

# TOWN OF WOLFEBORO, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2014

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolfeboro as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11 be presented to supplement the basic financial statements. Such

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

*Other Information*

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

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

August 3, 2015

*Roberts & Heene, PLLC*

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

Presented herewith please find the Management Discussion & Analysis Report for the Town of Wolfeboro for the year ended December 31, 2014. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the Town's financial position, including the results of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the Town's financial activities have been included.

The Town's management is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained. Toward this end, management strives to maintain up-to-date information technology systems and software applications.

**Overview of the Financial Statements**

The financial statements presented herein include all of the activities of the Town of Wolfeboro using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the Town of Wolfeboro's financial statements. The basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements.

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to most private-sector companies.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

The government-wide financial statements have separate columns for the following two types of activities:

Governmental activities – represent most of the Town's basic services.

Business-type activities – account for the Town's water, electric, sewer and ice rink operations and receive the majority of their revenue from user fees.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. The Town maintains three fund types: governmental, proprietary, and fiduciary funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund, which is the Town's only major governmental fund. All other non-major governmental funds are aggregated and presented as other governmental funds.

The Town adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

The proprietary funds provide municipal electric, water and sewer services to customers, and charge a user fee for these services. The Town of Wolfeboro also provides the Pop Whalen Ice Arena's facility for use by the public. This facility is partially subsidized by the General Fund; however, other organizations and users are charged a fee. These funds are presented on the accrual basis of accounting.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information**

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section contains a schedule of funding progress for other post-employment benefits.

**Combining Nonmajor Governmental and Individual General Fund Schedules**

Other supplementary information includes the combining of non-major and fiduciary fund financial statements. This section includes a budgetary comparison schedule for the Town's major governmental fund which includes a reconciliation between the reported activity of the revenues, expenditures and transfers for budgetary purposes (Exhibit 10) (Pages 21). The Town's only major governmental fund with an adopted budget is the General Fund.

**Government-Wide Financial Analysis**

**Governmental Activities**

According to Exhibit 1 – Statement of Net Position in the Financial Statements, the net position of the Town of Wolfeboro governmental activities as of December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Current and other assets:		
Capital assets, net	\$ 30,035,673	\$ 28,478,003
Other assets	<u>12,858,592</u>	<u>13,260,489</u>
Total assets	<u>\$ 42,894,265</u>	<u>\$ 41,738,492</u>
Long-term liabilities	\$ 5,495,499	\$ 4,957,034
Other liabilities	<u>8,095,156</u>	<u>8,709,104</u>
Total liabilities	<u>\$ 13,590,655</u>	<u>\$ 13,666,138</u>
Deferred Inflows of Resources	<u>\$ 15,238</u>	<u>\$ 21,702</u>
Net position:		
Net investment in capital assets	\$ 25,110,540	\$ 24,088,845
Restricted	1,426,283	1,259,414
Unrestricted	<u>2,751,549</u>	<u>2,702,393</u>
Total net position	<u>\$ 29,288,372</u>	<u>\$ 28,050,652</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

The Town's net position totaled \$ 29,288,372 at the end of fiscal year 2014, an increase of \$1,237,720 when compared to the end of the previous fiscal year. This total includes increases in the Town's net investment in capital assets of \$1,021,695, in restricted net position of \$166,869 and in unrestricted net position of \$49,156.

A large portion of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. Another significant portion of the Town's net position is restricted in regard to how they may be used. For the Town of Wolfeboro, those restrictions include those related to non-expendable trust funds, capital reserve funds, and conservation funds. The remaining unrestricted portion represents the part of net position of the Town of Wolfeboro that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

According to Exhibit 2 – Statement of Activities in the Financial Statements, changes in net position for governmental activities for the years ended December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services	\$ 699,370	\$ 673,635
Operating grants and contributions	1,003,069	637,220
Capital grants and contributions	<u>0</u>	<u>75,909</u>
Total program revenues	<u>1,702,439</u>	<u>1,386,764</u>
General revenues:		
Property and other taxes	9,445,084	9,062,980
Licenses and permits	1,464,860	1,380,346
Grants and Contributions	300,230	322,075
Miscellaneous	1,011,973	1,082,588
Transfers	<u>(798,394)</u>	<u>(819,970)</u>
Total general revenues and transfers	<u>11,423,753</u>	<u>11,028,019</u>
Total revenues	<u>13,126,192</u>	<u>12,414,783</u>
Program expenses:		
General government	2,273,995	2,316,978
Public safety	4,033,561	3,923,746
Highways and streets	2,650,409	2,449,509
Health and welfare	300,855	300,855
Sanitation	744,623	693,354
Culture and recreation	1,493,904	1,399,908
Economic development	11,781	10,952
Conservation	48,684	64,313
Interest and fiscal charges	186,750	159,238
Capital Outlay	<u>199,819</u>	<u>62,488</u>
Total expenses	<u>11,888,472</u>	<u>11,381,341</u>
Change in position	1,273,720	1,033,442
Net Position - beginning of year	<u>28,050,652</u>	<u>27,017,210</u>
Net Position - ending of year	<u>\$ 29,288,372</u>	<u>\$ 28,050,652</u>



**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

As shown in the above statement, governmental activities of the Town experienced a net increase in financial position of \$1,273,720 on the full accrual basis of accounting.

During the year ended December 31, 2014, program revenues covered only 14% of program expenses, while the remaining 86% was funded by general revenues (e.g. taxes, grants and contributions).

The Town's governmental activities expenses covered a range of services. The largest expenses were for general government (19%), public safety (34%), culture and recreation (13%), and highways and streets (22%) which accounted for 88% of total expenses.

**Business-type Activities**

According to Exhibit 1 – Statement of Net Position in the Financial Statements, net position of the business type activities as of December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Current and other assets:		
Capital assets, net	\$ 31,318,360	\$ 31,895,506
Other assets	<u>12,398,581</u>	<u>7,402,435</u>
Total assets	<u>\$ 43,716,941</u>	<u>\$ 39,297,941</u>
Long-term liabilities	\$ 16,080,092	\$ 18,602,368
Other liabilities	<u>1,896,103</u>	<u>2,844,489</u>
Total liabilities	<u>\$ 17,976,195</u>	<u>\$ 21,446,857</u>
Deferred inflows of resources	<u>\$ 71,993</u>	<u>\$ 63,213</u>
Net position:		
Invested in capital assets, net of related debt	\$ 14,070,350	\$ 13,822,597
Unrestricted	<u>11,598,403</u>	<u>3,965,274</u>
Total net position	<u>\$ 25,668,753</u>	<u>\$ 17,787,871</u>

The Town's business-type activities net position totaled \$25,668,753 at the end of fiscal year 2014, an increase of \$7,880,882 when compared to the end of the previous fiscal year. This increase includes an increase in the Town's net investment in capital assets of \$ 247,753 in addition to an increase in unrestricted net position of \$ 7,633,129.

The largest portion of the Town's net position for its business-type activities reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. These assets are utilized by the Town of Wolfeboro to provide services to its citizenry; therefore, they are not available for future spending.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

According to Exhibit 2 – Statement of Activities in the Financial Statements, changes in net position for the business-type activities for the years ended December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services	\$ 11,810,887	\$ 13,876,558
Operating grants and contributions	<u>169,985</u>	<u>0</u>
Total program revenues	<u>11,980,872</u>	<u>13,876,558</u>
General revenues:		
Interest and investment earnings		
Miscellaneous	42,980	20,152
Transfers	798,394	819,970
Special Item	<u>7,500,000</u>	<u>0</u>
Total general revenues and transfers	<u>8,341,374</u>	<u>840,122</u>
Total revenues	<u>20,322,246</u>	<u>14,716,680</u>
Program expenses:		
Electric	7,921,013	9,976,906
Water	1,538,054	1,497,466
Sewer	2,713,909	2,201,823
Pop Whalen	<u>268,388</u>	<u>277,272</u>
Total program expenses	<u>12,441,364</u>	<u>13,953,467</u>
Change in net position	7,880,882	763,213
Net position - beginning of year	<u>17,787,871</u>	<u>17,024,658</u>
Net position - ending of year	<u>\$ 25,668,753</u>	<u>\$ 17,787,871</u>

The primary funding source for business-type activities is charges for services, which comprises 100% of all funding sources. Program revenues provided funding for 96% of total program expenses, which contributed to the overall increase in net position of \$7,880,882. There was however, a small decrease in transfers from other funds of (\$21,576). Transfers from the General Fund to offset debt service in the Sewer Enterprise Fund were budgeted based upon the current year's debt service and capital expenditures. The major contribution to the current year's increase in net position was the Special Item of \$ 7,500,000, which represents the value of the Town's legal settlement with Wright Pierce.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

**Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

**General Fund**

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the general fund had an unassigned fund balance of \$731,616, while total fund equity was \$3,083,696. The total fund equity also includes a Nonspendable fund balance of \$60,520, a Restricted fund balance of \$ 373,988, as well as an Assigned fund balance of \$499,713 and a Committed fund balance of \$1,417,859. The General Fund total fund balance increased \$203,945 from December 31, 2013.

During the tax setting process the Finance Director and Town Manager review the calculation outlined in the vote of the 2002 Town Meeting under Article 18 as one method of determining the appropriate amount of fund balance to retain for the following year. In December 2011 the Board of Selectmen adopted a formal fund balance policy in accordance with the Governmental Accounting Standards Board Pronouncement 54 (GASB 54). In 2014 \$800,000 was used to offset the tax rate. Please see (Exhibit 18) (Page 51) of the financial statements for a reconciliation of changes in fund balance from the prior year.

