

# TOWN OF WOLFEBORO, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
FINANCIAL REPORT  
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**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position (Exhibit 1)	12
Statement of Activities (Exhibit 2)	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	15
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position (Exhibit 4)	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	18
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	19
Statement of Net Position – Proprietary Funds (Exhibit 8)	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds (Exhibit 9)	21
Statement of Cash Flows – Proprietary Funds (Exhibit 10)	22
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit 11)	23
Statement of Changes in Fiduciary Net Position – Fiduciary Funds (Exhibit 12)	24
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	25
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of the Town’s Proportionate Share of the Net Pension Liability (Exhibit 13)	53
Schedule of the Town’s Pension Contributions (Exhibit 14)	54
Schedule of Changes in the Town’s Total OPEB Liability and Related Ratios (Exhibit 15)	55
Schedule of the Town’s OPEB Contributions (Exhibit 16)	56
Note to the Required Supplementary Information	57
<b>COMBINING NONMAJOR GOVERNMENTAL AND INDIVIDUAL GENERAL FUND SCHEDULES</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet (Exhibit 17)	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 18)	59
Major General Fund	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 19)	60
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 20)	61
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis) (Exhibit 21)	63
<b>INDEPENDENT AUDITOR’S LETTER TO MANAGEMENT</b>	64



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Town Manager and 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, New Hampshire, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, New Hampshire, as of December 31, 2019, and the respective changes in financial position thereof, and where applicable, cash flows, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and OPEB information on pages 3-11 and 53-57 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 of Wolfeboro'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.

*Roberts & Heune, PLLC*

Concord, New Hampshire  
November 23, 2020

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2019

Presented herewith please find the Management Discussion & Analysis Report for the Town of Wolfeboro for the year ended December 31, 2019. 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.

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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2019

**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.

**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 Non-major Governmental and Individual General Fund Schedules**

Other supplementary information includes the combining of non-major and fiduciary fund financial

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2019

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 17) (Page 58). 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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Current and other assets:		
Capital assets, net	\$ 44,002,868	\$ 38,822,777
Other assets	<u>18,793,924</u>	<u>16,753,683</u>
Total assets	<u>62,796,792</u>	<u>55,576,460</u>
Deferred Outflows of Resources	<u>1,681,328</u>	<u>2,096,152</u>
Long-term liabilities	18,343,806	18,547,443
Other liabilities	<u>13,439,120</u>	<u>9,325,032</u>
Total liabilities	<u>31,782,926</u>	<u>27,872,475</u>
Deferred Inflows of Resources	<u>714,415</u>	<u>777,275</u>
Net position:		
Net investment in capital assets	37,964,074	32,311,650
Restricted	1,543,009	1,545,725
Unrestricted	<u>(7,526,304)</u>	<u>(4,834,513)</u>
Total net position	<u>\$ 31,980,779</u>	<u>\$ 29,022,862</u>

Beginning net position as of January 1, 2019 was restated as noted in Note III.D. of the notes to the financial statements. The Town's net position totaled \$31,980,779 at the end of year 2019, an increase of \$2,888,251 when compared to the end of the previous fiscal year. This total includes an increase in the Town's net investment in capital assets of \$5,652,424, a decrease in restricted net position of \$2,716, as well as a decrease in unrestricted net position of \$2,691,791.

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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2019

According to Exhibit 2 – Statement of Activities in the Financial Statements, changes in net position for governmental activities for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Program revenues:		
Charges for services	\$ 678,584	\$ 741,794
Operating grants and contributions	232,921	263,474
Capital grants and contributions	<u>885,622</u>	<u>1,060,518</u>
Total program revenues	<u>1,797,127</u>	<u>2,065,786</u>
General revenues:		
Property and other taxes	12,035,880	11,957,268
Licenses and permits	1,851,552	1,869,729
Grants and Contributions	396,556	320,746
Miscellaneous	2,523,929	1,909,400
Transfers	<u>(672,163)</u>	<u>(566,303)</u>
Total general revenues and transfers	<u>16,135,754</u>	<u>15,490,840</u>
Total revenues	<u>17,932,881</u>	<u>17,556,626</u>
Program expenses:		
General government	2,535,280	2,617,068
Public safety	5,553,133	5,117,059
Highways and streets	3,310,279	3,127,516
Sanitation	881,049	755,490
Health and welfare	206,353	241,742
Culture and recreation	1,873,909	1,791,680
Conservation	215,744	48,917
Economic development	10,614	12,453
Interest and fiscal charges	198,815	227,859
Capital Outlay	<u>259,454</u>	<u>338,528</u>
Total expenses	<u>15,044,630</u>	<u>14,278,312</u>
Change in position	2,888,251	3,278,314
Net Position - beginning of year	<u>29,092,528</u>	<u>25,744,548</u>
Restatement	<u>-</u>	<u>69,666</u>
Net Position - ending of year	<u>\$ 31,980,779</u>	<u>\$ 29,092,528</u>

During the year ended December 31, 2019 program revenues covered only 12% of program expenses, while the remaining 88% 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 (17%), public safety (37%), culture and recreation (12%), and highways and streets (22%) which accounted for 88% of total expenses.



**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2019

**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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Current and other assets:		
Capital assets, net	\$ 32,034,448	\$ 31,869,469
Other assets	<u>12,429,329</u>	<u>13,529,724</u>
Total assets	<u>44,463,777</u>	<u>45,399,193</u>
Deferred Outflows of Resources	<u>297,397</u>	<u>352,426</u>
Long-term liabilities	12,457,817	13,850,760
Other liabilities	<u>652,341</u>	<u>1,026,767</u>
Total liabilities	<u>13,110,158</u>	<u>14,877,527</u>
Deferred Inflows of Resources	<u>171,166</u>	<u>177,252</u>
Net position:		
Net investment in capital assets	21,715,174	19,937,798
Unrestricted	<u>9,764,676</u>	<u>10,759,042</u>
Total net position	<u>\$ 31,479,850</u>	<u>\$ 30,696,840</u>

Beginning net position of the business-type activities as of January 1, 2019 was restated as noted in Note III.D. of the notes to the financial statements. The Town's business-type activities net position totaled \$31,479,850 at the end of year 2019, an increase of \$769,670 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 \$278,366 in addition to an increase in unrestricted net position of \$504,644.

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, 2019

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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Program revenues:		
Charges for services	\$ 13,372,741	\$ 13,264,977
Operating grants and contributions	<u>79,030</u>	<u>150,993</u>
Total program revenues	<u>13,451,771</u>	<u>13,415,970</u>
General revenues:		
Miscellaneous	-	63,739
Transfers	<u>672,163</u>	<u>566,303</u>
Total general revenues and transfers	<u>672,163</u>	<u>630,042</u>
Total revenues	<u>14,123,934</u>	<u>14,046,012</u>
Program expenses:		
Electric	9,840,302	9,737,328
Water	1,682,187	1,514,053
Sewer	1,551,843	1,505,434
Pop Whalen	<u>279,932</u>	<u>289,552</u>
Total expenses	<u>13,354,264</u>	<u>13,046,367</u>
Change in position	769,670	999,645
Net Position - beginning of year	<u>30,710,180</u>	<u>29,697,195</u>
Restatement	-	13,340
Net Position - ending of year	<u>\$ 31,479,850</u>	<u>\$ 30,710,180</u>

The primary funding source for business-type activities is charges for services, which comprises 95% of all funding sources. Program revenues provided funding for 101% of total program expenses. Net position increased a total of \$769,670 primarily due to Total Revenues exceeding Program Expenses for the year.

**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 Towns' 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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2019

**General Fund**

The General Fund is the main operating fund of the Town. At the end of the current year, the general fund had an unassigned fund balance on the budgetary basis of \$4,007,270, while total fund equity was \$4,521,597. The total fund equity also includes a non-spendable fund balance of \$123,870, no restricted fund balance, a committed fund balance of \$247,017, and an assigned fund balance of \$143,440. The General Fund total fund balance increased \$1,302,999 from December 31, 2018.

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 2019 \$0.00 was used to offset the tax rate. Please see (Exhibit 21) (Page 63) of the financial statements for a reconciliation of changes in fund balance from the prior year.

**Other Governmental Funds**

According to Exhibit 17 Combining Balance Sheet – Non-major Governmental Funds, the total fund balance in Other Governmental Funds is \$1,345,232 at year end, a reduction of \$35,185 from the previous year. The various non-major governmental funds within this category are: Special Revenue Funds and Permanent Funds. The Special Revenue Funds consist of the following funds: Conservation Commission \$122,312 in committed fund balance; Police Detail Fund \$12,839 in committed fund balance; Recreation Revolving Account \$2,000 in committed fund balance; Miscellaneous Grant Funds with an unassigned deficit of \$1,371 and a restricted fund balance of \$5,000, as well as the CDBG Fund with an unassigned fund balance deficit of \$292. The Permanent Fund totals \$1,204,744 of which \$875,211 is non-spendable fund balance with the remaining \$329,533 in 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 9 the Statement of Revenues, Expenditures and Changes in Net Position, total net position increased \$769,670 from December 31, 2018 to December 31, 2019 to a total of \$31,479,850. The Income (Loss) before capital contributions and transfers was as follows: Electric Department \$427,708; Water Department \$299,596; Sewer Department (\$420,804) and Pop Whalen Ice Arena (\$20,405). Please note that after applying the effect of capital contributions and transfers in from the general fund changes in net position were as follows: Electric Department \$384,426; Water Department \$181,198; Sewer Department \$231,334 and Pop Whalen Fund (\$27,288).

Rates for the Municipal Electric Fund were flat in 2019. Rates for the Pop Whalen Fund were increased in 2019. Water and Sewer Funds were increased in early 2019.

**General Fund Budgetary Highlights**

According to Exhibit 19 actual revenues for the year exceeded those anticipated by \$667,326. Revenues exceeded estimations in most categories, except for Property Tax (\$15,757); Land Use Change Tax (\$1,100); Timber Tax (\$3,231); Other Licenses, Permits and Fees (\$12,684); Highway Block Grant (\$277); Other Charges for Service (\$107,899); Sale of Property (\$18,458); Rent of Property (\$6,555) and Other Miscellaneous Revenue (\$37,656). Net

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2019

totals are as follows: Taxes (\$7,276); Licenses and permits \$123,552; Intergovernmental Revenues \$90,163; Charges for services (\$107,899); Miscellaneous Revenue \$276,911 and Transfers In from Non-major Funds \$291,875.

