbrances	229,738	-	-	-	-	229,738
Unassigned (deficit)	<u>1,950,632</u>	<u>-</u>	<u>(129,785)</u>	<u>-</u>	<u>-</u>	<u>1,820,847</u>
Total governmental fund balances (deficit)	<u>\$ 5,698,936</u>	<u>\$ 260,141</u>	<u>\$ (129,785)</u>	<u>\$ 1,241,453</u>	<u>\$ 138,982</u>	<u>\$ 7,209,727</u>

TOWN OF WILTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTE 19 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020 to December 31, 2020 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ 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. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2020 the Town paid \$53,615 and \$53,339 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 20 – CONTINGENT LIABILITIES

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

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

NOTE 21 – COVID-19

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020 and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$77,332. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 22 – TAX ABATEMENTS

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

The Town had no such agreements at December 31, 2020.

TOWN OF WILTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

NOTE 23 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through June 7, 2021, the date the December 31, 2020 financial statements were available to be issued, and the following occurred that requires recognition or disclosure:

At the Town's 2021 annual meeting Warrant Article No. 20 is on the ballot which utilizes \$70,389 of December 31, 2020 unassigned fund balance for the final design, bidding and construction of Old Country Farm Road.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
TOWN OF WILTON, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2020

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Town's:								
Proportion of the net pension liability	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Proportionate share of the net pension liability	\$ 1,123,961	\$ 1,067,757	\$ 1,167,042	\$ 1,709,556	\$ 1,501,710	\$ 1,339,243	\$ 1,338,055	\$ 1,743,772
Covered payroll	\$ 453,858	\$ 453,858	\$ 479,855	\$ 502,241	\$ 498,843	\$ 459,941	\$ 472,575	\$ 479,176
Proportionate share of the net pension liability as a percentage of its covered payroll	247.65%	235.26%	243.21%	340.39%	301.04%	291.18%	283.14%	363.91%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

EXHIBIT H
TOWN OF WILTON, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2020

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 64,938	\$ 92,286	\$ 98,833	\$ 115,119	\$ 111,863	\$ 117,553	\$ 121,018	\$ 121,113
Contributions in relation to the contractually required contributions	64,938	92,286	98,833	115,119	111,863	117,553	121,018	121,113
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$453,858	\$ 453,858	\$ 479,855	\$ 502,241	\$ 498,843	\$ 459,941	\$ 472,575	\$ 479,176
Contributions as a percentage of covered payroll	14.31%	20.33%	20.60%	22.92%	22.42%	25.56%	25.61%	25.28%

TOWN OF WILTON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town’s pension plan at December 31, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-215 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

Other Information:

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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EXHIBIT I
TOWN OF WILTON, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2020

	December 31,				
	2016	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.03%	0.03%	0.04%	0.04%	0.04%
Town's proportionate share of the net OPEB liability (asset)	\$ 163,395	\$ 147,014	\$196,944	\$ 188,176	\$ 168,729
Town's covered payroll	\$ 502,241	\$ 498,843	\$459,941	\$472,575	\$ 479,176
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	32.53%	29.47%	42.82%	39.82%	35.21%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	5.21%	7.74%

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

EXHIBIT J
TOWN OF WILTON, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2020

	December 31,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 19,612	\$ 19,057	\$ 19,027	\$ 19,588	\$ 17,893
Contributions in relation to the contractually required contribution	19,612	19,057	19,027	19,588	17,893
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 502,241	\$ 498,843	\$ 459,941	\$ 472,575	\$ 479,176
Contributions as a percentage of covered payroll	3.90%	3.82%	4.14%	4.14%	3.73%