**Other Governmental Funds**

The total fund balance in Other Governmental Funds is \$1,313,017 at year end, an increase of \$184,798 from the previous year. The various Non-major governmental funds within this category are: Special Revenue Funds, Permanent Funds and Capital Projects Funds. The Special Revenue Funds consist of the following funds: Conservation Commission \$296,933 in Committed fund balance; Police Detail Fund \$31,575 in Committed fund balance; Recreation Revolving Account \$3,013 in Committed Fund balance; Miscellaneous Grant Funds with an Unassigned deficit of (\$5,666) and the CDBG Fund with and Unassigned deficit of (\$100). The Capital Project Fund has an Unassigned deficit of (\$65,533) and the Permanent Fund totals \$1,052,296, of which \$707,021 is Non- spendable fund balance with the remaining \$345,274 being Restricted fund balance.

**Proprietary Funds**

The focus of the Town's proprietary funds is on total economic resources, and changes to net position, much as it might be for a private-sector business.

The Town of Wolfeboro's proprietary funds consist of the Water Department, Sewer Department, Electric Department and Pop Whalen Ice Arena. According to Exhibit 8 the Statement of Revenues, Expenses and Changes in Net Position, total net position increased \$7,880,882 from December 31, 2013 to December 31, 2014 to a total of \$25,668,753. The Income (Loss) before capital contributions and transfers was as follows: Electric Department \$1,286,345; Water Department \$337,730; Sewer Department (\$1,617,798) and Pop Whalen Ice Arena \$5,142. Please note that after applying the effect of capital contributions and transfers

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

in from the general fund changes in net position were as follows: Electric Department \$1,177,401; Water Department \$108,703; Sewer Department \$6,604,540 and Pop Whalen Fund (\$9,762).

Rates for the use of the Pop Whalen ice skating rink were increased to meet anticipated operating expense and debt service requirements. Rates for the Municipal Electric, Water and Sewer Departments were not increased in fiscal 2014.

**General Fund Budgetary Highlights**

According to Exhibit 10 of the Notes To Basic Financial Statements, actual revenues for the year exceeded those anticipated by \$410,206. Revenues exceeded estimations in all categories, with the exception of Taxes and Charges for Services as follows: Taxes (\$11,679); Licenses and permits \$157,706; Intergovernmental revenues \$124,903; Charges for services (\$13,549) and Miscellaneous income \$152,825.

Expenditures for the year remained within appropriated amounts overall. The Town remained within its total expenditure budget by \$152,430 which resulted in excess anticipated revenues over anticipated expenditures of \$562,636.

**Capital Assets and Long-Term Obligations**

**Capital Assets**

The Town considers a capital asset to be an asset whose cost exceeds \$5,000 to \$50,000 depending on the type of asset and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their estimated useful life.

According to Exhibit 1 Statement of Net Position, the Town's investment in capital assets net of accumulated depreciation for its governmental activities and business-type activities as of December 31, 2014 amounts to \$25,110,540 and \$14,070,350, respectively. This investment in capital assets includes land, infrastructure, buildings and improvements, vehicles and equipment, and other capital improvements.

**Long-Term Obligations**

On January 1, 2014 the Town of Wolfeboro had total outstanding bonded debt and other long-term obligations of \$4,250,263 and \$11,161,884 in the governmental activities and business-type activities, respectively. Principal payments during the year reduced outstanding general obligation debt of the Town by (\$2,001,622). General obligation bonds totaling \$1,240,000 were issued, resulting in a combined total outstanding balance at year-end of \$20,650,525. For a summary of long term debt transactions and all other long term obligations in the governmental and business type activities fund please see pages 35 through 39 of the Notes To The Financial Statements.

**Economic Conditions**

Assessed real estate value decreased from \$2,033,528,925 to \$2,031,269,984 or (\$2,258,941) as a result of the housing market, as reflected in the Town's ongoing revaluation of property by the Assessing Department. The next scheduled full revaluation of property is scheduled for April 1, 2015.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

The overall tax rate remained relatively low at \$ 13.01 compared with the 2013 rate of \$12.83 per thousand. Totals for uncollected taxes at year end remained low.

Total voted appropriation for 2013 were \$ 31,428,516. The town maintains a Capital Improvement Plan through the CIP Committee, which makes recommendations to the Board of Selectmen via the Planning Board. A number of recommendations forwarded by the CIP Committee were not included in the budget by the Board of Selectmen due to budget constraints, or subsequent action of the Town Budget Committee.

Economic conditions for Carroll County remained stable while not robust for the year ended December 31, 2014. The average unemployment rate for the year was 4.5 % for the Wolfeboro NH LMA; lower than the national average of 5.6%. The yearly Northeast Consumer Price Index totaled 1.3%.

**Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all of Wolfeboro's citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Peter A. Chamberlin, Finance Director, Town of Wolfeboro Finance Office, 84 South Main Street, Wolfeboro, NH 03894. Telephone Number (603) 569-8168.

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2014**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,146,899	\$ 10,483,035	\$ 13,629,934
Investments	7,632,327	-	7,632,327
Intergovernmental receivable	87,726	458,932	546,658
Other receivables, net of allowance for uncollectibles	1,931,120	1,145,943	3,077,063
Inventory	-	292,716	292,716
Prepaid items	48,548	17,955	66,503
Tax deeded property held for resale	11,972	-	11,972
Capital assets, not being depreciated:			
Land	6,622,075	1,115,005	7,737,080
Construction in progress	1,665,092	135,574	1,800,666
Capital assets, net of accumulated depreciation:			
Buildings and building improvements	2,852,243	3,262,135	6,114,378
Machinery, vehicles and equipment	1,503,696	6,580,419	8,084,115
Infrastructure	16,579,124	20,225,227	36,804,351
Other improvements	813,443	-	813,443
Total assets	<u>42,894,265</u>	<u>43,716,941</u>	<u>86,611,206</u>
<b>LIABILITIES</b>			
Accounts payable	338,502	142,071	480,573
Accrued payroll and benefits	158,171	23,281	181,452
Contract payable	27,149	-	27,149
Accrued interest payable	78,900	291,547	370,447
Intergovernmental payable	7,031,817	-	7,031,817
Internal balance	(13,925)	13,925	-
Performance and escrow deposits	6,955	45,458	52,413
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	443,982	1,294,821	1,738,803
Unamortized bond premium	17,000	68,015	85,015
Unamortized loan forgiveness	-	16,985	16,985
Capital leases payable	2,605	-	2,605
Accrued landfill postclosure care costs	4,000	-	4,000
Due in more than one year:			
Bonds and notes payable	4,272,298	14,923,320	19,195,618
Unamortized bond premium	182,056	868,655	1,050,711
Unamortized loan forgiveness	-	135,883	135,883
Capital leases payable	7,191	-	7,191
Compensated absences	510,453	80,500	590,953
Other post-employment benefits payable	467,501	71,734	539,235
Accrued landfill postclosure care costs	56,000	-	56,000
Total liabilities	<u>13,590,655</u>	<u>17,976,195</u>	<u>31,566,850</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	<u>15,238</u>	<u>71,993</u>	<u>87,231</u>
<b>NET POSITION</b>			
Net investment in capital assets	25,110,540	14,070,350	39,180,890
Restricted for:			
Endowments:			
Nonexpendable	707,021	-	707,021
Expendable	345,274	-	345,274
Other purposes	373,988	-	373,988
Unrestricted	<u>2,751,549</u>	<u>11,598,403</u>	<u>14,349,952</u>
Total net position	<u>\$ 29,288,372</u>	<u>\$ 25,668,753</u>	<u>\$ 54,957,125</u>

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

**EXHIBIT 2**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended December 31, 2014**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
General government	\$ 2,273,995	\$ -	\$ 330,795	\$ (1,943,200)	\$ -	\$ (1,943,200)
Public safety	4,033,561	70,728	91,940	(3,870,893)	-	(3,870,893)
Highways and streets	2,650,409	214,678	555,083	(1,880,648)	-	(1,880,648)
Sanitation	744,623	210,959	7,218	(526,446)	-	(526,446)
Water distribution and treatment	-	-	7,547	7,547	-	7,547
Health	132,048	-	-	(132,048)	-	(132,048)
Welfare	112,898	-	-	(112,898)	-	(112,898)
Culture and recreation	1,493,904	203,005	-	(1,290,899)	-	(1,290,899)
Conservation	48,684	-	10,486	(38,198)	-	(38,198)
Economic development	11,781	-	-	(11,781)	-	(11,781)
Interest on long-term debt	186,750	-	-	(186,750)	-	(186,750)
Capital outlay	199,819	-	-	(199,819)	-	(199,819)
Total governmental activities	<u>11,888,472</u>	<u>699,370</u>	<u>1,003,069</u>	<u>(10,186,033)</u>	<u>-</u>	<u>(10,186,033)</u>
<b>Business-type activities:</b>						
Electric department	7,921,013	9,080,123	-	-	1,159,110	1,159,110
Water department	1,538,054	1,607,437	15,000	-	84,383	84,383
Sewer department	2,713,909	864,701	154,985	-	(1,694,223)	(1,694,223)
Pop Whalen Ice Arena	268,388	258,626	-	-	(9,762)	(9,762)
Total business-type activities	<u>12,441,364</u>	<u>11,810,887</u>	<u>169,985</u>	<u>-</u>	<u>(460,492)</u>	<u>(460,492)</u>
Total primary government	<u>\$ 24,329,836</u>	<u>\$ 12,510,257</u>	<u>\$ 1,173,054</u>	<u>(10,186,033)</u>	<u>(460,492)</u>	<u>(10,646,525)</u>
<b>General revenues:</b>						
Property taxes				9,246,105	-	9,246,105
Other taxes				198,979	-	198,979
Licenses and permits				1,464,860	-	1,464,860
Grants and contributions not restricted to specific programs				300,230	-	300,230
Miscellaneous				1,011,973	42,980	1,054,953
Total general revenues				<u>12,222,147</u>	<u>42,980</u>	<u>12,265,127</u>
Transfers				(798,394)	798,394	-
Special item				-	7,500,000	7,500,000
Change in net position				1,237,720	7,880,882	9,118,602
Net position, beginning				28,050,652	17,787,871	45,838,523
Net position, ending				<u>\$ 29,288,372</u>	<u>\$ 25,668,753</u>	<u>\$ 54,957,125</u>