Expenditures for the year remained within appropriated amounts overall which resulted in an unexpended balance of appropriations in the amount of \$601,407 (see Exhibit 20).

The revenue surplus, the unexpended balance of appropriations and a decrease in nonspendable fund balance (\$34,266) resulted in a budget surplus of \$1,302,999.

### **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, 2019 amounts to \$44,002,868 and \$32,034,448, 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, 2019, the Town of Wolfeboro had total outstanding bonded debt and other long-term obligations of \$6,330,715 and \$11,063,139 in the governmental activities and business-type activities, respectively. Principal payments and bond retirements during the year reduced debt of the Town leaving a balance at year-end of \$5,890,857 and \$9,606,387 respectively. The combined total outstanding balance at year-end was \$15,497,244. 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 38 through 41 of the Notes to the Financial Statements.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is required to be disclosed by the Governmental Accounting Standards Board (GASB).

In 2015, GASB Statement No. 68 went into effect. GASB's stated intent is to increase transparency, consistency and comparability of pension information across governments. GASB 68 impacts financial reporting for participating employers of the New Hampshire Retirement System (NHRS). The change in standard will revise the way that pension plan financial information is reported, however it does not change the funding mechanism of the town's contribution to NHRS, which is set by statute.

GASB 68 is a change in financial reporting for accounting purposes, there is no change to the way that the town pays its retirement benefit contributions, or the town's requirements to NHRS as an enrolled employer. Adherence to GASB standards is an important consideration for bond rating agencies. Accordingly, the Town of Wolfeboro adopted GASB 68, on schedule, for the year ending 2015. The result is a significant change in how the net position of the town is reflected.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2019

The following highlights are important to note,

- Under GASB 68 employers must report a proportionate share of Net Pension Liability and pension expenses on their financial statements. Previously employers only reported the annual contributions.
- Reporting the proportionate share will not impact NHRS employer contributions or local property tax rates.
- NHRS explains GASB 68: “The presence of a large number representing unfunded pension costs on local government balance sheets could give the incorrect impression that employers have a debt that must be paid immediately, which is not the case...the proportionate share is not a bill. Employers will continue to pay down unfunded liability through 2039 the same as before GASB 68.”\*
- Some States show a very large pension liability under previously published GASB 67, but not New Hampshire. “In NHRS’ case...[the annual calculation to show whether there will be sufficient assets to pay benefits as they are due]...showed that the retirement system is in a position to meet its obligations, allowing the retirement system to use its assumed rate of investment return.....because there is no crossover point where benefits paid out exceed plan assets”.\*
- GASB’s new standard reflects the position that pension costs and obligations should be recorded on financial statements as employees earn them, not when the government contributes them.
- According to GASB: “While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government’s situation will not have changed.”\*

\*How to Read the NHRS GASB 68 Reports by NHRS February 2016

### **Economic Conditions**

Assessed real estate value increased from \$1,977,540,743 to \$1,998,172,625 or an increase of \$20,631,882 because of fluctuations in the housing market, as reflected in the Town’s revaluation of property by the Assessing Department. The next scheduled full revaluation of property is scheduled for April 1, 2020.

The overall tax rate increased by \$.04 at \$ 15.84 compared with the 2018 rate of \$15.80 per thousand. Totals for uncollected taxes at year end remained low.

Total voted appropriation for 2019 was \$35,227,933. 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, 2019. The average unemployment rate for the year was 2.4 % for Wolfeboro, NH; lower than the national average of 3.7%. The yearly Northeast Consumer Price Index increase was 1.6%.

### **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 Kathryn Carpentier, Finance Director, Town of Wolfeboro Finance Office, 84 South Main Street, Wolfeboro, NH 03894 or call (603) 569-8168.

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,619,279	\$ 9,154,602	\$ 17,773,881
Investments	7,559,278	-	7,559,278
Intergovernmental receivable	1,165,044	1,484,447	2,649,491
Other receivables, net of allowance for uncollectibles	1,324,332	1,379,832	2,704,164
Inventory	-	387,902	387,902
Prepaid items	98,351	22,546	120,897
Tax deeded property held for resale	27,640	-	27,640
Capital assets, not being depreciated:			
Land	6,739,466	1,115,005	7,854,471
Construction in progress	592,235	1,230,602	1,822,837
Capital assets, net of accumulated depreciation:			
Land improvements	80,534	-	80,534
Buildings and building improvements	11,044,937	3,158,052	14,202,989
Machinery, vehicles and equipment	2,542,661	7,380,735	9,923,396
Infrastructure	22,183,233	19,150,054	41,333,287
Improvements other than buildings	819,802	-	819,802
Total assets	<u>62,796,792</u>	<u>44,463,777</u>	<u>107,260,569</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	1,102,540	179,483	1,282,023
Deferred amounts related to OPEB	578,788	117,914	696,702
Total deferred outflows of resources	<u>1,681,328</u>	<u>297,397</u>	<u>1,978,725</u>
<b>LIABILITIES</b>			
Accounts payable	785,390	341,547	1,126,937
Accrued payroll and benefits	154,958	12,570	167,528
Contract payable	281,591	-	281,591
Accrued interest payable	80,915	185,775	266,690
Intergovernmental payable	8,569,683	631	8,570,314
Retainage payable	205,952	-	205,952
Performance and escrow deposits	12,932	49,617	62,549
Internal balances	(62,201)	62,201	-
Bond anticipation note payable	3,409,900	-	3,409,900
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	631,516	1,416,974	2,048,490
Unamortized bond premium	18,489	87,312	105,801
Capital leases payable	14,624	-	14,624
Compensated absences payable	38,467	-	38,467
Accrued landfill postclosure care costs	5,000	-	5,000
Due in more than one year:			
Bonds and notes payable	5,259,341	8,189,413	13,448,754
Unamortized bond premium	109,241	625,572	734,813
Capital leases payable	5,583	-	5,583
Compensated absences payable	438,831	75,972	514,803
Accrued landfill postclosure care costs	45,000	-	45,000
Net pension liability	8,229,004	1,339,605	9,568,609
Other postemployment benefits liability	3,548,710	722,969	4,271,679
Total liabilities	<u>31,782,926</u>	<u>13,110,158</u>	<u>44,893,084</u>

*(continued)*

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

**EXHIBIT 1 (continued)**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2019**

	Governmental Activities	Business-type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	133,363	71,026	204,389
Deferred amounts related to pensions	445,477	72,520	517,997
Deferred amounts related to OPEB	135,575	27,620	163,195
Total deferred inflows of resources	<u>714,415</u>	<u>171,166</u>	<u>885,581</u>
<b>NET POSITION</b>			
Net investment in capital assets	37,964,074	21,715,174	59,679,248
Restricted for:			
Endowments:			
Nonexpendable	875,211	-	875,211
Expendable	329,533	-	329,533
Other purposes	338,265	-	338,265
Unrestricted	(7,526,304)	9,764,676	2,238,372
Total net position	<u>\$ 31,980,779</u>	<u>\$ 31,479,850</u>	<u>\$ 63,460,629</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, 2019**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 2,535,280	\$ 4,490	\$ 149,985	\$ -	\$ (2,380,805)	\$ -	\$ (2,380,805)
Public safety	5,553,133	99,097	82,936	-	(5,371,100)	-	(5,371,100)
Highways and streets	3,310,279	-	-	184,397	(3,125,882)	-	(3,125,882)
Sanitation	881,049	296,959	-	6,563	(577,527)	-	(577,527)
Health	151,846	-	-	-	(151,846)	-	(151,846)
Welfare	54,507	-	-	-	(54,507)	-	(54,507)
Culture and recreation	1,873,909	257,121	-	-	(1,616,788)	-	(1,616,788)
Conservation	215,744	20,917	-	49,307	(145,520)	-	(145,520)
Economic development	10,614	-	-	-	(10,614)	-	(10,614)
Interest on long-term debt	198,815	-	-	-	(198,815)	-	(198,815)
Capital outlay	259,454	-	-	645,355	385,901	-	385,901
Total governmental activities	<u>15,044,630</u>	<u>678,584</u>	<u>232,921</u>	<u>885,622</u>	<u>(13,247,503)</u>	<u>-</u>	<u>(13,247,503)</u>
<b>Business-type activities:</b>							
Water department	1,682,187	1,863,385	-	-	-	181,198	181,198
Electric department	9,840,302	10,224,728	-	-	-	384,426	384,426
Sewer department	1,551,843	1,031,984	79,030	-	-	(440,829)	(440,829)
Pop Whalen ice arena	279,932	252,644	-	-	-	(27,288)	(27,288)
Total business-type activities	<u>13,354,264</u>	<u>13,372,741</u>	<u>79,030</u>	<u>-</u>	<u>-</u>	<u>97,507</u>	<u>97,507</u>
Total primary government	<u>\$ 28,398,894</u>	<u>\$ 14,051,325</u>	<u>\$ 311,951</u>	<u>\$ 885,622</u>	<u>(13,247,503)</u>	<u>97,507</u>	<u>(13,149,996)</u>
<b>General revenues:</b>							
Property taxes					11,841,461	-	11,841,461
Other taxes					194,419	-	194,419
Licenses and permits					1,851,552	-	1,851,552
Grants and contributions not restricted to specific programs					396,556	-	396,556
Miscellaneous					2,523,929	-	2,523,929
Transfers					(672,163)	672,163	-
Total general revenues and transfers					<u>16,135,754</u>	<u>672,163</u>	<u>16,807,917</u>
Change in net position					2,888,251	769,670	3,657,921
Net position, beginning					29,092,528	30,710,180	59,802,708
Net position, ending					<u>\$ 31,980,779</u>	<u>\$ 31,479,850</u>	<u>\$ 63,460,629</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, 2019**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,473,871	\$ -	\$ 145,408	\$ 8,619,279
Investments	6,346,559	-	1,212,719	7,559,278
Receivables, net of allowance for uncollectibles:				
Interest	128	-	-	128
Taxes	1,242,343	-	-	1,242,343
Accounts	30,996	-	50,865	81,861
Intergovernmental	-	1,165,044	-	1,165,044
Interfund receivable	556,174	40,000	1,870	598,044
Prepaid items	96,229	-	2,122	98,351
Tax deeded property held for resale	27,640	-	-	27,640
Total assets	<u>\$ 16,773,940</u>	<u>\$ 1,205,044</u>	<u>\$ 1,412,984</u>	<u>\$ 19,391,968</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 742,601	\$ 42,268	\$ 521	\$ 785,390
Accrued salaries and benefits	154,958	-	-	154,958
Contracts payable	-	281,591	-	281,591
Intergovernmental payable	8,569,683	-	-	8,569,683
Retainage payable	-	205,952	-	205,952
Interfund payable	41,870	428,757	65,216	535,843
Escrow and performance deposits	12,932	-	-	12,932
BAN payable	-	3,409,900	-	3,409,900
Total liabilities	<u>9,522,044</u>	<u>4,368,468</u>	<u>65,737</u>	<u>13,956,249</u>
Deferred inflows of resources:				
Deferred revenue	<u>944,930</u>	<u>-</u>	<u>2,015</u>	<u>946,945</u>
Fund balances:				
Nonspendable	123,870	-	875,211	999,081
Restricted	338,265	-	334,533	672,798
Committed	2,226,953	-	137,151	2,364,104
Assigned	143,440	-	-	143,440
Unassigned	3,474,438	(3,163,424)	(1,663)	309,351
Total fund balances	<u>6,306,966</u>	<u>(3,163,424)</u>	<u>1,345,232</u>	<u>4,488,774</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,773,940</u>	<u>\$ 1,205,044</u>	<u>\$ 1,412,984</u>	<u>\$ 19,391,968</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, 2019**