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

TOWN OF WILTON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2/0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF WILTON, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 3,178,034	\$ 3,188,214	\$ 10,180
Land use change	4,340	16,990	12,650
Yield	15,884	18,334	2,450
Excavation	4,525	4,525	-
Payment in lieu of taxes	5,000	5,547	547
Interest and penalties on taxes	36,790	43,478	6,688
Total from taxes	<u>3,244,573</u>	<u>3,277,088</u>	<u>32,515</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	705	1,005	300
Motor vehicle permit fees	776,000	862,215	86,215
Building permits	11,299	15,525	4,226
Other	12,699	14,304	1,605
Total from licenses, permits, and fees	<u>800,703</u>	<u>893,049</u>	<u>92,346</u>
Intergovernmental:			
State:			
Shared revenues	51,145	51,145	-
Meals and rooms distribution	189,558	189,558	-
Highway block grant	126,932	126,918	(14)
State and federal forest land reimbursement	314	313	(1)
Other	949	1,034	85
Federal:			
COVID funding	-	77,332	77,332
Total from intergovernmental	<u>368,898</u>	<u>446,300</u>	<u>77,402</u>
Charges for services:			
Income from departments	<u>35,579</u>	<u>74,269</u>	<u>38,690</u>
Miscellaneous:			
Sale of municipal property	-	1,025	1,025
Interest on investments	15,020	15,182	162
Other	113,000	188,589	75,589
Total from miscellaneous	<u>128,020</u>	<u>204,796</u>	<u>76,776</u>
Other financing sources:			
Transfers in	357,072	382,172	25,100
Bond proceeds	30,000	-	(30,000)
Total other financing sources	<u>387,072</u>	<u>382,172</u>	<u>(4,900)</u>
Total revenues and other financing sources	4,964,845	<u>\$ 5,277,674</u>	<u>\$ 312,829</u>
Unassigned fund balance used to reduce tax rate	530,000		
Amounts voted from fund balance	7,550		
Total revenues, other financing sources, and use of fund balance	<u>\$ 5,502,395</u>		

SCHEDULE 2
TOWN OF WILTON, NEW HAMPSHIRE
Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 203,272	\$ 186,205	\$ -	\$ 17,067
Election and registration	-	175,929	174,487	-	1,442
Financial administration	30,276	183,017	158,851	-	54,442
Legal	-	30,000	71,746	-	(41,746)
Personnel administration	-	422,320	310,972	-	111,348
Planning and zoning	-	80,460	72,517	7,328	615
General government buildings	-	40,463	28,118	-	12,345
Cemeteries	-	47,825	24,780	-	23,045
Insurance, not otherwise allocated	-	42,500	38,351	-	4,149
Advertising and regional associations	-	-	7,569	-	(7,569)
Other	-	7,301	7,300	-	1
Total general government	<u>30,276</u>	<u>1,233,087</u>	<u>1,080,896</u>	<u>7,328</u>	<u>175,139</u>
Public safety:					
Police	-	896,893	859,217	24,935	12,741
Fire	-	222,681	203,531	2,475	16,675
Building inspection	-	49,501	40,372	-	9,129
Emergency management	-	6,624	5,276	-	1,348
Other	-	131,402	131,354	-	48
Total public safety	<u>-</u>	<u>1,307,101</u>	<u>1,239,750</u>	<u>27,410</u>	<u>39,941</u>
Highways and streets:					
Highways and streets	-	1,041,345	655,371	165,000	220,974
Street lighting	-	15,000	16,210	-	(1,210)
Total highways and streets	<u>-</u>	<u>1,056,345</u>	<u>671,581</u>	<u>165,000</u>	<u>219,764</u>
Health:					
Administration	-	831	636	-	195
Health agencies	-	21,291	89,818	-	(68,527)
Total health	<u>-</u>	<u>22,122</u>	<u>90,454</u>	<u>-</u>	<u>(68,332)</u>
Welfare:					
Administration and direct assistance	-	8,256	2,485	-	5,771
Vendor payments and other	-	32,501	21,149	-	11,352
Total welfare	<u>-</u>	<u>40,757</u>	<u>23,634</u>	<u>-</u>	<u>17,123</u>
Culture and recreation:					
Parks and recreation	-	43,945	37,766	-	6,179
Library	-	300,783	270,705	-	30,078
Patriotic purposes	-	750	-	-	750
Other	-	6,500	1,500	-	5,000
Total culture and recreation	<u>-</u>	<u>351,978</u>	<u>309,971</u>	<u>-</u>	<u>42,007</u>
Conservation	-	8,735	4,511	-	4,224
Debt service:					
Principal of long-term debt	-	35,000	35,000	-	-
Interest on long-term debt	-	34,250	33,695	-	555
Total debt service	<u>-</u>	<u>69,250</u>	<u>68,695</u>	<u>-</u>	<u>555</u>
Capital outlay	<u>88,577</u>	<u>590,014</u>	<u>610,080</u>	<u>30,000</u>	<u>38,511</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>823,006</u>	<u>823,006</u>	<u>-</u>	<u>-</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 118,853</u>	<u>\$ 5,502,395</u>	<u>\$ 4,922,578</u>	<u>\$ 229,738</u>	<u>\$ 468,932</u>