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



**EXHIBIT 3**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2014**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,786,782	\$ 360,117	\$ 3,146,899
Investments	6,593,405	1,038,922	7,632,327
Receivables, net of allowance for uncollectibles:			
Taxes	1,829,336	-	1,829,336
Accounts	101,784	-	101,784
Intergovernmental	87,726	-	87,726
Interfund receivable	57,308	1,000	58,308
Prepaid items	48,548	-	48,548
Tax deeded property held for resale	11,972	-	11,972
Total assets	<u>\$ 11,516,861</u>	<u>\$ 1,400,039</u>	<u>\$ 12,916,900</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 335,784	\$ 2,718	\$ 338,502
Accrued salaries and benefits	158,171	-	158,171
Contracts payable	-	27,149	27,149
Intergovernmental payable	7,031,817	-	7,031,817
Interfund payable	900	43,483	44,383
Escrow and performance deposits	6,955	-	6,955
Total liabilities	<u>7,533,627</u>	<u>73,350</u>	<u>7,606,977</u>
Deferred inflows of resources:			
Deferred revenue	<u>899,538</u>	<u>13,672</u>	<u>913,210</u>
Fund balances:			
Nonspendable	60,520	707,021	767,541
Restricted	373,988	345,774	719,762
Committed	1,417,859	331,521	1,749,380
Assigned	499,713	-	499,713
Unassigned	731,616	(71,299)	660,317
Total fund balances	<u>3,083,696</u>	<u>1,313,017</u>	<u>4,396,713</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,516,861</u>	<u>\$ 1,400,039</u>	<u>\$ 12,916,900</u>

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

**EXHIBIT 4**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position**  
**December 31, 2014**

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Total fund balances of governmental funds (Exhibit 3)		\$ 4,396,713
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 44,255,282	
Less accumulated depreciation	<u>(14,219,609)</u>	30,035,673
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (44,383)	
Payables	<u>44,383</u>	-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue	\$ 887,018	
Deferred grant revenue	<u>10,954</u>	897,972
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(78,900)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 4,716,280	
Unamortized bond premium	199,056	
Capital lease outstanding	9,796	
Compensated absences payable	510,453	
Other post-employment benefits payable	467,501	
Accrued landfill postclosure care costs	<u>60,000</u>	<u>(5,963,086)</u>
Total net position of governmental activities (Exhibit 1)		<u>\$ 29,288,372</u>

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

**EXHIBIT 5**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2014**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 9,549,463	\$ 17,600	\$ 9,567,063
Licenses, permits and fees	1,464,860	-	1,464,860
Intergovernmental	591,068	624,513	1,215,581
Charges for services	577,320	122,050	699,370
Miscellaneous	995,035	93,702	1,088,737
Total revenues	<u>13,177,746</u>	<u>857,865</u>	<u>14,035,611</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	2,055,202	213,250	2,268,452
Public safety	3,810,312	97,724	3,908,036
Highways and streets	2,094,547	-	2,094,547
Sanitation	748,358	-	748,358
Health	132,048	-	132,048
Welfare	111,526	-	111,526
Culture and recreation	1,341,757	103,992	1,445,749
Conservation	12,962	35,722	48,684
Economic development	11,781	-	11,781
<b>Debt service:</b>			
Principal	403,983	-	403,983
Interest	174,538	-	174,538
Capital outlay	1,173,989	1,288,941	2,462,930
Total expenditures	<u>12,071,003</u>	<u>1,739,629</u>	<u>13,810,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,106,743</u>	<u>(881,764)</u>	<u>224,979</u>
<b>Other financing sources (uses):</b>			
Transfers in	7,036	111,440	118,476
Transfers out	(909,834)	(7,036)	(916,870)
Long-term debt issued	-	870,000	870,000
Premium received on long-term debt	-	92,158	92,158
Total other financing sources and uses	<u>(902,798)</u>	<u>1,066,562</u>	<u>163,764</u>
Net change in fund balances	203,945	184,798	388,743
Fund balances, beginning	2,879,751	1,128,219	4,007,970
Fund balances, ending	<u>\$ 3,083,696</u>	<u>\$ 1,313,017</u>	<u>\$ 4,396,713</u>

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

**EXHIBIT 6**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2014**

Net change in fund balances of governmental funds (Exhibit 5)		\$ 388,743
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 2,448,882	
Depreciation expense	<u>(891,212)</u>	
		1,557,670
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (118,476)	
Transfers out	<u>118,476</u>	
		-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue	\$ (121,979)	
Change in deferred grant revenue	<u>10,954</u>	
		(111,025)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of bonds	\$ (870,000)	
Premium on bonds issued	(92,158)	
Repayment of bond principal	403,983	
Amortization of bond premium	11,075	
Repayment of capital lease principal	<u>11,123</u>	
		(535,977)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (23,287)	
Increase in compensated absences payable	(48,425)	
Increase in other post-employment benefits payable	(12,479)	
Decrease in accrued landfill postclosure care costs	<u>22,500</u>	
		<u>(61,691)</u>
Change in net position of governmental activities (Exhibit 2)		<u>\$ 1,237,720</u>

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

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 9,439,163	\$ 9,439,163	\$ 9,427,484	\$ (11,679)
Licenses, permits and fees	1,307,154	1,307,154	1,464,860	157,706
Intergovernmental	466,165	466,165	591,068	124,903
Charges for services	590,869	590,869	577,320	(13,549)
Miscellaneous	743,685	743,685	896,510	152,825
Total revenues	<u>12,547,036</u>	<u>12,547,036</u>	<u>12,957,242</u>	<u>410,206</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,114,216	2,114,216	2,044,202	70,014
Public safety	3,924,674	3,924,674	3,812,912	111,762
Highways and streets	2,805,788	2,080,788	2,094,928	(14,140)
Sanitation	754,854	754,854	758,589	(3,735)
Health	137,589	137,589	132,048	5,541
Welfare	152,872	152,872	111,526	41,346
Culture and recreation	1,330,574	1,330,574	1,319,146	11,428
Conservation	9,431	9,431	10,662	(1,231)
Economic development	12,181	12,181	11,906	275
Debt service:				
Principal	403,982	403,982	403,983	(1)
Interest on long-term debt	190,856	190,856	173,600	17,256
Interest on tax anticipation note	5,000	5,000	938	4,062
Capital outlay	288,375	1,013,375	1,103,522	(90,147)
Total expenditures	<u>12,130,392</u>	<u>12,130,392</u>	<u>11,977,962</u>	<u>152,430</u>
Excess of revenues over expenditures	<u>416,644</u>	<u>416,644</u>	<u>979,280</u>	<u>562,636</u>
Other financing sources (uses):				
Transfers in	63,000	63,000	4,999	(58,001)
Transfers out	(1,279,644)	(1,279,644)	(1,279,644)	-
Total other financing sources and uses	<u>(1,216,644)</u>	<u>(1,216,644)</u>	<u>(1,274,645)</u>	<u>(58,001)</u>
Net change in fund balance	<u>\$ (800,000)</u>	<u>\$ (800,000)</u>	(295,365)	<u>\$ 504,635</u>
Increase in nonspendable fund balance			(330)	
Unassigned fund balance, beginning			1,914,329	
Unassigned fund balance, ending			<u>\$ 1,618,634</u>	