Total fund balances of governmental funds (Exhibit 3)	\$	4,488,774
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	\$	63,976,273
Less accumulated depreciation		<u>(19,973,405)</u>
		44,002,868
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$	(535,843)
Payables		<u>535,843</u>
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$	532,832
Unavailable betterment assessments		<u>280,750</u>
		813,582
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(80,915)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$	5,890,857
Unamortized bond premium		127,730
Capital leases outstanding		20,207
Compensated absences payable		477,298
Accrued landfill postclosure care costs		50,000
Net pension liability		8,229,004
Other postemployment benefits liability		<u>3,548,710</u>
		(18,343,806)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$	1,102,540
Deferred outflows of resources related to OPEB		578,788
Deferred inflows of resources related to pensions		(445,477)
Deferred inflows of resources related to OPEB		<u>(135,575)</u>
		1,100,276
Total net position of governmental activities (Exhibit 1)	\$	<u><u>31,980,779</u></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, 2019**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 12,090,597	\$ -	\$ 5,970	\$ 12,096,567
Licenses, permits and fees	1,851,552	-	-	1,851,552
Intergovernmental	671,491	645,355	49,307	1,366,153
Charges for services	602,420	-	136,483	738,903
Miscellaneous	1,589,397	589,707	154,122	2,333,226
Total revenues	<u>16,805,457</u>	<u>1,235,062</u>	<u>345,882</u>	<u>18,386,401</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,226,582	-	12,500	2,239,082
Public safety	4,904,940	-	82,483	4,987,423
Highways and streets	3,236,397	-	-	3,236,397
Sanitation	838,550	-	-	838,550
Health	150,451	-	-	150,451
Welfare	53,490	-	-	53,490
Culture and recreation	1,580,766	-	103,094	1,683,860
Conservation	51,971	-	162,903	214,874
Economic development	10,614	-	-	10,614
<b>Debt service:</b>				
Principal	664,333	-	-	664,333
Interest	225,147	-	-	225,147
Capital outlay	1,108,163	4,755,436	5,539	5,869,138
Total expenditures	<u>15,051,404</u>	<u>4,755,436</u>	<u>366,519</u>	<u>20,173,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,754,053</u>	<u>(3,520,374)</u>	<u>(20,637)</u>	<u>(1,786,958)</u>
<b>Other financing sources (uses):</b>				
Transfers in	64,203	288,000	-	352,203
Transfers out	(1,009,818)	-	(14,548)	(1,024,366)
Long-term debt issued	-	224,500	-	224,500
Total other financing sources and uses	<u>(945,615)</u>	<u>512,500</u>	<u>(14,548)</u>	<u>(447,663)</u>
Net change in fund balances	808,438	(3,007,874)	(35,185)	(2,234,621)
Fund balances, beginning	5,498,528	(155,550)	1,380,417	6,723,395
Fund balances, ending	<u>\$ 6,306,966</u>	<u>\$ (3,163,424)</u>	<u>\$ 1,345,232</u>	<u>\$ 4,488,774</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, 2019**

Net change in fund balances of governmental funds (Exhibit 5)	\$	(2,234,621)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capitalized capital outlay	\$	6,767,752
Depreciation expense		<u>(1,587,661)</u>
		5,180,091
<p>Transfers in and out between governmental funds are eliminated on the operating statement.</p>		
Transfers in	\$	302,548
Transfers out		<u>(302,548)</u>
		-
<p>Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.</p>		
Change in unavailable tax revenue	\$	(121,005)
Change in unavailable betterment assessments		<u>229,219</u>
		108,214
<p>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.</p>		
Issuance of bonds	\$	(224,500)
Repayment of bonds and notes principal		664,358
Amortization of bond premium		18,489
Repayment of capital lease principal		<u>13,986</u>
		472,333
<p>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.</p>		
Decrease in accrued interest expense	\$	7,818
Decrease in compensated absences payable		36,825
Decrease in accrued landfill postclosure care costs		5,000
Change in OPEB related balances		<u>(293,353)</u>
		(243,710)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.</p>		
Town pension contributions	\$	807,304
Cost of benefits earned, net of employee contributions		<u>(1,201,360)</u>
		(394,056)
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>2,888,251</u></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, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 11,976,868	\$ 11,969,592	\$ (7,276)
Licenses, permits and fees	1,728,000	1,851,552	123,552
Intergovernmental	581,328	671,491	90,163
Charges for services	710,319	602,420	(107,899)
Miscellaneous	1,037,587	1,314,498	276,911
Total revenues	<u>16,034,102</u>	<u>16,409,553</u>	<u>375,451</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,412,380	2,223,470	188,910
Public safety	4,934,525	4,916,737	17,788
Highways and streets	3,123,216	2,932,181	191,035
Sanitation	825,615	846,970	(21,355)
Health	152,323	150,451	1,872
Welfare	82,221	53,490	28,731
Culture and recreation	1,666,388	1,494,284	172,104
Conservation	61,480	51,971	9,509
Economic development	13,375	10,614	2,761
Debt service:			
Principal	637,881	664,333	(26,452)
Interest on long-term debt	230,510	225,147	5,363
Interest on tax anticipation note	2,500	-	2,500
Capital outlay	276,702	263,479	13,223
Total expenditures	<u>14,419,116</u>	<u>13,833,127</u>	<u>585,989</u>
Excess of revenues over expenditures	<u>1,614,986</u>	<u>2,576,426</u>	<u>961,440</u>
Other financing sources (uses):			
Transfers in	40,000	331,875	291,875
Transfers out	(1,654,986)	(1,639,568)	15,418
Total other financing sources and uses	<u>(1,614,986)</u>	<u>(1,307,693)</u>	<u>307,293</u>
Net change in fund balance	<u>\$ -</u>	1,268,733	<u>\$ 1,268,733</u>
Decrease in nonspendable fund balance		34,266	
Unassigned fund balance, beginning		<u>2,704,271</u>	
Unassigned fund balance, ending		<u>\$ 4,007,270</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, 2019**

	Business-type Activities - Enterprise Funds				Total
	Water Department	Electric Department	Sewer Department	Pop Whalen Ice Arena	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,019,297	\$ 5,387,879	\$ 2,747,426	\$ -	\$ 9,154,602
Accounts receivable	285,282	874,830	160,501	59,219	1,379,832
Intergovernmental receivable	262,168	-	1,222,279	-	1,484,447
Prepaid items	6,030	10,611	4,703	1,202	22,546
Inventory	-	387,902	-	-	387,902
Noncurrent assets:					
Land	12,772	46,733	1,055,500	-	1,115,005
Construction in progress	-	154,125	1,076,477	-	1,230,602
Capital assets, net of accumulated depreciation:					
Buildings and building improvements	2,019,191	160,685	507,684	470,492	3,158,052
Machinery, vehicles and equipment	239,030	6,462,535	285,988	393,182	7,380,735
Infrastructure	9,958,344	34,128	9,157,582	-	19,150,054
Total assets	<u>13,802,114</u>	<u>13,519,428</u>	<u>16,218,140</u>	<u>924,095</u>	<u>44,463,777</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts related to pensions	58,973	105,126	15,384	-	179,483
Deferred amounts related to OPEB	46,072	67,197	4,645	-	117,914
Total deferred outflows of resources	<u>105,045</u>	<u>172,323</u>	<u>20,029</u>	<u>-</u>	<u>297,397</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	(2,397)	333,384	10,560	-	341,547
Accrued payroll and benefits	4,244	6,785	953	588	12,570
Accrued interest payable	65,602	3,689	112,858	3,626	185,775
Intergovernmental payable	-	631	-	-	631
Performance and escrow deposits	200	49,417	-	-	49,617
Interfund payable	-	-	-	62,201	62,201
Internal balances	(1,235)	-	1,235	-	-
Noncurrent obligations:					
Due within one year:					
Bonds and notes payable	518,475	320,000	537,789	40,710	1,416,974
Unamortized bond premium	43,189	5,880	36,173	2,070	87,312
Due in more than one year:					
Bonds and notes payable	3,154,015	900,000	3,971,138	164,260	8,189,413
Unamortized bond premium	226,732	2,940	392,364	3,536	625,572
Compensated absences payable	28,591	39,964	7,417	-	75,972
Net pension liability	440,156	784,626	114,823	-	1,339,605
Other postemployment benefits liability	282,484	412,004	28,481	-	722,969
Total liabilities	<u>4,760,056</u>	<u>2,859,320</u>	<u>5,213,791</u>	<u>276,991</u>	<u>13,110,158</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned revenue	12,077	55,101	3,848	-	71,026
Deferred amounts related to pensions	23,828	42,476	6,216	-	72,520
Deferred amounts related to OPEB	10,792	15,740	1,088	-	27,620
Total deferred inflows of resources	<u>46,697</u>	<u>113,317</u>	<u>11,152</u>	<u>-</u>	<u>171,166</u>
<b>NET POSITION</b>					
Net investment in capital assets	8,286,925	5,629,386	7,145,766	653,097	21,715,174
Unrestricted	813,481	5,089,728	3,867,460	(5,993)	9,764,676
Total net position	<u>\$ 9,100,406</u>	<u>\$ 10,719,114</u>	<u>\$ 11,013,226</u>	<u>\$ 647,104</u>	<u>\$ 31,479,850</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, 2019**