SCHEDULE 3
TOWN OF WILTON, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2020

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,651,689
Changes:		
Unassigned fund balance used to reduce 2020 tax rate		(530,000)
Amounts voted from fund balance		(7,550)
2020 Budget summary:		
Revenue surplus (Schedule 1)	\$ 312,829	
Unexpended balance of appropriations (Schedule 2)	468,932	
2020 Budget surplus	781,761	
Decrease in nonspendable fund balance		5,093
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,900,993
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(150,361)
Elimination of the allowance for uncollectible taxes		200,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		\$ 1,950,632

SCHEDULE 4
TOWN OF WILTON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

	Special Revenue Funds			Capital Project Funds		Total
	Town Impact Fees	Conservation Commission	Heritage	King Brook Road Bridge	Stagecoach Road Bridge	
ASSETS						
Cash and cash equivalents	\$ 42,395	\$ 19,538	\$ 3,065	\$ -	\$ -	\$ 64,998
Investments	-	73,984	-	-	-	73,984
Intergovernmental receivables	-	-	-	3,500	22,172	25,672
Total assets	\$ 42,395	\$ 93,522	\$ 3,065	\$ 3,500	\$ 22,172	\$ 164,654
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 22,172	\$ 22,172
Interfund payable	-	-	-	3,500	-	3,500
Total liabilities	-	-	-	3,500	22,172	25,672
Fund balances:						
Restricted	42,395	-	-	-	-	42,395
Committed	-	93,522	3,065	-	-	96,587
Total fund balances	42,395	93,522	3,065	-	-	138,982
Total liabilities and fund balances	\$ 42,395	\$ 93,522	\$ 3,065	\$ 3,500	\$ 22,172	\$ 164,654

SCHEDULE 5
TOWN OF WILTON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2020

	Special Revenue Funds			Capital Project Funds		Total
	Town Impact Fees	Conservation Commission	Heritage	King Brook Road Bridge	Stagecoach Road Bridge	
Revenues:						
Taxes	\$ -	\$ 4,340	\$ -	\$ -	\$ -	\$ 4,340
Licenses and permits	20,503	-	-	-	-	20,503
Intergovernmental	-	1,200	-	3,500	22,172	26,872
Miscellaneous	138	461	1,247	-	-	1,846
Total revenues	20,641	6,001	1,247	3,500	22,172	53,561
Expenditures:						
Current:						
Culture and recreation	-	-	242	-	-	242
Conservation	-	3,150	-	-	-	3,150
Capital outlay	-	-	-	3,500	22,172	25,672
Total expenditures	-	3,150	242	3,500	22,172	29,064
Excess of revenues over expenditures	20,641	2,851	1,005	-	-	24,497
Other financing uses:						
Transfers out	(21,633)	-	-	-	-	(21,633)
Net change in fund balances	(992)	2,851	1,005	-	-	2,864
Fund balances, beginning	43,387	90,671	2,060	-	-	136,118
Fund balances, ending	\$ 42,395	\$ 93,522	\$ 3,065	\$ -	\$ -	\$ 138,982

SCHEDULE 6
TOWN OF WILTON, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2020

	Custodial Funds				Total
	Taxes	School Trust Funds	School Impact Fees	Escrows & Off-Site Improvements	
ASSETS					
Cash and cash equivalents	\$ 3,589,250	\$ 1,408	\$ 36,602	\$ 11,635	\$ 3,638,895
Investments	-	175,000	-	-	175,000
Total assets	<u>3,589,250</u>	<u>176,408</u>	<u>36,602</u>	<u>11,635</u>	<u>3,813,895</u>
LIABILITIES					
Intergovernmental payables:					
School	<u>3,589,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,589,250</u>
NET POSITION					
Restricted	<u>\$ -</u>	<u>\$ 176,408</u>	<u>\$ 36,602</u>	<u>\$ 11,635</u>	<u>\$ 224,645</u>

SCHEDULE 7
TOWN OF WILTON, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2020