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

**EXHIBIT 8**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2014**

	Business-type Activities - Enterprise Funds				Total
	Electric Department	Water Department	Sewer Department	Pop Whalen Ice Arena	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 4,602,553	\$ 1,449,678	\$ 4,430,804	\$ -	\$ 10,483,035
Accounts receivable	864,903	137,861	82,733	60,446	1,145,943
Intergovernmental receivable	-	458,932	-	-	458,932
Inventory	292,716	-	-	-	292,716
Prepaid items	8,435	4,437	3,991	1,092	17,955
Noncurrent assets:					
Capital assets:					
Land	46,733	12,772	1,055,500	-	1,115,005
Construction in progress	59,362	67,127	9,085	-	135,574
Buildings and building improvements	315,092	3,749,315	254,864	839,188	5,158,459
Machinery, vehicles and equipment	11,177,807	750,985	1,628,336	1,006,322	14,563,450
Infrastructure	-	14,634,411	12,497,808	-	27,132,219
Less accumulated depreciation	(5,826,617)	(6,196,503)	(4,000,716)	(762,511)	(16,786,347)
Net capital assets	<u>5,772,377</u>	<u>13,018,107</u>	<u>11,444,877</u>	<u>1,082,999</u>	<u>31,318,360</u>
Total assets	<u>11,540,984</u>	<u>15,069,015</u>	<u>15,962,405</u>	<u>1,144,537</u>	<u>43,716,941</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	107,523	28,115	5,098	1,335	142,071
Accrued salaries and benefits	8,450	10,527	2,708	1,596	23,281
Interfund payable	-	-	-	13,925	13,925
Accrued interest payable	4,121	108,463	174,670	4,293	291,547
Customer deposits	45,258	200	-	-	45,458
Noncurrent obligations:					
Due within one year:					
Bonds payable	265,000	549,222	461,309	19,290	1,294,821
Unamortized bond premium	5,880	23,891	36,174	2,070	68,015
Unamortized loan forgiveness	-	16,985	-	-	16,985
Due in more than one year:					
Bonds payable	2,525,000	5,351,877	6,679,343	367,100	14,923,320
Unamortized bond premium	38,220	243,317	573,232	13,886	868,655
Unamortized loan forgiveness	-	135,883	-	-	135,883
Compensated absences	35,018	35,812	9,670	-	80,500
Other postemployment benefits payable	25,914	36,388	9,432	-	71,734
Total liabilities	<u>3,060,384</u>	<u>6,540,680</u>	<u>7,951,636</u>	<u>423,495</u>	<u>17,976,195</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned revenue	<u>49,950</u>	<u>14,496</u>	<u>7,547</u>	<u>-</u>	<u>71,993</u>
<b>NET POSITION</b>					
Net investment in capital assets	2,873,278	6,849,806	3,650,657	696,609	14,070,350
Unrestricted	5,557,372	1,664,033	4,352,565	24,433	11,598,403
Total net position	<u>\$ 8,430,650</u>	<u>\$ 8,513,839</u>	<u>\$ 8,003,222</u>	<u>\$ 721,042</u>	<u>\$ 25,668,753</u>

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

**EXHIBIT 9**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2014**

	Business-type Activities - Enterprise Funds				Total
	Electric Department	Water Department	Sewer Department	Pop Whalen Ice Arena	
Operating revenues:					
Charges for services	\$ 9,080,123	\$ 1,607,437	\$ 864,701	\$ 258,626	\$ 11,810,887
Miscellaneous	18,291	24,320	369	-	42,980
Total operating revenues	<u>9,098,414</u>	<u>1,631,757</u>	<u>865,070</u>	<u>258,626</u>	<u>11,853,867</u>
Operating expenses:					
Cost of operations	1,828,542	874,317	2,146,043	199,346	5,048,248
Cost of power	5,651,680	-	-	-	5,651,680
Depreciation expense	331,847	419,710	336,825	54,138	1,142,520
Total operating expenses	<u>7,812,069</u>	<u>1,294,027</u>	<u>2,482,868</u>	<u>253,484</u>	<u>11,842,448</u>
Operating income (loss)	<u>1,286,345</u>	<u>337,730</u>	<u>(1,617,798)</u>	<u>5,142</u>	<u>11,419</u>
Non-operating revenue (expense):					
Intergovernmental	-	15,000	154,985	-	169,985
Interest expense	(108,944)	(244,027)	(231,041)	(14,904)	(598,916)
Transfer to other funds	-	-	798,394	-	798,394
Total nonoperating income (expense)	<u>(108,944)</u>	<u>(229,027)</u>	<u>722,338</u>	<u>(14,904)</u>	<u>369,463</u>
Net income (loss) before special item	1,177,401	108,703	(895,460)	(9,762)	380,882
Special item:					
Settlement proceeds	-	-	7,500,000	-	7,500,000
Net change in net position	1,177,401	108,703	6,604,540	(9,762)	7,880,882
Net position, beginning	7,253,249	8,405,136	1,398,682	730,804	17,787,871
Net position, ending	<u>\$ 8,430,650</u>	<u>\$ 8,513,839</u>	<u>\$ 8,003,222</u>	<u>\$ 721,042</u>	<u>\$ 25,668,753</u>

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

**EXHIBIT 10**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2014**

	Business-type Activities - Enterprise Funds				Total
	Electric Department	Water Department	Sewer Department	Pop Whalen Ice Arena	
Cash flows from operating activities:					
Receipts from customers and users	\$ 9,458,750	\$ 1,836,625	\$ 1,034,130	\$ 227,555	\$ 12,557,060
Payments to suppliers and employees	<u>(7,522,737)</u>	<u>(851,323)</u>	<u>(2,179,764)</u>	<u>(204,049)</u>	<u>(10,757,873)</u>
Net cash provided (used) by operating activities	<u>1,936,013</u>	<u>985,302</u>	<u>(1,145,634)</u>	<u>23,506</u>	<u>1,799,187</u>
Cash flows from non-capital financing activities:					
Transfers from other funds	<u>-</u>	<u>-</u>	<u>798,394</u>	<u>-</u>	<u>798,394</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(278,288)	(125,931)	(161,157)	-	(565,376)
Proceeds from bonds and notes issued		123,599	405,838		529,437
Proceeds from federal grants	-	15,000	-	-	15,000
Proceeds from state grants	-	34,392	154,985	-	189,377
Principal paid on bonds and notes	(395,000)	(537,040)	(1,001,309)	(64,290)	(1,997,639)
Interest paid on bonds and notes	<u>(126,222)</u>	<u>(266,161)</u>	<u>(270,248)</u>	<u>(22,640)</u>	<u>(685,271)</u>
Net cash used in capital and related financing activities	<u>(799,510)</u>	<u>(756,141)</u>	<u>(871,891)</u>	<u>(86,930)</u>	<u>(2,514,472)</u>
Increase (decrease) in cash before special item	1,136,503	229,161	(1,219,131)	(63,424)	83,109
Cash flows from special item:					
Settlement proceeds	<u>-</u>	<u>-</u>	<u>7,500,000</u>	<u>-</u>	<u>7,500,000</u>
Increase (decrease) in cash	1,136,503	229,161	6,280,869	(63,424)	7,583,109
Cash and cash equivalents, beginning	<u>3,466,050</u>	<u>1,220,517</u>	<u>(1,850,065)</u>	<u>49,499</u>	<u>2,886,001</u>
Cash and cash equivalents, ending	<u>\$ 4,602,553</u>	<u>\$ 1,449,678</u>	<u>\$ 4,430,804</u>	<u>\$ (13,925)</u>	<u>\$ 10,469,110</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	<u>\$ 1,286,345</u>	<u>\$ 337,730</u>	<u>\$ (1,617,798)</u>	<u>\$ 5,142</u>	<u>\$ 11,419</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	331,847	419,710	336,825	54,138	1,142,520
(Increase) decrease in accounts receivable	361,348	198,572	163,675	(31,071)	692,524
Decrease in inventory	26,371	-	-	-	26,371
Decrease in prepaid items	(1,147)	(290)	(758)	(266)	(2,461)
Increase in customer deposits	1,889	-	-	-	1,889
Increase (decrease) in accounts payable	(66,784)	22,597	(32,777)	(3,745)	(80,709)
Increase (decrease) in accrued salaries and benefits	(955)	687	(186)	(692)	(1,146)
Increase (decrease) in unearned revenue	<u>(2,901)</u>	<u>6,296</u>	<u>5,385</u>	<u>-</u>	<u>8,780</u>
Total adjustments	<u>649,668</u>	<u>647,572</u>	<u>472,164</u>	<u>18,364</u>	<u>1,787,768</u>
Net cash provided (used) by operating activities	<u>\$ 1,936,013</u>	<u>\$ 985,302</u>	<u>\$ (1,145,634)</u>	<u>\$ 23,506</u>	<u>\$ 1,799,187</u>

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



**EXHIBIT 11**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2014**

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 6,725	\$ 204,600
Investments	380,288	1,097,060
Total assets	<u>387,013</u>	<u>1,301,660</u>
Liabilities:		
Due to other governmental units	-	1,144,982
Due to developers	-	156,678
Total liabilities	<u>-</u>	<u>1,301,660</u>
Net position:		
Held in trust for specific purposes	<u>\$ 387,013</u>	<u>\$ -</u>

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

**EXHIBIT 12**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2014**

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest and dividends	\$ 36,298
Net change in fair value of investments	<u>1,023</u>
Total additions	<u>37,321</u>
 Deductions:	
Trust distributions	<u>28,139</u>
 Change in net position	 9,182
Net position, beginning	<u>377,831</u>
Net position, ending	<u><u>\$ 387,013</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Wolfeboro (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2014.

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

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

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

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

*Government-Wide Financial Statements*

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

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

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
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*Fund Financial Statements*

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

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

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year, and defers any not received by that date. When calculating fund balance used to set the tax rate, unavailable tax revenues are not deferred in accordance with directives from the New Hampshire Department of Revenue Administration. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

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

*Governmental Funds*

The Town reports the following major governmental fund:

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

The Town also reports seven nonmajor governmental funds.

*Proprietary Funds*

The Town reports the following major enterprise funds:

*Electric Department* – Accounts for all revenues and expenses related to the Town’s electric operations.