	Business-type Activities - Enterprise Funds				Total
	Water Department	Electric Department	Sewer Department	Pop Whalen Ice Arena	
Operating revenues:					
Charges for services	\$ 1,863,385	\$ 10,222,728	\$ 1,031,984	\$ 252,644	\$ 13,370,741
Miscellaneous	-	2,000	-	-	2,000
Total operating revenues	<u>1,863,385</u>	<u>10,224,728</u>	<u>1,031,984</u>	<u>252,644</u>	<u>13,372,741</u>
Operating expenses:					
Cost of operations	1,101,351	2,268,631	1,045,509	216,868	4,632,359
Cost of power	-	7,119,652	-	-	7,119,652
Depreciation expense	462,438	408,737	407,279	56,181	1,334,635
Total operating expenses	<u>1,563,789</u>	<u>9,797,020</u>	<u>1,452,788</u>	<u>273,049</u>	<u>13,086,646</u>
Operating income (loss)	<u>299,596</u>	<u>427,708</u>	<u>(420,804)</u>	<u>(20,405)</u>	<u>286,095</u>
Nonoperating revenue (expense):					
Intergovernmental	-	-	79,030	-	79,030
Interest expense	(118,398)	(43,282)	(99,055)	(6,883)	(267,618)
Transfer from other funds	-	-	721,818	-	721,818
Transfer to other funds	-	-	(49,655)	-	(49,655)
Total nonoperating revenue (expense)	<u>(118,398)</u>	<u>(43,282)</u>	<u>652,138</u>	<u>(6,883)</u>	<u>483,575</u>
Net change in fund balances	181,198	384,426	231,334	(27,288)	769,670
Net position, beginning	8,919,208	10,334,688	10,781,892	674,392	30,710,180
Net position, ending	<u>\$ 9,100,406</u>	<u>\$ 10,719,114</u>	<u>\$ 11,013,226</u>	<u>\$ 647,104</u>	<u>\$ 31,479,850</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, 2019**

	Business -type Activities - Enterprise Funds				Total
	Water Department	Electric Department	Sewer Department	Pop Whalen Ice Arena	
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,787,642	\$ 10,281,875	\$ 1,018,130	\$ 249,005	\$ 13,336,652
Payments to suppliers and employees	(1,030,606)	(9,617,978)	(1,036,827)	(220,014)	(11,905,425)
Net cash provided (used) by operating activities	<u>757,036</u>	<u>663,897</u>	<u>(18,697)</u>	<u>28,991</u>	<u>1,431,227</u>
Cash flows from non-capital financing activities:					
Transfers from other funds	-	-	721,818	21,539	743,357
Cash flows from capital and related financing activities:					
Purchase of capital assets	(161,056)	(771,553)	(568,501)	-	(1,501,110)
Proceeds from state grants	-	-	166,335	-	166,335
Principal paid on bonds and notes	(548,253)	(325,000)	(542,790)	(40,710)	(1,456,753)
Interest paid on bonds and notes	(172,560)	(56,297)	(148,637)	(9,820)	(387,314)
Net cash used in capital and related financing activities	<u>(881,869)</u>	<u>(1,152,850)</u>	<u>(1,093,593)</u>	<u>(50,530)</u>	<u>(3,178,842)</u>
Cash flows from investing activities:					
Purchase of investments	-	-	(49,655)	-	(49,655)
Decrease in cash	(124,833)	(488,953)	(440,127)	-	(1,053,913)
Cash and cash equivalents, beginning	<u>1,144,130</u>	<u>5,876,832</u>	<u>3,187,553</u>	<u>-</u>	<u>10,208,515</u>
Cash and cash equivalents, ending	<u>\$ 1,019,297</u>	<u>\$ 5,387,879</u>	<u>\$ 2,747,426</u>	<u>\$ -</u>	<u>\$ 9,154,602</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 299,596	\$ 427,708	\$ (420,804)	\$ (20,405)	\$ 286,095
Adjustments to reconcile operating (income) loss to net cash provided (used) by operating activities:					
Depreciation expense	462,438	408,737	407,279	56,181	1,334,635
(Increase) decrease in accounts receivable	(75,743)	49,106	(14,069)	(2,639)	(43,345)
Increase in inventory	-	(6,375)	-	-	(6,375)
Decrease in prepaid items	2,563	5,547	449	338	8,897
Decrease in accounts payable	(23,087)	(317,114)	(6,238)	(3,032)	(349,471)
Increase (decrease) in payroll related liabilities	91,269	88,247	14,471	(452)	193,535
Decrease in customer deposits	-	(343)	-	-	(343)
Increase (decrease) in deferred revenue	-	8,384	215	(1,000)	7,599
Total adjustments	<u>457,440</u>	<u>236,189</u>	<u>402,107</u>	<u>49,396</u>	<u>1,145,132</u>
Net cash provided (used) by operating activities	<u>\$ 757,036</u>	<u>\$ 663,897</u>	<u>\$ (18,697)</u>	<u>\$ 28,991</u>	<u>\$ 1,431,227</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, 2019**

	Private Purpose Trust	Agency
<b>Assets:</b>		
Cash and cash equivalents	\$ 3,284	\$ 142,770
Investments	435,189	1,574,979
Total assets	<u>438,473</u>	<u>1,717,749</u>
<b>Liabilities:</b>		
Due to other governmental units	-	1,638,296
Due to developers	-	79,453
Total liabilities	<u>-</u>	<u>1,717,749</u>
<b>Net position:</b>		
Held in trust for specific purposes	<u>\$ 438,473</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, 2019**

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest and dividends	\$ 19,574
Net change in fair value of investments	33,134
Total additions	52,708
Deductions:	
Trust distributions	5,889
Change in net position	46,819
Net position, beginning	391,654
Net position, ending	\$ 438,473

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

**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 year ended December 31, 2019.

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to users for sales and services. Operating expenses for enterprise funds include the cost of providing sales and services and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Fund Financial Statements*

Fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual, governmental fund and the major, individual enterprise funds are reported in separate columns in the basic fund financial statements 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. As well, the proprietary funds apply all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued in or before 1989, unless those pronouncements conflict with or contradict the GASB.

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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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.

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

*Governmental Funds*

The Town reports the following major governmental funds:

*General Fund* – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds. On the generally accepted accounting principles (GAAP) basis, the Library, Josiah Brown and Expendable Trust funds are included in the General Fund.

*Capital Projects Fund* – Accounts for the Town’s ongoing capital projects that are funded in part or entirely by the issuance of bonds or notes.

The Town also reports six nonmajor governmental funds.

*Proprietary Funds*

The Town reports the following major enterprise funds:

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

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

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

and amounts held by the trustees of trust funds that belong to the Governor Wentworth Regional School District.

**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 acquisition value. The Town generally capitalizes assets with cost of \$10,000 or more as purchase and construction outlays occur; however, the Town capitalizes police weapon inventory and



**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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
Land improvements	5-20
Buildings and building improvements	5-75
Machinery, vehicles and equipment	5-50
Infrastructure	5-75
Improvements other than buildings	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. Employees hired on January 1, 2011 or later are not eligible for leave time payout upon termination of employment.

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 and cannot be expended.
- Restricted for endowments, expendable, which consists of the balance of the permanent funds' income that is allowed to be expended for Town purposes.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

- Restricted for other purposes, which consists of the balance of the library fund's resources, whose use is restricted by law, and grants whose use is restricted by the grantor.
- 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, and grants whose use is restricted by the grantor.
- 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 continuing appropriations, 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 projects and nonmajor (CDBG and miscellaneous grants) funds.

#### **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.

## **II. Stewardship, Compliance and Accountability**

### **II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and 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 2019, none of the fund balance from 2018 was so used.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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

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

*Minimum Fund Balance*

In order to maintain a reasonable cash reserve, as well as plan for fiscal emergencies, the Town strives 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.

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

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 16,741,428
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	653,837
Tax revenue deferred in the current year	(532,832)
Perspective difference:	
Revenue from library fund	70,493
Revenue from Josiah Brown fund	20,002
Revenue from expendable trust fund	184,404
Transfer from permanent fund to library fund	1,623
Transfer from sewer fund to expendable trust fund	49,655
Transfer from expendable trust fund	(318,950)
Per Exhibit 5 (GAAP basis)	<u>\$ 16,869,660</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 15,472,695
Adjustments:	
Basis difference:	
Encumbrances, beginning	590,501
Encumbrances, ending	(390,457)
Perspective difference:	
Expenditures from Josiah Brown fund	21,000
Expenditures from library fund	191,191
Expenditures from expendable trust fund	806,042
Transfer to capital projects fund from expendable trust fund	40,000
Transfers to expendable trust fund	(669,750)
Per Exhibit 5 (GAAP basis)	<u>\$ 16,061,222</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 4,007,270
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(532,832)
Per Exhibit 3 (GAAP basis)	<u>\$ 3,474,438</u>

**II.C. Deficit Fund Balances**

The Capital Projects Fund reports an unassigned fund deficit at year-end of \$3,163,424 that can be attributed to expenditures for the 2018 Library renovations and construction project which will be funded by the issuance of bonds and notes in a future year.