	Custodial Funds				Total
	Taxes	School Trust Funds	School Impact Fees	Escrows & Off-Site Improvements	
Additions:					
Contributions	\$ -	\$ -	\$ 39,009	\$ 14,910	\$ 53,919
Investment earnings	-	2,394	223	24	2,641
Tax collections for other governments	7,809,608	-	-	-	7,809,608
Total additions	<u>7,809,608</u>	<u>2,394</u>	<u>39,232</u>	<u>14,934</u>	<u>7,866,168</u>
Deductions:					
Payments of taxes to other governments	7,809,608	-	72,405	-	7,882,013
Payments for escrow purposes	-	-	-	3,299	3,299
Total deductions	<u>7,809,608</u>	<u>-</u>	<u>72,405</u>	<u>3,299</u>	<u>7,885,312</u>
Net increase (decrease) in fiduciary net position	-	2,394	(33,173)	11,635	(19,144)
Net position, beginning	-	174,014	69,775	-	243,789
Net position, ending	<u>\$ -</u>	<u>\$ 176,408</u>	<u>\$ 36,602</u>	<u>\$ 11,635</u>	<u>\$ 224,645</u>



PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES

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

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Wilton as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Wilton's internal control over financial reporting as a basis for designing audit procedures that are appropriate in circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

General Ledger Maintenance

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

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

Management's Response: We shall make certain that all journal entries are authorized going forward and have supporting documentation. We shall take your recommendation and add Conservation Commission, Impact Fees and Heritage Commission Funds to the General Ledger.

Ambulance Fund

It was noted that the Ambulance fund had a deficit fund balance of \$129,785 at December 31, 2020 relating to operating results. This deficit will need to be funded by the general fund or other method if not properly addressed by changes to the fund's operations. We strongly suggest that the Town monitor this fund and evaluate future plans and budgets to avoid continuing to add to the deficit fund balance.

Town of Wilton

Independent Auditor's Communication of Material Weaknesses and Significant Deficiencies

Management's Response: It is noted that the Fund has a deficit fund balance of \$129,785 at year end 2020, a direct result of the fund's expenditures exceeding revenue for several years and with a write off of over \$183,000 last year. Corrective action will be seen in 2021 by virtue of the Ambulance Service has now contracted with a more aggressive Billing Company, namely EMAX out of Peterborough, NH who will be following up on outstanding accounts. Also our Ambulance Director will be monitoring expenditures more closely.

General Ledger and Cash Reconciliations

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

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

Management's Response: We are waiting for the Select Board to adopt a new Cash Receipts Control and Reconciliation Procedure Policy which with Employee Acknowledgement will assist in all aspects of reconciling accounts.

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

Cash Receipts and Disbursements

There is a lack of segregation of duties over the processing of cash receipts when the Administrative Assistant is absent, as the Town Clerk's office disburses mail and processes all deposits. The Town does not utilize purchase orders and there is a lack of evidence that the Town is following their purchasing procedures. Many contracts and bids are lacking backup documentation. We recommend that the Town designate a different department to receive and disburse mail when the Administrative Assistant is absent, in order to alleviate the segregation of duties conflict. We further recommend that the Town ensure its established purchasing policy be followed and all supporting documentation for contracts, bids and other documents be maintained at the Town Hall.

Management's Response: The lack of segregation of duties is a repeat finding that we shall be discussing. We do use purchase orders but it appears not consistently. This is an area which we shall be reviewing and in particular revisiting and strengthening our Town's Purchasing Policy.

Tax Collections & Warrants

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

Management's Response: It appears that reconciliation between the Tax Collector's Office and the Finance Office has not happened on a monthly basis and we shall make certain that this practice is upheld.

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

Recycling Center

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

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

Controls should be in place so that timely deposits are being made. In addition, there should be procedures in place to track the sale of scrap metal. Finally, there should be a monthly reconciliation of the recycling center revenue to the general ledger to avoid potential misstatement of funds. These processes can cause potential loss of funds. In addition, there could be a misstatement of revenue which could go undetected.

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

Management's Response:

- i) Deposits are only being made once a week and we shall discuss this with the Recycling Center Manager to have the deposits made more timely so cash is not left at the facility.
- ii) The Department Head does get monthly reports from the Finance Office, and we have an "email received notice" to prove same.
- iii) We shall implement a procedure policy for the sale of scrap metal.

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

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

June 7, 2021