*Water Department* – Accounts for all revenues and expenses related to the Town’s water treatment and distribution operations.

*Sewer Department* – Accounts for all revenues and expenses related to the Town’s sewage disposal operations.

The Town also reports one nonmajor enterprise fund, the Pop Whalen Ice Arena Fund.

*Fiduciary Funds*

The Town reports the following fiduciary funds:

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

*Agency Funds* – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town’s agency funds are used to account for performance bonds held in escrow, and amounts held by the trustees of trust funds that belong to the Governor Wentworth Regional School District.

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

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

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen and/or Town Manager. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383.22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

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

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

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

***I.C.2. Inventory and Prepaid Items***

Inventory is valued at cost using the first-in/first out (FIFO) method. The costs of proprietary fund-type inventories are recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

***I.C.3. Capital Assets and Depreciation***

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$10,000 or more as purchase and construction outlays occur; however, the Town capitalizes police

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weapon inventory and assets purchased with grant funds with costs over \$5,000. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Buildings and building improvements	5-75
Machinery, vehicles and equipment	5-50
Infrastructure	3-20
Other improvements	3-50

**I.C.4. Long-Term Debt**

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

**I.C.5. Compensated Absences**

Full-time, permanent employees are granted accrued leave benefits in varying amounts to specified maximums based on the number of years in employment. Employees are entitled to a portion of their accrued leave upon termination.

Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

**I.C.6. Equity**

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, nonexpendable, which consists of the principal balance of the permanent funds that must be permanently invested for Town purposes.
- Restricted for endowments, expendable, which consists of the balance of the permanent funds income that is allowed to be expended for Town purposes.



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- Restricted for other purposes, which consists of the balance of the library fund resources, whose use is restricted by law.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds; and prepaid items and tax deeded property held for resale in the general fund, whose resources are in a nonspendable form.
- Restricted, which represents the expendable income from permanent funds and the library fund, all whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen, and would require an equally formal action to remove those commitments. Committed balances represent the expendable trust funds, Josiah Bartlett Fund, and special revenue funds.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the general fund in excess of the nonspendable, restricted, committed and assigned balances, and the deficit balances in the capital project, CDBG and miscellaneous grants funds.

*Minimum Fund Balance*

In order to maintain a reasonable cash reserve, as well as plan for fiscal emergencies, the Town will strive to maintain an unassigned fund balance in its General Fund equal to 10% of the current year's voted operating budget. Consistent with Article 16 of the 2002 Town Warrant, which established a Town Surplus Policy, the Town Manager shall have the authority to reduce the surplus (General Fund Unassigned Fund Balance) carried over from the prior year to an amount no greater than 10% of the Operating Budget voted for the current year by applying it as fund balance to reduce taxes.

**I.D. Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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**II. Stewardship, Compliance and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Enterprise Funds. A project length budget was adopted for the Capital Projects Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2014, \$800,000 of the General Fund fund balance from 2013 was used.

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

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

**General Fund GAAP to Budgetary Basis Reconciliation**

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 12,962,241
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	1,008,997
Tax revenue deferred in the current year	(887,018)
Perspective difference:	
Revenue from expendable trust fund	39,375
Revenue from library fund	44,150
Revenue from Josiah Brown fund	15,000
Transfers from permanent fund	2,037
Per Exhibit 5 (GAAP basis)	<u>\$ 13,184,782</u>

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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 13,257,606
Adjustments:	
Basis difference:	
Encumbrances, beginning	460,477
Encumbrances, ending	(499,713)
Perspective difference:	
Expenditures from expendable trust fund	73,740
Expenditures from library fund	44,537
Expenditures from Josiah Brown fund	14,000
Transfers to capital projects fund	111,440
Transfers to expendable trust fund	(481,250)
Per Exhibit 5 (GAAP basis)	<u>\$ 12,980,837</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,618,634
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(887,018)
Per Exhibit 3 (GAAP basis)	<u>\$ 731,616</u>

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

**III.A. Assets**

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

*Custodial Credit Risks for Deposits*

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town does not have a policy for custodial credit risk. As of December 31, 2014, \$282,358 of the Town of Wolfeboro's bank balances of \$11,951,500 was exposed to custodial credit risk as uninsured and uncollateralized.

**III.A.2. Investments**

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

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 7,632,327
Fiduciary funds - statement of fiduciary net position (Exhibit 11)	<u>1,477,348</u>
Total	<u>\$ 9,109,675</u>

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The investments appear in the financial statements as follow:

Certificates of Deposit	\$ 4,808,105
Mutual Funds	3,209,021
Equity Funds	1,092,549
	\$ 9,109,675

*Investment Risks*

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

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

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. The Town does not have an investment policy that addresses concentration of credit risk. As of December 31, 2014, the Town had \$967,572 invested in the Vanguard Fixed Income Securities Fund, \$842,475 invested in the TCW Galileo Fund Income Total Return Bond Index Fund, and \$585,816 invested in the Fidelity Spartan Short-Term Treasury Bond Index Fund, representing 10.62%, 9.25%, and 6.43%, respectively, of its total investments.

**Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Of the Town’s \$9,109,675 of investments, \$4,558,105 has exposure to custodial credit risk because the related securities are uninsured and uncollateralized.

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

*Property Taxes Receivable and Property Tax Calendar*

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

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Town. During the current year, the tax collector executed a lien for uncollected 2013 property taxes on April 25<sup>th</sup>.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Governor Wentworth Regional School District, Belknap County, and the Lower Beech Pond Precinct. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2014, upon which the 2014 property tax levy was based was:

For the New Hampshire education tax	\$2,031,101,184
For all other taxes	\$2,031,269,984

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

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$4.79	\$ 9,731,252
School portion:		
State of New Hampshire	\$2.50	5,081,713
Local	\$4.59	9,320,936
County portion	\$1.13	2,292,499
Precinct portion:		
Lower Beech Pond	\$0.71	4,026
Total property taxes assessed		<u>\$ 26,430,426</u>

The following details the taxes receivable at year-end:

Property:		
Levy of 2014		\$ 1,617,443
Unredeemed (under tax lien):		
Levy of 2013		253,835
Levy of 2012		122,454
Levy of 2011		70,697
Levies of 2010 and prior		121,986
Timber		2,921
Less: allowance for estimated uncollectible taxes		(360,000)
Net taxes receivable		<u>\$ 1,829,336</u>

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*Other Receivables*

Other significant receivables include grant reimbursements for the Town's various grant programs.

*Deferred Revenue*

Deferred revenue in the General Fund of \$899,538 at December 31, 2014 represents \$887,018 of 2014 property taxes and \$12,287 of State and Federal grant revenues that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, and \$233 in miscellaneous items. Deferred revenue of \$13,672 in the Nonmajor Funds represents State and Federal grant revenues that were not collected within 60 days of year-end. In the governmental activities, only \$15,238 is reported as unearned revenue.

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

*Changes in Capital Assets*

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

	Balance, beginning	Additions	Deletions	Balance, ending
<u>Governmental activities:</u>				
At cost:				
Not being depreciated:				
Land	\$ 6,622,075	\$ -	\$ -	\$ 6,622,075
Construction in progress	1,431,388	1,252,935	(1,019,231)	1,665,092
Total capital assets not being depreciated	<u>8,053,463</u>	<u>1,252,935</u>	<u>(1,019,231)</u>	<u>8,287,167</u>
Being depreciated:				
Buildings and building improvements	3,114,109	1,021,595	-	4,135,704
Machinery, vehicles and equipment	5,357,766	480,940	(175,000)	5,663,706
Infrastructure	23,491,711	712,643	-	24,204,354
Other improvements	1,964,351	-	-	1,964,351
Total capital assets being depreciated	<u>33,927,937</u>	<u>2,215,178</u>	<u>(175,000)</u>	<u>35,968,115</u>
Total all capital assets	<u>41,981,400</u>	<u>3,468,113</u>	<u>(1,194,231)</u>	<u>44,255,282</u>
Less accumulated depreciation:				
Buildings and building improvements	(1,141,874)	(141,587)	-	(1,283,461)
Machinery, vehicles and equipment	(4,115,469)	(219,541)	175,000	(4,160,010)
Infrastructure	(7,157,106)	(468,124)	-	(7,625,230)
Other improvements	(1,088,948)	(61,960)	-	(1,150,908)
Total accumulated depreciation	<u>(13,503,397)</u>	<u>(891,212)</u>	<u>175,000</u>	<u>(14,219,609)</u>
Net book value, capital assets being depreciated	<u>20,424,540</u>	<u>1,323,966</u>	<u>-</u>	<u>21,748,506</u>
Net book value, all capital assets	<u>\$ 28,478,003</u>	<u>\$ 2,576,901</u>	<u>\$ (1,019,231)</u>	<u>\$ 30,035,673</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
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	Balance, beginning	Additions	Deletions	Balance, ending
<u>Business-type activities:</u>				
At cost:				
Not being depreciated:				
Land	\$ 1,115,005	\$ -	\$ -	\$ 1,115,005
Construction in progress	426,859	120,593	(411,878)	135,574
Total capital assets not being depreciated	<u>1,541,864</u>	<u>120,593</u>	<u>(411,878)</u>	<u>1,250,579</u>
Being depreciated:				
Buildings and building improvements	5,158,459	-	-	5,158,459
Machinery, vehicles and equipment	14,464,458	224,820	(125,828)	14,563,450
Infrastructure	26,500,380	631,839	-	27,132,219
Total capital assets being depreciated	<u>46,123,297</u>	<u>856,659</u>	<u>(125,828)</u>	<u>46,854,128</u>
Total all capital assets	<u>47,665,161</u>	<u>977,252</u>	<u>(537,706)</u>	<u>48,104,707</u>
Less accumulated depreciation:				
Buildings and building improvements	(1,774,407)	(121,917)	-	(1,896,324)
Machinery, vehicles and equipment	(7,664,741)	(444,118)	125,828	(7,983,031)
Infrastructure	(6,330,507)	(576,485)	-	(6,906,992)
Total accumulated depreciation	<u>(15,769,655)</u>	<u>(1,142,520)</u>	<u>125,828</u>	<u>(16,786,347)</u>
Net book value, capital assets being depreciated	<u>30,353,642</u>	<u>(285,861)</u>	<u>-</u>	<u>30,067,781</u>
Net book value, all capital assets	<u>\$ 31,895,506</u>	<u>\$ (165,268)</u>	<u>\$ (411,878)</u>	<u>\$ 31,318,360</u>