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

**III.A. Assets**

**III.A.1. Investments**

As of December 31, 2019, the Town's reporting entity had the following investments:

Certificates of Deposit	\$ 3,517,355
Mutual Funds	4,907,202
Equity Funds	8,241
Exchange Traded Funds	1,136,648
	<u>\$ 9,569,446</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 7,559,278
Fiduciary funds - statement of fiduciary net position (Exhibit 11)	<u>2,010,168</u>
Total	<u>\$ 9,569,446</u>

*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. The Town does not have any investments with credit ratings.

**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. The Town does not have any investments subject to interest rate risks.

**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, 2019, the Town had \$1,399,952 invested in the Vanguard Short-Term Investment-Grade Fund, \$1,211,518 invested in the Fidelity Short-Term Treasury Bond Index Fund, \$713,142 invested in the Baird Aggregate Bond Fund , and \$601,801 invested in the Fidelity 500 Index Fund representing 14.63%, 12.66%, 7.45% and 6.29% 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 \$9,569,446 of investments, all are held in the Town’s name and therefore have no exposure to custodial credit risk.

**III.A.2. 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 8% per annum on taxes committed in 2019, and 12% on previously committed 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

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2018 property taxes on April 26<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, Carroll 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, 2019, upon which the 2019 property tax levy was based was:

For the New Hampshire education tax	\$ 1,997,818,925
For all other taxes	\$ 1,998,172,625

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

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$6.09	\$ 12,171,899
School portion:		
State of New Hampshire	\$2.24	4,473,057
Local	\$6.24	12,468,063
County portion	\$1.27	2,537,242
Precinct portion:		
Lower Beech Pond	\$0.85	4,755
Total property taxes assessed		<u>\$ 31,655,016</u>

The following details the taxes receivable at year-end:

Property:		
Levy of 2019		\$ 793,539
Unredeemed (under tax lien):		
Levy of 2018		135,371
Levy of 2017		96,842
Levy of 2016		29,267
Levies of 2015 and prior		131,676
Timber		1,117
Betterment assessments		284,531
Less: allowance for estimated uncollectible taxes		(230,000)
Net taxes receivable		<u>\$ 1,242,343</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

*Other Receivables*

Other significant receivables include grant reimbursements for the Town’s various grant programs, long-term state aid grants, utility charges, and ice arena rental fees. Allowances exist for future utility charge write-offs or abatements. The receivables are as follow:

Accounts	\$ 1,802,693
Intergovernmental	2,649,491
Interest	128
Less: allowance for uncollectible amounts	<u>(341,000)</u>
Net total receivables	<u><u>\$ 4,111,312</u></u>

*Deferred Revenue*

Deferred revenue in the General Fund of \$944,930 at December 31, 2019 represents \$532,832 of 2019 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, \$280,750 in betterment assessments that will be invoiced in future years, \$26,183 held for future milfoil eradication as part of the joint board project, \$85,116 in taxes prepaid for the 2020 tax levy, \$2,122 received in advance of the Middleton Road Cemetery project activity, \$467 in donations for the Libby 100<sup>th</sup> celebration, and \$17,460 in miscellaneous items. Deferred revenue of \$2,015 in the Nonmajor Funds represents prepayments of program fees. In the governmental activities, only \$133,363 is reported as unearned revenue, representing the milfoil eradication balance, prepaid taxes, advance payments, donations, prepaid program fees, and miscellaneous items. Unearned revenue in the Enterprise Funds represents prepayments of utility charges.

*The notes continue on the following page.*

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**III.A.3. Capital Assets**

*Changes in Capital Assets*

The following tables provide a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 6,739,466	\$ -	\$ -	\$ 6,739,466
Construction in progress	376,940	439,845	(224,550)	592,235
Total capital assets not being depreciated	<u>7,116,406</u>	<u>439,845</u>	<u>(224,550)</u>	<u>7,331,701</u>
Being depreciated:				
Land improvements	77,908	9,550	-	87,458
Buildings and building improvements	10,133,913	3,972,399	-	14,106,312
Machinery, vehicles and equipment	6,653,807	1,009,712	(442,259)	7,221,260
Infrastructure	31,397,794	1,512,586	-	32,910,380
Other improvements	2,270,952	48,210	-	2,319,162
Total capital assets being depreciated	<u>50,534,374</u>	<u>6,552,457</u>	<u>(442,259)</u>	<u>56,644,572</u>
Total all capital assets	<u>57,650,780</u>	<u>6,992,302</u>	<u>(666,809)</u>	<u>63,976,273</u>
Less accumulated depreciation:				
Land improvements	(4,928)	(1,996)	-	(6,924)
Buildings and building improvements	(2,650,555)	(410,820)	-	(3,061,375)
Machinery, vehicles and equipment	(4,780,771)	(340,087)	442,259	(4,678,599)
Infrastructure	(9,976,481)	(750,666)	-	(10,727,147)
Other improvements	(1,415,268)	(84,092)	-	(1,499,360)
Total accumulated depreciation	<u>(18,828,003)</u>	<u>(1,587,661)</u>	<u>442,259</u>	<u>(19,973,405)</u>
Net book value, capital assets being depreciated	<u>31,706,371</u>	<u>4,964,796</u>	<u>-</u>	<u>36,671,167</u>
Net book value, all capital assets	<u>\$ 38,822,777</u>	<u>\$ 5,404,641</u>	<u>\$ (224,550)</u>	<u>\$ 44,002,868</u>

*The notes continue on the following page.*



**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

	Balance, beginning	Additions	Deletions	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 1,115,005	\$ -	\$ -	\$ 1,115,005
Construction in progress	1,395,392	249,551	(414,341)	1,230,602
Total capital assets not being depreciated	<u>2,510,397</u>	<u>249,551</u>	<u>(414,341)</u>	<u>2,345,607</u>
Being depreciated:				
Buildings and building improvements	5,340,097	350,877	-	5,690,974
Machinery, vehicles and equipment	16,230,801	1,191,229	(70,735)	17,351,295
Infrastructure	29,261,807	123,794	-	29,385,601
Total capital assets being depreciated	<u>50,832,705</u>	<u>1,665,900</u>	<u>(70,735)</u>	<u>52,427,870</u>
Total all capital assets	<u>53,343,102</u>	<u>1,915,451</u>	<u>(485,076)</u>	<u>54,773,477</u>
Less accumulated depreciation:				
Buildings and building improvements	(2,404,035)	(128,887)	-	(2,532,922)
Machinery, vehicles and equipment	(9,536,888)	(502,911)	69,239	(9,970,560)
Infrastructure	(9,532,710)	(702,837)	-	(10,235,547)
Total accumulated depreciation	<u>(21,473,633)</u>	<u>(1,334,635)</u>	<u>69,239</u>	<u>(22,739,029)</u>
Net book value, capital assets being depreciated	<u>29,359,072</u>	<u>331,265</u>	<u>(1,496)</u>	<u>29,688,841</u>
Net book value, all capital assets	<u>\$ 31,869,469</u>	<u>\$ 580,816</u>	<u>\$ (415,837)</u>	<u>\$ 32,034,448</u>

*Depreciation Expense*

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

Governmental activities:	
General government	\$ 252,542
Public safety	183,224
Highways and streets	980,856
Sanitation	20,289
Culture and recreation	149,880
Conservation	870
Total depreciation expense	<u>\$ 1,587,661</u>
Business-type activities:	
Sanitation	\$ 462,438
Water distribution and treatment	408,737
Electric distribution	407,279
Culture and recreation	56,181
Total depreciation expense	<u>\$ 1,334,635</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

**III.B. Liabilities**

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

The amount due to other governments at December 31, 2019 consists of \$8,562,334 due to the Governor Wentworth Regional School District for the balance of the 2019-2020 district assessment and \$7,349 in fees collected on behalf of the State of New Hampshire.

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

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

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2019	Current Portion
Governmental activities:						
General obligation bonds/notes payable:						
Public improvements	\$ 578,500	2000	2020	5.125-5.5	\$ 28,572	\$ 28,572
Sewall/Friend Street water systems	\$ 396,514	2006	2026	4.0-4.3	115,281	16,469
General projects	\$ 1,292,315	2007	2027	4.0-5.0	555,000	65,000
Town hall renovations	\$ 485,920	2008	2028	4.0-5.25	219,970	25,710
ADA restrooms compliance	\$ 301,800	2008	2028	4.0-5.25	139,970	15,710
Land purchase	\$ 131,500	2008	2028	4.0-5.25	49,970	5,710
Sidewalks	\$ 97,530	2008	2028	4.0-5.25	49,970	5,710
Center Street drainage	\$ 566,000	2010	2020	3.0-5.0	55,000	55,000
Smith River streambank improvements	\$ 166,500	2010	2020	3.0-5.0	15,000	15,000
Pop Whalen ADA improvements	\$ 54,750	2010	2020	3.0-5.0	5,000	5,000
Public safety building repair	\$ 121,000	2012	2023	2.1-5.1	36,000	10,000
255 Main Street parking lot	\$ 144,000	2012	2023	2.1-5.1	54,000	15,000
Downtown street upgrades	\$ 717,500	2012	2033	2.1-5.1	487,500	35,000
Glendon Street parking lot	\$ 256,600	2012	2033	2.1-5.1	175,600	15,000
Public works garage updates	\$ 277,000	2014	2034	3.1-5.1	205,000	15,000
Construct parks maintenance building	\$ 176,000	2014	2024	5.1	80,000	20,000
Middleton Road construction	\$ 417,000	2014	2034	3.1-5.1	300,000	20,000
Center Street reconstruction	\$ 700,000	2015	2033	2.1-4.1	540,000	40,000
Renovation of Brewster Hall	\$ 3,130,000	2015	2033	2.1-4.1	2,430,000	175,000
Libby Museum	\$ 194,000	2015	2025	2.1-4.1	114,000	20,000
Stonehenge Road reconstruction	\$ 77,000	2015	2025	2.1-4.1	37,000	10,000
Westwood Drive reconstruction	\$ 224,500	2019	2028	4.1	198,024	18,635
					<u>5,890,857</u>	<u>631,516</u>
Unamortized bond premium					<u>127,730</u>	<u>18,489</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

Capital leases payable:							
Public safety server	\$	36,250	2017	2020	4.79	9,264	9,264
Van	\$	21,849	2018	2021	4.17	10,943	5,360
						<u>20,207</u>	<u>14,624</u>
Compensated absences payable:							
Accrued vacation leave						477,298	38,467
Accrued landfill postclosure care costs						50,000	5,000
Net pension liability						8,229,004	-
Other postemployment benefits payable						3,548,710	-
	\$					<u>\$ 18,343,806</u>	<u>\$ 708,096</u>

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2019	Current Portion
Business-type activities:						
General obligation bonds/notes payable:						
Water system improvements	\$ 450,000	1996	2021	4.5	\$ 38,000	\$ 26,000
Water treatment facility	\$ 3,000,000	1996	2026	4.5	541,000	91,000
Water system improvements	\$ 550,000	1997	2025	4.5	102,000	17,000
Infiltration/inflow project	\$ 535,000	2000	2020	5.125-5.5	26,428	26,428
Electric distribution upgrade	\$ 5,281,000	2003	2023	2.25-4.25	1,040,000	260,000
Water system improvements	\$ 1,183,080	2004	2033	4.25	498,000	36,000
Sewall/Friend Streets water system	\$ 1,650,011	2006	2026	4.0-4.30	479,719	68,531
Water projects	\$ 2,816,295	2007	2027	4.0-5.0	1,085,000	140,000
Sewer infiltration/inflow project	\$ 592,990	2007	2027	4.0-5.0	240,000	30,000
Water system improvements	\$ 640,735	2008	2028	4.0-5.25	274,970	30,710
Sewer infiltration/inflow project	\$ 797,605	2008	2028	4.0-5.25	365,180	40,740
Pop Whalen rink	\$ 321,755	2008	2028	4.0-5.25	139,970	15,710
Wastewater treatment facility upgrade	\$ 5,820,364	2009	2029	2.352	2,910,181	291,018
Sewer	\$ 793,000	2009	2020	3.0-4.0	75,000	75,000
Water line replacement	\$ 566,000	2010	2020	3.0-5.0	55,000	55,000
Pop Whalen ADA improvements	\$ 54,750	2010	2020	3.0-5.0	5,000	5,000
Pop Whalen fire protection project	\$ 206,800	2011	2022	3.0-5.0	60,000	20,000
Pleasant Valley Road MED upgrade	\$ 616,200	2011	2022	3.0-5.0	180,000	60,000
Wastewater treatment facility upgrade	\$ 592,063	2012	2031	1.104	355,238	29,603
Wastewater facility upgrades	\$ 170,400	2012	2033	2.1-5.1	110,400	10,000
Wastewater facility upgrades	\$ 246,500	2012	2033	2.1-5.1	156,500	15,000
Water meter project	\$ 436,764	2014	2024	1.94	158,801	29,234
Sewer collection system upgrades	\$ 370,000	2014	2034	3.1-5.1	270,000	20,000
Whiten Neck Road water line upgrades	\$ 489,750	2017	2037	2.66	440,000	25,000
					<u>9,606,387</u>	<u>1,416,974</u>
Unamortized bond premium					<u>712,884</u>	<u>87,312</u>
Compensated absences payable:						
Accrued vacation leave					75,972	-
Net pension liability					1,339,605	-
Other postemployment benefits payable					722,969	-
	\$				<u>\$ 12,457,817</u>	<u>\$ 1,504,286</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities of the governmental activities for the year ended December 31, 2019:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 6,330,715	\$ 146,219	\$ 34,193	\$ 514,123	\$ 55,000	\$ 8,123,011	\$ 3,344,182	\$ 18,547,443
Additions	224,500	-	-	-	-	105,993	204,528	535,021
Reductions	(664,358)	(18,489)	(13,986)	(36,825)	(5,000)	-	-	(738,658)
Balance, ending	<u>\$ 5,890,857</u>	<u>\$ 127,730</u>	<u>\$ 20,207</u>	<u>\$ 477,298</u>	<u>\$ 50,000</u>	<u>\$ 8,229,004</u>	<u>\$ 3,548,710</u>	<u>\$ 18,343,806</u>

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2019:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Compensated Absences Payable	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 11,063,139	\$ 806,776	\$ 50,745	\$ 1,289,517	\$ 640,583	\$ 13,850,760
Additions	-	-	25,227	50,088	82,386	157,701
Reductions	(1,456,752)	(93,892)	-	-	-	(1,550,644)
Balance, ending	<u>\$ 9,606,387</u>	<u>\$ 712,884</u>	<u>\$ 75,972</u>	<u>\$ 1,339,605</u>	<u>\$ 722,969</u>	<u>\$ 12,457,817</u>

*Debt Service Requirements to Maturity*

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 631,516	\$ 206,134	\$ 837,650
2021	528,708	177,914	706,622
2022	524,504	157,228	681,732
2023	515,331	139,298	654,629
2024	501,194	122,114	623,308
2025-2029	2,041,504	368,730	2,410,234
2030-2034	1,148,100	98,523	1,246,623
Totals	<u>\$ 5,890,857</u>	<u>\$ 1,269,941</u>	<u>\$ 7,160,798</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2020	\$ 1,416,974	\$ 365,449	\$ 1,782,423
2021	1,236,788	307,868	1,544,656
2022	1,226,052	257,896	1,483,948
2023	1,147,336	209,353	1,356,689
2024	883,642	167,544	1,051,186
2025-2029	3,179,487	387,198	3,566,685
2030-2034	451,108	73,608	524,716
2035-2037	65,000	3,875	68,875
Totals	<u>\$ 9,606,387</u>	<u>\$ 1,772,791</u>	<u>\$ 11,379,178</u>

Bonds and notes authorized and unissued as of December 31, 2019 were as follow:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 13, 2018	Library renovations	\$ 4,855,000
March 13, 2018	Construction of Westwood Drive	\$ 38,500
March 13, 2018	Asset Management	\$ 30,000
March 12, 2019	Electrical Distribution Conversion Phase #5	\$ 3,675,000

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

Year Ending December 31,	Principal	Interest	Total
2020	\$ 14,624	\$ 900	\$ 15,524
2021	5,583	233	5,816
Totals	<u>\$ 20,207</u>	<u>\$ 1,133</u>	<u>\$ 21,340</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 \$50,000 as of December 31, 2019, which 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, 2019. 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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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

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

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

The following reports the interfund receivables and payables at year-end:

Receivable Fund	Payable Fund	Amount
General	Capital projects	\$ 428,757
General	Nonmajor governmental	65,216
General	Pop Whalen Ice Arena	62,201
Capital projects	General	40,000
Nonmajor governmental	General	1,870
Water department	Sewer department	1,235
		\$ 599,279

The amount due to the general fund from the capital projects, nonmajor, and Pop Whalen Ice Arena funds represents overdrafts of pooled cash. The amount due to the capital project fund from the general fund represent voted appropriations. The amount owed to the nonmajor fund from the general fund and the amount owed to the water department from the sewer department represent receipts deposited into the other 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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

The following schedule reports transfers within the reporting entity:

	Transfers In:			
	General Fund	Capital Projects Fund	Sewer Department	Total
Transfers out:				
General fund	\$ -	\$ 288,000	\$ 721,818	\$ 1,009,818
Nonmajor funds	14,548	-	-	14,548
Sewer department	49,655	-	-	49,655
	\$ 64,203	\$ 288,000	\$ 721,818	\$ 1,074,021

The amounts transferred to the capital project and sewer department funds 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. The amount transferred to the general fund from the sewer department fund represents a payment into the capital reserve funds.

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

The beginning equity was restated as follows:

	Governmental Activities	Business-type Activities	Water Department	Electric Department	Sewer Department
To correct OPEB related balances	\$ 69,666	\$ 13,340	\$ 4,524	\$ 8,210	\$ 606
Net position, as previously reported	29,022,862	30,696,840	8,914,684	10,326,478	10,781,286
Net position, as restated	\$ 29,092,528	\$ 30,710,180	\$ 8,919,208	\$ 10,334,688	\$ 10,781,892

*The notes continue on the following page.*

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**III.E. Fund Equity**

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

	General Fund	Capital Projects Fund	Nonmajor Funds
<b>Nonspendable:</b>			
Endowments	\$ -	\$ -	\$ 875,211
Prepaid items	96,230	-	-
Tax deeded property	27,640	-	-
<b>Total nonspendable</b>	<b>123,870</b>	<b>-</b>	<b>875,211</b>
<b>Restricted:</b>			
General government	-	-	334,533
Culture and recreation	338,265	-	-
<b>Total restricted</b>	<b>338,265</b>	<b>-</b>	<b>334,533</b>
<b>Committed:</b>			
Public safety	-	-	12,839
Highways and streets	57,466	-	-
Culture and recreation	13,803	-	2,000
Conservation	-	-	122,312
Capital outlay	2,155,684	-	-
<b>Total committed</b>	<b>2,226,953</b>	<b>-</b>	<b>137,151</b>
<b>Assigned:</b>			
General government	19,018	-	-
Public safety	23,297	-	-
Highways and streets	79,982	-	-
Sanitation	8,420	-	-
Culture and recreation	12,723	-	-
<b>Total assigned</b>	<b>143,440</b>	<b>-</b>	<b>-</b>
Unassigned	3,474,438	(3,163,424)	(1,663)
<b>Total fund balance</b>	<b>\$ 6,306,966</b>	<b>\$ (3,163,424)</b>	<b>\$ 1,345,232</b>

**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.



**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation coverage is provided from January 1 through December 31, and property/liability coverage runs July 1 to June 30. Primex provided statutory workers' compensation coverage, and various amounts of coverage for liability and property losses.

Contributions paid in 2019 to be recorded as an insurance expenditure/expense totaled \$162,750 for property/liability and \$128,463 for workers' compensation. There were no unpaid contributions for the year ended December 31, 2019. The member agreement permits Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

#### **IV.B. Retirement Pensions**

##### *General Information about the Pension Plan*

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, firefighters and other employees were 11.55%, 11.8% and 7% of gross earnings, respectively. The rates of contribution from the Town were 29.43% for police officers, 31.89% for firefighters, and 11.38% for other employees through June 30<sup>th</sup>, decreasing on July 1<sup>st</sup> to 28.43%, 30.09%, and 11.17%, respectively. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions for pension and medical subsidy from the Town during the years 2017, 2018 and 2019 were \$863,859, \$925,545 and \$938,425, respectively. The amounts were paid on a monthly basis as due.