***Depreciation Expense***

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

Governmental activities:	
General government	\$ 49,836
Public safety	128,630
Highways and streets	624,906
Sanitation	16,844
Culture and recreation	70,996
Total depreciation expense	<u>\$ 891,212</u>
Business-type activities:	
Electric distribution	\$ 331,847
Water distribution and treatment	419,710
Sewage collection and disposal	336,825
Culture and recreation	54,138
Total depreciation expense	<u>\$ 1,142,520</u>

**III.B. Liabilities**

**III.B.1 Intergovernmental Payable**

The amount due to other governments at December 31, 2014 consists of \$7,020,370 due to the Governor Wentworth Regional School District for the balance of the 2014-2015 district assessment, and \$11,447 in fees collected on behalf of the State of New Hampshire.

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

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These notes are backed by the full faith and credit of the Town.

Long-term liabilities currently outstanding in the governmental activities are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2014	Current Portion
General obligation bonds payable:						
Landfill closure	\$ 600,000	1997	2017	5.8	\$ 90,000	\$ 30,000
Public improvements	\$ 578,500	2000	2020	5.125-5.5	171,433	28,572
Sewall/Friend Street water systems	\$ 396,514	2006	2026	4.0-4.3	211,187	23,250
General projects	\$ 1,292,315	2007	2027	4.0-5.0	855,000	60,000
Town hall renovations	\$ 485,920	2008	2028	4.0-5.25	346,390	24,290
ADA restrooms compliance	\$ 301,800	2008	2028	4.0-5.25	216,390	14,290
Land purchase	\$ 131,500	2008	2028	4.0-5.25	81,390	9,290
Sidewalks	\$ 97,530	2008	2028	4.0-5.25	76,390	4,290
Repair/renovation railroad station	\$ 141,225	2009	2019	3.02-4.02	65,000	15,000
Parking lot purchase	\$ 243,325	2009	2019	3.02-4.02	120,000	25,000
Center Street drainage	\$ 566,000	2010	2020	3.0-5.0	330,000	55,000
Smith River streambank improvements	\$ 166,500	2010	2020	3.0-5.0	90,000	15,000
Pop Whalen ADA improvements	\$ 54,750	2010	2020	3.0-5.0	30,000	5,000
Public safety building repair	\$ 121,000	2012	2023	2.1-5.1	106,000	15,000
255 Main Street parking lot	\$ 144,000	2012	2023	2.1-5.1	129,000	15,000
Downtown street upgrades	\$ 717,500	2012	2033	2.1-5.1	677,500	40,000
Glendon Street parking lot	\$ 256,600	2012	2033	2.1-5.1	250,600	15,000
Public works garage upgrades	\$ 277,000	2014	2034	3.1-5.1	277,000	12,000
Construct parks maintenance building	\$ 176,000	2014	2024	5.1	176,000	16,000
Middleton Road construction	\$ 417,000	2014	2034	3.1-5.1	417,000	22,000
					<u>4,716,280</u>	<u>443,982</u>
Unamortized bond premium					199,056	17,000
Capital lease payable:						
Telephone system	\$ 13,440	2013	2018	5.62	9,796	2,605
Compensated absences payable:						
Accrued leave					510,453	-
Other post-employment benefits payable					467,501	-
Accrued landfill postclosure care costs					60,000	4,000
					<u>\$ 5,963,086</u>	<u>\$ 467,587</u>



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Long-term liabilities currently outstanding in the business-type activities are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2014	Current Portion
General obligation bonds and notes payable:						
Water system improvements	\$ 450,000	1996	2021	4.5	\$ 153,000	\$ 21,000
Water treatment facility	\$ 3,000,000	1996	2026	4.5	1,007,000	95,000
Water system improvements	\$ 550,000	1997	2025	4.5	188,000	18,000
Infiltration/inflow project	\$ 535,000	2000	2020	5.125-5.50	158,565	26,428
Electric distribution upgrade	\$ 5,281,000	2003	2023	2.25-4.25	2,365,000	265,000
Water system improvements	\$ 1,183,080	2004	2033	4.25	689,000	39,000
Sewall/Friend Streets water system	\$ 1,650,011	2006	2026	4.0-4.30	878,813	96,750
Water projects	\$ 2,816,295	2007	2027	4.0-5.0	1,810,000	145,000
Sewer infiltration/inflow project	\$ 592,990	2007	2027	4.0-5.0	390,000	30,000
Water system improvements	\$ 640,735	2008	2028	4.0-5.25	436,390	34,290
Sewer infiltration/inflow project	\$ 797,605	2008	2028	4.0-5.25	566,660	39,260
Pop Whalen rink	\$ 321,755	2008	2028	4.0-5.25	216,390	14,290
Water line replacement	\$ 253,010	2009	2019	3.02-4.02	125,000	25,000
Wastewater treatment facility upgrade	\$ 5,820,364	2009	2029	2.352	4,365,274	291,018
Sewer bond	\$ 793,000	2009	2020	3.0-4.0	395,000	-
Water line replacement	\$ 566,000	2010	2020	3.0-5.0	330,000	55,000
Pop Whalen ADA improvements	\$ 54,750	2010	2020	3.0-5.0	30,000	5,000
Pop Whalen fire protection project	\$ 206,800	2011	2022	3.0-5.0	140,000	-
Pleasant Valley Road MED upgrade	\$ 616,200	2011	2022	3.0-5.0	425,000	-
Wastewater treatment facility upgrade	\$ 592,063	2012	2031	1.104	503,253	29,603
Wastewater facility upgrades	\$ 170,400	2012	2033	2.1-5.1	160,400	10,000
Wastewater facility upgrades	\$ 246,500	2012	2033	2.1-5.1	231,500	15,000
Water meter project	\$ 436,764	2014	2024	1.94	283,896	20,182
Sewer collection system upgrades	\$ 370,000	2014	2034	3.1-5.1	370,000	20,000
					<u>16,218,141</u>	<u>1,294,821</u>
Unamortized bond premium					936,670	68,015
Unamortized loan forgiveness					152,868	16,985
Compensated absences payable:						
Accrued leave					80,500	-
Other post-employment benefits payable						
					<u>71,734</u>	<u>-</u>
					<u>\$ 17,459,913</u>	<u>\$ 1,379,821</u>

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*Changes in Long-Term Liabilities*

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

	General Obligation Bonds Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	OPEB Liability	Accrued Landfill Postclosure Care Costs	Total
Balance, beginning	\$ 4,250,263	\$ 117,973	\$ 20,919	\$ 462,028	\$ 455,022	\$ 82,500	\$ 5,388,705
Additions	870,000	92,158	-	48,425	12,479	-	1,023,062
Reductions	(403,983)	(11,075)	(11,123)	-	-	(22,500)	(448,681)
Balance, ending	<u>\$ 4,716,280</u>	<u>\$ 199,056</u>	<u>\$ 9,796</u>	<u>\$ 510,453</u>	<u>\$ 467,501</u>	<u>\$ 60,000</u>	<u>\$ 5,963,086</u>

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

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Unamortized Loan Forgiveness	Compensated Absences Payable	OPEB Liability	Total
Balance, beginning	\$ 17,475,048	\$ 973,478	\$ -	\$ 83,813	\$ 70,029	\$ 18,602,368
Additions	493,600	35,838	152,868	-	1,705	684,011
Reductions	(1,750,507)	(72,646)	-	(3,313)	-	(1,826,466)
Balance, ending	<u>\$ 16,218,141</u>	<u>\$ 936,670</u>	<u>\$ 152,868</u>	<u>\$ 80,500</u>	<u>\$ 71,734</u>	<u>\$ 17,459,913</u>

*Debt Service Requirements to Maturity*

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

Fiscal Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 443,982	\$ 223,660	\$ 667,642
2016	451,822	179,878	631,700
2017	447,881	159,183	607,064
2018	407,881	140,632	548,513
2019	392,881	123,158	516,039
2020-2024	1,390,115	381,111	1,771,226
2025-2029	853,618	132,139	985,757
2030-2034	328,100	28,054	356,154
Totals	<u>\$ 4,716,280</u>	<u>\$ 1,367,815</u>	<u>\$ 6,084,095</u>