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

At December 31, 2019, the Town reported a liability of \$9,568,609 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward. The Town's proportion of the net pension liability was based on a

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2019, the Town’s proportion was 0.1989%, which was an increase of 0.0034% from its proportion measured as of June 30, 2018.

For 2019, the Town recognized pension expense of \$1,344,601, split between governmental activities (\$1,201,360) and business-type activities (\$143,241). At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 462,574	\$ 234,083
Net differences between projected and actual earnings on pension plan investments	-	78,162
Changes in assumptions	343,318	-
Differences between expected and actual experience	52,906	205,752
Town contributions subsequent to the measurement date	<u>423,225</u>	<u>-</u>
	<u>\$ 1,282,023</u>	<u>\$ 517,997</u>

The Town reported \$423,225 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

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

<u>Year Ending December 31,</u>	
2020	\$ 436,892
2021	(86,710)
2022	(56,824)
2023	47,443
	<u>\$ 340,801</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

*Actuarial Assumptions*

The total pension liability in the June 30, 2019 actuarial valuation was determined using the actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Period	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation

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

Mortality rates were based on the RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	\$ 12,812,762	\$ 9,568,609	\$ 6,887,343

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

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**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.

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

**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 valuation. Retirees under the age of 65 have a medical insurance plan with NH School Health Care Coalition. Both Group I and Group II retirees, as categorized by the New Hampshire Retirement System, qualify for this benefit. Group I employees, hired prior to 7/1/11, may retire at age 60, or once their age plus years of service equals 70. Group I employees hired after 7/1/11 may retire at age 65. Group II employees vested prior to 1/1/12 may retire at age 60, or at age 45 with 20 years of service.

Group II employees not vested prior to 1/1/12, but hired prior to 7/1/11, may retire at age 60, or upon attainment of minimum age and service requirements as follow:

Years of Creditable Service as of January 1, 2012	Minimum Age	Minimum Service
At least 8 but less than 10 years	46	21
At least 6 but less than 8 years	47	22
At least 4 but less than 6 years	48	23
Less than 4 years	49	24

Group II employees hired on or after 7/1/11 may retire at age 60, or at age 52.5 with 25 years of service. Retirees contribute 100% of premiums for individual, two-person or family medical coverage. Surviving beneficiaries continue to receive access to the Town’s medical coverage after the death of the retired employee as long as they pay the required premium. As of January 1, 2018, the actuarial valuation date, there is only one participant of the postretirement plan that meets eligibility requirements. The plan does not issue a separate financial report.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2019**

*Implicit Rate Subsidy*

Same benefit options are available to retirees as active employees. Health insurance is purchased through NH School Health Care Coalition. The Town is a member of the under-100 employees' pool and their rates are determined based on the experience of the entire under-100 employees' pool. The claims experience for active employees and retirees are combined to determine the final premium rate. This single premium rate is called a blended premium because it blends the expected claims of both active and retired participants. Retirees are generally older than the average participant in a non-Medicare plan, which means they are expected to generate higher claims than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their claims cost.

*Medical Insurance Subsidy*

The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium will be paid. If the health insurance premium amount exceeds the Medical Subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

*Total OPEB Liability*

The Town's total OPEB liability of \$4,271,679 consists of \$3,478,348 for the implicit rate subsidy determined by an actuarial valuation as of December 31, 2019 and \$793,331 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2018 with roll-forward procedures used to determine the liability as of June 30, 2019. The roll-forward of the total OPEB liability from June 30, 2018 to June 30, 2019 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

*This note continues on the following page.*

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

*Methods and Assumptions*

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

Implicit Rate Subsidy		
Payroll Growth	2.00%	
Discount Rate	3.50%	
Inflation	0.00%	
Investment Rate of Return	N/A	
Mortality	SOA RP-2014 Total Dataset Mortality with Scale MP-2018	
Healthcare Cost Trend Rates	2019	9.50%
	2020	9.00%
	2021	8.50%
	2022	8.00%
	2023	7.50%
	2024	7.00%
	2025	6.50%
	2026	6.00%
	2027	5.50%
	2028	5.00%
Medical Insurance Subsidy		
Payroll Growth	3.25%	
Discount Rate	7.25%	
Inflation	2.50%	
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation	
Mortality	RP-2014 Health Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study	
Healthcare Cost Trend Rates	N/A, given that the benefits are fixed stipends.	

*Sensitivity of Total OPEB Liability*

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare trend rates. The following presents the total OPEB liability calculated using the current discount rates, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher:

Implicit Rate Subsidy:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Town's total OPEB liability	<u>\$ 3,884,357</u>	<u>\$ 3,478,348</u>	<u>\$ 3,120,486</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

Medical Insurance Subsidy:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's total OPEB liability	\$ 860,488	\$ 793,331	\$ 734,976

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate 1-percentage point lower of 1-percentage point higher:

	1% Decrease <u>(8.50%)</u>	Current Healthcare Cost Trend Rate <u>(9.50%)</u>	1% Increase <u>(10.50%)</u>
Town's total OPEB liability	\$ 3,044,424	\$ 3,478,348	\$ 3,991,951

Healthcare cost trend rates are not applicable for the medical insurance subsidy given that the benefits are fixed stipends.

*OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB*

For the year ended December 31, 2019, the Town recognized OPEB expense of \$387,362; and reported deferred outflows of resources of \$696,702 and deferred inflows of resources of \$163,195, as shown below. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,311	\$ -
Changes in assumptions	181,102	160,924
Net differences between projected and actual earnings on OPEB plan investments	-	891
Differences between expected and actual experience	475,417	1,380
Town contributions subsequent to the measurement date	<u>38,872</u>	<u>-</u>
	<u>\$ 696,702</u>	<u>\$ 163,195</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

The Town reported \$38,872 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year 2020. Other amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follow:

Year Ending <u>December 31,</u>	
2020	\$ 82,353
2021	82,423
2022	83,075
2023	83,245
2024	<u>163,539</u>
	<u>\$ 494,635</u>



**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 13**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Pension Liability*  
**New Hampshire Retirement System**

	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.1989%	0.1955%	0.2044%	0.1879%	0.1824%	0.1812%
Town's proportionate share of the net pension liability	\$ 9,568,609	\$ 9,412,528	\$ 10,050,420	\$ 9,992,155	\$ 7,226,287	\$ 6,802,385
Town's covered-employee payroll	\$ 5,385,830	\$ 5,321,978	\$ 5,022,891	\$ 4,745,564	\$ 4,320,142	\$ 4,067,663
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	177.66%	176.86%	200.09%	210.56%	167.27%	167.23%
Plan fiduciary position as a percentage of the total pension liability	65.59%	64.73%	62.66%	58.30%	65.47%	66.32%

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

**EXHIBIT 14**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Schedule of the Town's Pension Contributions**  
**New Hampshire Retirement System**

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 937,393	\$ 925,545	\$ 863,859	\$ 792,455	\$ 734,301	\$ 663,823
Contribution in relation to the contractually required contribution	(937,393)	(925,545)	(863,859)	(792,455)	(734,301)	(663,823)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 5,385,830	\$ 5,321,978	\$ 5,022,891	\$ 4,745,564	\$ 4,320,142	\$ 4,067,663
Contributions as a percentage of covered-employee payroll	17.40%	17.39%	17.20%	16.70%	17.00%	16.32%

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

**EXHIBIT 15**  
**TOWN OF WOLFEBORO**  
**Schedule of Changes in the Town's Total OPEB Liability and Related Ratios**

	2019	2018
Total OPEB liability:		
Service cost	\$ 211,970	\$ 183,565
Interest	179,037	170,694
OPEB plan net investment income	(3,585)	(5,576)
OPEB plan administrative and other costs	515	135
Changes of assumptions and differences between expected and actual experience	(12,953)	492,673
Benefit payments	(88,070)	(104,909)
Net change in total OPEB liability	286,914	736,582
Total OPEB liability, beginning	3,984,765	3,248,183
Total OPEB liability, ending	<u>\$ 4,271,679</u>	<u>\$ 3,984,765</u>
Covered-employee payroll	\$ 5,385,830	\$ 4,585,136
Total OPEB liability as a percentage of covered-employee payroll	79.31%	86.91%
Town's proportion of the net OPEB liability for medical subsidy	0.1810%	0.1782%

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

**EXHIBIT 16**  
**TOWN OF WOLFEBORO**  
**Schedule of the Town's OPEB Contributions**

	2019	2018
Actuarially determined contribution	\$ 486,593	\$ 419,306
Contributions in relation to the actuarially determined contribution	(100,397)	(92,285)
Contribution deficiency	<u>\$ 386,196</u>	<u>\$ 327,021</u>
Covered-employee payroll	\$ 5,385,830	\$ 4,585,136
Contributions as a percentage of covered-employee payroll	9.03%	9.14%

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

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

The pension and other post-employment benefits schedules are meant to present related information for ten years. Because this is the fifth year that the Town has reported the pension schedules, and second year that the Town has presented the OPEB schedules under current standards, only six and two years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

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

**EXHIBIT 17**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2019**

	Special Revenue Funds						Total
	Recreation Revolving	Police Detail	Conservation Commission	CDBG	Miscellaneous Grants	Permanent Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,536	\$ 11,281	\$ 120,442	\$ -	\$ -	\$ 9,149	\$ 145,408
Investments	-	-	-	-	-	1,212,719	1,212,719
Accounts receivable	-	1,558	-	-	49,307	-	50,865
Interfund receivable	-	-	1,870	-	-	-	1,870
Prepaid items	-	-	-	-	-	2,122	2,122
Total assets	<u>\$ 4,536</u>	<u>\$ 12,839</u>	<u>\$ 122,312</u>	<u>\$ -</u>	<u>\$ 49,307</u>	<u>\$ 1,223,990</u>	<u>\$ 1,412,984</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 521
Interfund payable	-	-	-	292	45,678	19,246	65,216
Total liabilities	<u>521</u>	<u>-</u>	<u>-</u>	<u>292</u>	<u>45,678</u>	<u>19,246</u>	<u>65,737</u>
Deferred inflows of resources:							
Deferred revenue	<u>2,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,015</u>
Fund balances:							
Nonspendable	-	-	-	-	-	875,211	875,211
Restricted	-	-	-	-	5,000	329,533	334,533
Committed	2,000	12,839	122,312	-	-	-	137,151
Unassigned	-	-	-	(292)	(1,371)	-	(1,663)
Total fund balances	<u>2,000</u>	<u>12,839</u>	<u>122,312</u>	<u>(292)</u>	<u>3,629</u>	<u>1,204,744</u>	<u>1,345,232</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,536</u>	<u>\$ 12,839</u>	<u>\$ 122,312</u>	<u>\$ -</u>	<u>\$ 49,307</u>	<u>\$ 1,223,990</u>	<u>\$ 1,412,984</u>