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Fiscal Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2015	\$ 1,294,821	\$ 644,291	\$ 1,939,112
2016	1,465,263	584,014	2,049,277
2017	1,429,368	527,520	1,956,888
2018	1,430,550	469,001	1,899,551
2019	1,431,752	411,152	1,842,904
2020-2024	5,785,794	1,257,944	7,043,738
2025-2029	3,054,487	358,020	3,412,507
2030-2034	326,106	30,150	356,256
Totals	<u>\$ 16,218,141</u>	<u>\$ 4,282,092</u>	<u>\$ 20,500,233</u>

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

Fiscal Year Ending December 31,	Principal	Interest	Total
2015	\$ 2,605	\$ 484	\$ 3,089
2016	2,756	334	3,090
2017	2,915	175	3,090
2018	1,520	25	1,545
Totals	<u>\$ 9,796</u>	<u>\$ 1,018</u>	<u>\$ 10,814</u>

*Accrued Landfill Postclosure Care Costs*

State and federal laws and regulations require that the Town continue to perform certain maintenance and monitoring functions at the landfill site for thirty years after the 1997 closure. An estimated liability has been recorded based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$60,000 as of December 31, 2014. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2014. However, the actual costs of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

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

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

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

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The following schedule reports interfund receivables and payables within the reporting entity at year-end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Pop Whalen Ice Arena - Enterprise Fund	\$ 13,925
General	Nonmajor Governmental	43,383
Nonmajor Governmental	General	900
Nonmajor Governmental	Nonmajor Governmental	100
		<u>\$ 58,308</u>

The amounts due to the general fund from the Pop Whalen Ice Arena enterprise fund and nonmajor funds represent overdrafts of pooled cash. The amount due to the nonmajor funds from the General Fund represents land use change tax collected and due to the Conservation Commission Fund.

**III.C.2. Transfers**

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, and distributing trust income and certain voted amounts to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	<u>Transfers In:</u>			
	<u>Governmental Funds</u>		<u>Enterprise Fund</u>	
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Sewer Department</u>	<u>Total</u>
Transfers out:				
General fund	\$ -	\$ 111,440	\$ 798,394	\$ 909,834
Nonmajor governmental funds	7,036	-	-	7,036
	<u>\$ 7,036</u>	<u>\$ 111,440</u>	<u>\$ 798,394</u>	<u>\$ 916,870</u>

The amounts transferred to the nonmajor funds and the sewer department enterprise fund from the general fund represent voted appropriations. The amount transferred to the general fund from the nonmajor funds represents income earned on permanent funds for cemetery maintenance and culture and recreation.

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**III.D. Fund Equity**

The components of fund balance, as described in Note I.C.6, are classified for the following purposes:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 707,021
Prepaid items	48,548	-
Tax deeded property	11,972	-
Total nonspendable	<u>60,520</u>	<u>707,021</u>
Restricted:		
General government	-	345,774
Culture and recreation	373,988	-
Total restricted	<u>373,988</u>	<u>345,774</u>
Committed:		
Public safety	-	31,575
Culture and recreation	-	3,013
Conservation	-	296,933
Capital outlay	1,417,859	-
Total committed	<u>1,417,859</u>	<u>331,521</u>
Assigned:		
General government	3,000	-
Public safety	2,600	-
Highways and streets	2,500	-
Sanitation	10,231	-
Economic development	125	-
Capital outlay	481,257	-
Total assigned	<u>499,713</u>	<u>-</u>
Unassigned	731,616	(71,299)
Total fund balance	<u>\$ 3,083,696</u>	<u>\$ 1,313,017</u>

**IV. Other Information**

**IV.A. Risk Management**

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs, which are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation and property/liability coverage are

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provided from January 1 through December 31. Primex provided statutory workers' compensation coverage, \$2,000,000 for each liability loss and various amounts of coverage for property losses.

Contributions paid in 2014 to be recorded as an insurance expenditure/expense totaled \$119,723 for property/liability and \$84,422 for workers' compensation. There were no unpaid contributions for the year ended December 31, 2014. The Town was owed a refund of \$77,316 at December 31, 2014 for prior years' contributions. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

**IV.B. Retirement Pensions**

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, fire employees, and other employees were 11.55%, 11.80% and 7% respectively, of gross earnings. The rates of contribution for pension and the medical subsidy from the Town were 25.30% for police, 27.74% for fire personnel, and 10.77% for other employees. Employer contributions from the Town during the years 2012, 2013 and 2014 were \$505,637, \$593,619 and \$664,662, respectively. The amounts are paid on a monthly basis as due.

**IV.C. Contingent Liabilities**

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

**IV.D. Other Postemployment Benefits**

*Plan Description*

In addition to providing pension benefits, the Town provides implicit postretirement medical benefits to its retired employees and their spouses, as required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The pre-65 benefits are the only benefits included in this

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valuation. Retirees under the age of 65 have a medical insurance plan with either Anthem Blue Cross and Blue Shield or Matthew Thornton. Both Group I and Group II retirees, as categorized by the New Hampshire Retirement System, qualify for this benefit. Group I employees are required to reach age 55 with a minimum service requirement of 30 years or age 60 with 20 years of service. Group II employees hired before July 1, 2003 are eligible at age 45 with 20 years of service and employees hired after July 1, 2003 are eligible at any age with 20 years of service. Retirees contribute 100% for individuals, two person or family medical coverage. Surviving beneficiaries continue to receive access to the Town medical coverage after the death of the retired employee as long as they pay the required premium. As of January 1, 2012, the actuarial valuation date, participants of the postretirement plan that meet eligibility requirements are comprised of 31 retirees and 68 active employees. The plan does not issue a separate financial report.

*Annual OPEB Cost and Net OPEB Obligation*

The Town's 2014 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years.

The Town's annual OPEB cost for the year ended December 31, 2014 including the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation based on an actuarial valuation as of January 1, 2012 are as follow:

Annual Required Contribution (ARC)	\$ 77,753
Interest on net OPEB Obligation	21,002
Adjustment of ARC	<u>(20,151)</u>
Annual OPEB cost	78,604
Contributions made	<u>(64,421)</u>
Increase in net OPEB obligation	14,183
Net OPEB Obligation - beginning of year	<u>525,052</u>
Net OPEB Obligation - end of year	<u><u>\$ 539,235</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2011 through 2014 are as follow:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	\$ 228,102	28.4%	\$ 492,826
December 31, 2012	79,986	77.2%	511,064
December 31, 2013	77,313	80.6%	525,052
December 31, 2014	77,753	82.9%	539,235

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*Funded Status and Funding Progress for OPEB*

The most recent actuarial valuation date was January 1, 2012, and included roll forward calculations for the subsequent two periods. The funded status of the plan as of December 31, 2014 is as follows:

Actuarial Accrued Liability (AAL)	\$ 1,669,975
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability	<u>\$ 1,669,975</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	\$ 4,067,663
UAAL as a percentage of covered payroll	41.1%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other actuarial assumptions. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information will provide multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits, when available.

*Actuarial Methods and Assumptions for OPEB*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The method used in the January 1, 2012 actuarial valuation was the Projected Unit Credit cost method. The amounts in this OPEB valuation represent a closed group and do not reflect new entrants. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 4.0% investment rate of return and an initial annual healthcare cost trend of 9.0% which decreases to a 5.0% long-term rate for all healthcare benefits at a 0.5% rate per year for eight years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) have been calculated on a level dollar basis.



**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 13**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Other Post-Employment Benefits**  
**Schedule of Funding Progress**  
**For the Year Ended December 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (AAL) (b-a/c)
1/1/2009	\$ -	\$ 1,908,441	\$ 1,908,441	0.0%	\$ 3,241,432	58.9%
1/1/2012	-	1,628,024	1,628,024	0.0%	3,906,727	41.7%

**COMBINING NONMAJOR GOVERNMENTAL AND INDIVIDUAL GENERAL FUND SCHEDULES**

**EXHIBIT 14**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2014**

	Special Revenue Funds					Capital Projects Fund	Permanent Fund	Total
	Police Detail	Recreation Revolving	Conservation Commission	Miscellaneous Grants	CDBG			
<b>ASSETS</b>								
Cash and cash equivalents	\$ 31,575	\$ 8,449	\$ 296,033	\$ 5,688	\$ -	\$ -	\$ 18,372	\$ 360,117
Investments	-	-	-	-	-	-	1,038,922	1,038,922
Interfund receivable	-	-	900	100	-	-	-	1,000
Total assets	<u>\$ 31,575</u>	<u>\$ 8,449</u>	<u>\$ 296,933</u>	<u>\$ 5,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057,294</u>	<u>\$ 1,400,039</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ 2,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,718
Contracts payable	-	-	-	-	-	27,149	-	27,149
Interfund payable	-	-	-	-	100	38,384	4,999	43,483
Total liabilities	<u>-</u>	<u>2,718</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>65,533</u>	<u>4,999</u>	<u>73,350</u>
Deferred inflows of resources:								
Deferred revenue	-	2,718	-	10,954	-	-	-	13,672
Fund balances:								
Nonspendable	-	-	-	-	-	-	707,021	707,021
Restricted	-	-	-	500	-	-	345,274	345,774
Committed	31,575	3,013	296,933	-	-	-	-	331,521
Unassigned	-	-	-	(5,666)	(100)	(65,533)	-	(71,299)
Total fund balances	<u>31,575</u>	<u>3,013</u>	<u>296,933</u>	<u>(5,166)</u>	<u>(100)</u>	<u>(65,533)</u>	<u>1,052,295</u>	<u>1,313,017</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,575</u>	<u>\$ 8,449</u>	<u>\$ 296,933</u>	<u>\$ 5,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057,294</u>	<u>\$ 1,400,039</u>