**EXHIBIT 18**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2019**

	Special Revenue Funds					Permanent Fund	Total
	Recreation Revolving	Police Detail	Conservation Commission	CDBG	Miscellaneous Grants		
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ 5,970	\$ -	\$ -	\$ -	\$ 5,970
Intergovernmental	-	-	-	-	49,307	-	49,307
Charges for services	103,094	33,389	-	-	-	-	136,483
Miscellaneous	-	-	4,675	-	501	148,946	154,122
Total revenues	<u>103,094</u>	<u>33,389</u>	<u>10,645</u>	<u>-</u>	<u>49,808</u>	<u>148,946</u>	<u>345,882</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	12,500	12,500
Public safety	-	81,983	-	-	500	-	82,483
Culture and recreation	103,094	-	-	-	-	-	103,094
Conservation	-	-	113,596	-	49,307	-	162,903
Capital outlay	-	-	-	-	-	5,539	5,539
Total expenditures	<u>103,094</u>	<u>81,983</u>	<u>113,596</u>	<u>-</u>	<u>49,807</u>	<u>18,039</u>	<u>366,519</u>
Excess (deficiency) of revenues over (under) expenditures	-	(48,594)	(102,951)	-	1	130,907	(20,637)
Other financing uses:							
Transfers out	-	-	-	-	-	(14,548)	(14,548)
Net change in fund balances	-	(48,594)	(102,951)	-	1	116,359	(35,185)
Fund balances, beginning	2,000	61,433	225,263	(292)	3,628	1,088,385	1,380,417
Fund balances, ending	<u>\$ 2,000</u>	<u>\$ 12,839</u>	<u>\$ 122,312</u>	<u>\$ (292)</u>	<u>\$ 3,629</u>	<u>\$ 1,204,744</u>	<u>\$ 1,345,232</u>

**EXHIBIT 19**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2019**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 11,857,219	\$ 11,841,462	\$ (15,757)
Land use change	1,100	-	(1,100)
Timber	15,000	11,769	(3,231)
Payments in lieu of taxes	28,549	29,713	1,164
Interest and penalties on delinquent taxes	75,000	86,648	11,648
Total taxes	<u>11,976,868</u>	<u>11,969,592</u>	<u>(7,276)</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	3,000	21,465	18,465
Motor vehicle permits	1,500,000	1,603,045	103,045
Building permits	75,000	89,726	14,726
Other	150,000	137,316	(12,684)
Total licenses, permits and fees	<u>1,728,000</u>	<u>1,851,552</u>	<u>123,552</u>
<b>Intergovernmental:</b>			
<b>State sources:</b>			
Municipal aid	76,641	76,641	-
Meals and rooms distributions	319,866	319,866	-
Highway block grant	184,674	184,397	(277)
Water pollution grant	-	6,563	6,563
State and federal forest land	49	49	-
Railroad tax	98	1,039	941
Federal sources	-	82,936	82,936
Total intergovernmental	<u>581,328</u>	<u>671,491</u>	<u>90,163</u>
<b>Charges for services:</b>			
Income from departments	650,000	542,101	(107,899)
Other	60,319	60,319	-
Total charges for services	<u>710,319</u>	<u>602,420</u>	<u>(107,899)</u>
<b>Miscellaneous:</b>			
Special assessments	-	38,323	38,323
Sale of property	37,587	19,129	(18,458)
Interest on investments	50,000	174,921	124,921
Rent of property	151,000	144,445	(6,555)
Insurance dividends and reimbursements	152,905	298,114	145,209
Contributions and donations	-	31,127	31,127
Other	646,095	608,439	(37,656)
Total miscellaneous	<u>1,037,587</u>	<u>1,314,498</u>	<u>276,911</u>
<b>Other financing sources:</b>			
<b>Transfers in:</b>			
Nonmajor funds	40,000	331,875	291,875
<b>Total revenues and other financing sources</b>	<u><u>\$ 16,074,102</u></u>	<u><u>\$ 16,741,428</u></u>	<u><u>\$ 667,326</u></u>

**EXHIBIT 20**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2019**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ 16,130	\$ 377,518	\$ 337,673	\$ 1,500	\$ 54,475
Financial administration	-	411,994	325,508	9,199	77,287
Planning and zoning	-	216,093	233,275	-	(17,182)
General government buildings	6,000	102,795	107,403	5,500	(4,108)
Cemeteries	-	37,108	10,087	-	27,021
Other	-	1,266,872	1,212,636	2,819	51,417
Total general government	<u>22,130</u>	<u>2,412,380</u>	<u>2,226,582</u>	<u>19,018</u>	<u>188,910</u>
<b>Public safety:</b>					
Police	-	2,108,266	2,090,893	-	17,373
Fire	11,500	2,053,413	2,063,876	12,703	(11,666)
Building inspection	-	157,983	155,330	-	2,653
Emergency management	-	5,251	4,536	-	715
Other	-	609,612	590,305	10,594	8,713
Total public safety	<u>11,500</u>	<u>4,934,525</u>	<u>4,904,940</u>	<u>23,297</u>	<u>17,788</u>
<b>Highways and streets:</b>					
Administration	4,543	250,801	247,368	2,000	5,976
Highways and streets	80,202	2,259,453	2,165,374	110,957	63,324
Other	356,919	612,962	823,655	24,491	121,735
Total highways and streets	<u>441,664</u>	<u>3,123,216</u>	<u>3,236,397</u>	<u>137,448</u>	<u>191,035</u>
<b>Sanitation:</b>					
Solid waste disposal	-	825,615	838,550	8,420	(21,355)
<b>Health:</b>					
Administration	-	6,042	6,420	-	(378)
Pest control	-	24,913	22,663	-	2,250
Health agencies and hospitals	-	121,368	121,368	-	-
Total health	<u>-</u>	<u>152,323</u>	<u>150,451</u>	<u>-</u>	<u>1,872</u>
<b>Welfare:</b>					
Administration & direct assistance	-	82,221	53,490	-	28,731
<b>Culture and recreation:</b>					
Parks and recreation	2,800	992,801	910,158	12,723	72,720
Public library	-	598,324	486,877	-	111,447
Patriotic purposes	-	17,550	17,550	-	-
Other	7,214	57,713	76,990	-	(12,063)
Total culture and recreation	<u>10,014</u>	<u>1,666,388</u>	<u>1,491,575</u>	<u>12,723</u>	<u>172,104</u>
<b>Conservation:</b>					
Conservation	-	11,480	10,471	-	1,009
Other	-	50,000	41,500	-	8,500
Total conservation	<u>-</u>	<u>61,480</u>	<u>51,971</u>	<u>-</u>	<u>9,509</u>
Economic development	-	13,375	10,614	-	2,761

(continued)

**EXHIBIT 20 (continued)**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**General Fund**

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

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	637,881	664,333	-	(26,452)
Interest on long-term debt	-	230,510	225,147	-	5,363
Interest on tax anticipation note	-	2,500	-	-	2,500
Total debt service	<u>-</u>	<u>870,891</u>	<u>889,480</u>	<u>-</u>	<u>(18,589)</u>
Capital outlay:					
Machinery, vehicles and equipment	-	88,702	95,205	-	(6,503)
Buildings	5,240	-	5,500	-	(260)
Improvements other than buildings	<u>99,953</u>	<u>188,000</u>	<u>78,416</u>	<u>189,551</u>	<u>19,986</u>
Total capital outlay	<u>105,193</u>	<u>276,702</u>	<u>179,121</u>	<u>189,551</u>	<u>13,223</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	669,750	669,750	-	-
Capital projects fund	-	248,000	248,000	-	-
Proprietary funds	<u>-</u>	<u>737,236</u>	<u>721,818</u>	<u>-</u>	<u>15,418</u>
Total other financing uses	<u>-</u>	<u>1,654,986</u>	<u>1,639,568</u>	<u>-</u>	<u>15,418</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 590,501</u>	<u>\$ 16,074,102</u>	<u>\$ 15,672,739</u>	<u>\$ 390,457</u>	<u>\$ 601,407</u>

**EXHIBIT 21**  
**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2019**

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Unassigned fund balance, beginning		\$ 2,704,271
Changes:		
Budget summary:		
Revenue surplus (Exhibit 19)	\$ 667,326	
Unexpended balance of appropriations (Exhibit 20)	<u>601,407</u>	
Budget surplus		1,268,733
Decrease in nonspendable fund balance		<u>34,266</u>
Unassigned fund balance, ending		<u><u>\$ 4,007,270</u></u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Town Manager and 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, 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, 2019, 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.

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

### ***Audit Delay Due to Lack of Timely Reconciliations***

There were significant delays in completing the audit due to a lack of timely reconciliation of general ledger accounts. Cash (from the Treasurer's reconciliation to the general ledger), Capital Assets, Accounts Payable and Payroll Liabilities were not reconciled and ready for audit when we first started the audit of the Town's records in June of 2020. The Town was able to rectify the situation and provided reconciliations and documentation by September, allowing us to continue and ultimately complete the audit process. However, without timely reconciliations being performed, the Town may not have had accurate financial statements to use for operational and managerial purposes during the year. It was apparent that the cause was due to multiple changes in the Finance Director position as well as finance office staffing during the period. The Town addressed this deficiency by hiring an outside consultant to assist in reconciling accounts in order to provide adequate records for this audit, and has taken steps to hire an experienced Finance Director.

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.

November 23, 2020

*Roberts & Greene, PLLC*