**EXHIBIT 15**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2014**

	Special Revenue Funds					Capital Projects Fund	Permanent Fund	Total
	Police Detail	Recreation Revolving	Conservation Commission	Miscellaneous Grants	CDBG			
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ 17,600	\$ -	\$ -	\$ -	\$ -	\$ 17,600
Intergovernmental	-	-	-	80,986	208,503	335,024	-	624,513
Charges for services	20,245	101,805	-	-	-	-	-	122,050
Miscellaneous	-	-	15,539	1,399	-	-	76,764	93,702
Total revenues	<u>20,245</u>	<u>101,805</u>	<u>33,139</u>	<u>82,385</u>	<u>208,503</u>	<u>335,024</u>	<u>76,764</u>	<u>857,865</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	208,603	-	4,647	213,250
Public safety	16,739	-	-	80,985	-	-	-	97,724
Culture and recreation	-	98,792	-	900	-	-	4,300	103,992
Conservation	-	-	35,722	-	-	-	-	35,722
Capital outlay	-	-	-	-	-	1,288,941	-	1,288,941
Total expenditures	<u>16,739</u>	<u>98,792</u>	<u>35,722</u>	<u>81,885</u>	<u>208,603</u>	<u>1,288,941</u>	<u>8,947</u>	<u>1,739,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,506</u>	<u>3,013</u>	<u>(2,583)</u>	<u>500</u>	<u>(100)</u>	<u>(953,917)</u>	<u>67,817</u>	<u>(881,764)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	111,440	-	111,440
Transfers out	-	-	-	-	-	-	(7,036)	(7,036)
Long-term debt issued	-	-	-	-	-	870,000	-	870,000
Premium received on long-term debt	-	-	-	-	-	92,158	-	92,158
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,073,598</u>	<u>(7,036)</u>	<u>1,066,562</u>
Net change in fund balances	3,506	3,013	(2,583)	500	(100)	119,681	60,781	184,798
Fund balances, beginning	28,069	-	299,516	(5,666)	-	(185,214)	991,514	1,128,219
Fund balances, ending	<u>\$ 31,575</u>	<u>\$ 3,013</u>	<u>\$ 296,933</u>	<u>\$ (5,166)</u>	<u>\$ (100)</u>	<u>\$ (65,533)</u>	<u>\$ 1,052,295</u>	<u>\$ 1,313,017</u>

**EXHIBIT 16**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2014**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 9,266,163	\$ 9,246,105	\$ (20,058)
Boat	-	24,009	24,009
Timber	20,000	24,656	4,656
Excavation	-	300	300
Payments in lieu of taxes	18,000	15,104	(2,896)
Interest and penalties on delinquent taxes	135,000	117,310	(17,690)
<b>Total taxes</b>	<b>9,439,163</b>	<b>9,427,484</b>	<b>(11,679)</b>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	30,300	2,705	(27,595)
Motor vehicle permits	1,100,000	1,251,033	151,033
Building permits	40,000	63,998	23,998
Other	136,854	147,124	10,270
<b>Total licenses, permits and fees</b>	<b>1,307,154</b>	<b>1,464,860</b>	<b>157,706</b>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	300,209	300,209	-
Highway block grant	150,517	151,058	541
Water pollution grant	-	7,547	7,547
State and federal forest land	21	21	-
Flood control reimbursement	-	10,486	10,486
Bridge aid	-	69,001	69,001
Landfill grant	-	7,218	7,218
Miscellaneous	-	10	10
Other government sources:			
PILOT	15,418	45,518	30,100
<b>Total intergovernmental</b>	<b>466,165</b>	<b>591,068</b>	<b>124,903</b>
<b>Charges for services:</b>			
Income from departments	590,869	577,320	(13,549)
<b>Miscellaneous:</b>			
Sale of property	-	77	77
Interest on investments	4,000	3,582	(418)
Rent of property	105,355	117,155	11,800
Fines and forfeits	8,000	2,883	(5,117)
Insurance dividends and reimbursements	68,480	189,730	121,250
Contributions and donations	21,631	16,661	(4,970)
Other	536,219	566,422	30,203
<b>Total miscellaneous</b>	<b>743,685</b>	<b>896,510</b>	<b>152,825</b>
<b>Other financing sources:</b>			
Transfers in:			
Expendable trust funds	63,000	-	(63,000)
Nonmajor funds	-	4,999	4,999
<b>Total other financing sources</b>	<b>63,000</b>	<b>4,999</b>	<b>(58,001)</b>
<b>Total revenues and other financing sources</b>	<b>12,610,036</b>	<b>\$ 12,962,241</b>	<b>\$ 352,205</b>
Use of fund balance to reduce taxes	800,000		
<b>Total revenues, other financing sources and use of fund balance</b>	<b>\$ 13,410,036</b>		

**EXHIBIT 17**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2014**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 607,031	\$ 605,161	\$ -	\$ 1,870
Election and registration	-	237,640	220,048	-	17,592
Financial administration	-	783,675	780,886	-	2,789
Planning and zoning	-	193,347	156,262	3,000	34,085
General government buildings	-	124,241	73,125	-	51,116
Cemeteries	-	9,259	9,301	-	(42)
Other	-	159,023	196,419	-	(37,396)
Total general government	-	2,114,216	2,041,202	3,000	70,014
<b>Public safety:</b>					
Police	-	1,576,157	1,547,994	-	28,163
Fire	-	1,710,825	1,650,406	-	60,419
Building inspection	-	126,196	113,843	2,600	9,753
Emergency management	-	4,408	3,708	-	700
Other	-	507,088	494,361	-	12,727
Total public safety	-	3,924,674	3,810,312	2,600	111,762
<b>Highways and streets:</b>					
Administration	-	213,688	217,683	-	(3,995)
Highways and streets	-	1,350,061	1,379,886	-	(29,825)
Other	-	517,039	494,859	2,500	19,680
Total highways and streets	-	2,080,788	2,092,428	2,500	(14,140)
<b>Sanitation:</b>					
Solid waste disposal	-	754,854	748,358	10,231	(3,735)
<b>Health:</b>					
Administration	-	5,998	5,768	-	230
Pest control	-	20,209	19,898	-	311
Health agencies and hospitals	-	111,382	106,382	-	5,000
Total health	-	137,589	132,048	-	5,541
<b>Welfare:</b>					
Administration and direct assistance	-	152,872	111,526	-	41,346

(continued)

**EXHIBIT 17 (continued)**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2014**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Culture and recreation:</b>					
Parks and recreation	-	783,962	794,779	-	(10,817)
Public library	-	490,745	467,635	-	23,110
Patriotic purposes	-	16,035	16,031	-	4
Other	-	39,832	40,701	-	(869)
<b>Total culture and recreation</b>	<b>-</b>	<b>1,330,574</b>	<b>1,319,146</b>	<b>-</b>	<b>11,428</b>
<b>Conservation</b>	<b>-</b>	<b>9,431</b>	<b>10,662</b>	<b>-</b>	<b>(1,231)</b>
<b>Economic development</b>	<b>-</b>	<b>12,181</b>	<b>11,781</b>	<b>125</b>	<b>275</b>
<b>Debt service:</b>					
Principal	-	403,982	403,983	-	(1)
Interest on long-term debt	-	190,856	173,600	-	17,256
Interest on tax anticipation note	-	5,000	938	-	4,062
<b>Total debt service</b>	<b>-</b>	<b>599,838</b>	<b>578,521</b>	<b>-</b>	<b>21,317</b>
<b>Capital outlay:</b>					
Land	42,199	-	-	-	42,199
Machinery, vehicles and equipment	-	3,800	11,443	-	(7,643)
Buildings	118,809	169,500	172,135	137,616	(21,442)
Improvements other than buildings	299,469	840,075	899,164	343,641	(103,261)
<b>Total capital outlay</b>	<b>460,477</b>	<b>1,013,375</b>	<b>1,082,742</b>	<b>481,257</b>	<b>(90,147)</b>
<b>Other financing uses:</b>					
<b>Transfers out:</b>					
Expendable trust funds	-	481,250	481,250	-	-
Nonmajor funds	-	798,394	798,394	-	-
<b>Total other financing uses</b>	<b>-</b>	<b>1,279,644</b>	<b>1,279,644</b>	<b>-</b>	<b>-</b>
<b>Total encumbrances, appropriations, expenditures and other financing uses</b>	<b>\$ 460,477</b>	<b>\$ 13,410,036</b>	<b>\$ 13,218,370</b>	<b>\$ 499,713</b>	<b>\$ 152,430</b>



**EXHIBIT 18**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2014**

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Unassigned fund balance, beginning		\$ 1,914,329
Changes:		
Unassigned fund balance used to reduce tax rate		(800,000)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 352,205	
Unexpended balance of appropriations (Exhibit 17)	<u>152,430</u>	
Budget surplus		504,635
Increase in nonspendable fund balance		<u>(330)</u>
Unassigned fund balance, ending		<u><u>\$ 1,618,634</u></u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolfeboro as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

August 3, 2015

*Roberts & Greene, PLLC*