

# TOWN OF WOLFEBORO, NEW HAMPSHIRE

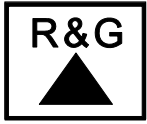
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

**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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2020, 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.

**Emphasis of Matter**

*Change in Accounting Principle*

As discussed in Note I.B.5. to the financial statements, in the year ended December 31, 2020, the Town adopted new accounting guidance regarding the accounting and reporting for Fiduciary Activities. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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 & Heene, PLLC*

Concord, New Hampshire  
July 19, 2021

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2020

Presented herewith please find the Management Discussion & Analysis Report for the Town of Wolfeboro for the year ended December 31, 2020. 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 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 like most private-sector companies.

The statement of net position presents information on all 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 the current year's revenue and expenses are considered 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 most of their revenue from user fees.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2020

**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 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, 2020

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, 2020, and 2019 are as follows:

|                                  | <u>2020</u>          | <u>2019</u>          |
|----------------------------------|----------------------|----------------------|
| Current and other assets:        |                      |                      |
| Capital assets, net              | \$ 45,158,553        | \$ 44,002,868        |
| Other assets                     | <u>19,425,464</u>    | <u>18,793,924</u>    |
| Total assets                     | <u>64,584,017</u>    | <u>62,796,792</u>    |
| <br>                             |                      |                      |
| Deferred Outflows of Resources   | <u>3,977,477</u>     | <u>1,681,328</u>     |
| <br>                             |                      |                      |
| Long-term liabilities            | 25,060,018           | 18,343,806           |
| Other liabilities                | <u>8,851,345</u>     | <u>13,439,120</u>    |
| Total liabilities                | <u>33,911,363</u>    | <u>31,782,926</u>    |
| <br>                             |                      |                      |
| Deferred Inflows of Resources    | <u>1,065,250</u>     | <u>714,415</u>       |
| <br>                             |                      |                      |
| Net position:                    |                      |                      |
| Net investment in capital assets | 35,632,501           | 37,964,074           |
| Restricted                       | 2,341,646            | 1,543,009            |
| Unrestricted                     | <u>(4,389,266)</u>   | <u>(7,526,304)</u>   |
| Total net position               | <u>\$ 33,584,881</u> | <u>\$ 31,980,779</u> |

The Town's net position totaled \$33,584,881 at the end of year 2020, an increase of \$1,604,102 when compared to the end of the previous year. This total includes a decrease in the Town's net investment in capital assets of \$2,331,573, an increase in restricted net position of \$798,637, as well as an increase in unrestricted net position of \$3,137,038.

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 regarding 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, 2020

According to Exhibit 2 – Statement of Activities in the Financial Statements, changes in net position for governmental activities for the years ended December 31, 2020, and 2019 are as follows:

|                                      | <u>2020</u>          | <u>2019</u>          |
|--------------------------------------|----------------------|----------------------|
| Program revenues:                    |                      |                      |
| Charges for services                 | \$ 428,456           | \$ 678,584           |
| Operating grants and contributions   | 336,923              | 232,921              |
| Capital grants and contributions     | <u>804,775</u>       | <u>885,622</u>       |
| Total program revenues               | <u>1,570,154</u>     | <u>1,797,127</u>     |
| General revenues:                    |                      |                      |
| Property and other taxes             | 12,447,553           | 12,035,880           |
| Licenses and permits                 | 1,998,964            | 1,851,552            |
| Grants and Contributions             | 405,411              | 396,556              |
| Miscellaneous                        | 2,007,804            | 2,523,929            |
| Transfers                            | <u>(696,010)</u>     | <u>(672,163)</u>     |
| Total general revenues and transfers | <u>16,163,722</u>    | <u>16,135,754</u>    |
| Total revenues                       | <u>17,733,876</u>    | <u>17,932,881</u>    |
| Program expenses:                    |                      |                      |
| General government                   | 3,068,231            | 2,535,280            |
| Public safety                        | 6,166,749            | 5,553,133            |
| Highways and streets                 | 3,541,822            | 3,310,279            |
| Sanitation                           | 984,811              | 881,049              |
| Health and welfare                   | 183,153              | 206,353              |
| Culture and recreation               | 1,589,408            | 1,873,909            |
| Conservation                         | 35,947               | 215,744              |
| Economic development                 | 10,311               | 10,614               |
| Interest and fiscal charges          | 389,682              | 198,815              |
| Capital Outlay                       | <u>159,660</u>       | <u>259,454</u>       |
| Total expenses                       | <u>16,129,774</u>    | <u>15,044,630</u>    |
| Change in position                   | 1,604,102            | 2,888,251            |
| Net Position - beginning of year     | <u>31,980,779</u>    | <u>29,092,528</u>    |
| Net Position - ending of year        | <u>\$ 33,584,881</u> | <u>\$ 31,980,779</u> |

During the year ended December 31, 2020, program revenues covered only 10% of program expenses, while the remaining 90% was funded by general revenues (e.g., taxes, grants and contributions).

The Town's governmental activities expenses covered a range of services. The largest expenses were for general government (19%), public safety (38%), highways and streets (22%) culture and recreation (10%), and which accounted for 89% of total expenses.



**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2020

**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, 2020, and 2019 are as follows:

|                                  | <u>2020</u>          | <u>2019</u>          |
|----------------------------------|----------------------|----------------------|
| Current and other assets:        |                      |                      |
| Capital assets, net              | \$ 32,333,603        | \$ 32,067,328        |
| Other assets                     | <u>14,994,638</u>    | <u>12,357,544</u>    |
| Total assets                     | <u>47,328,241</u>    | <u>44,424,872</u>    |
| <br>                             |                      |                      |
| Deferred Outflows of Resources   | <u>664,726</u>       | <u>297,397</u>       |
| <br>                             |                      |                      |
| Long-term liabilities            | 14,943,631           | 12,457,817           |
| Other liabilities                | <u>854,046</u>       | <u>652,341</u>       |
| Total liabilities                | <u>15,797,677</u>    | <u>13,110,158</u>    |
| <br>                             |                      |                      |
| Deferred Inflows of Resources    | <u>246,423</u>       | <u>171,166</u>       |
| <br>                             |                      |                      |
| Net position:                    |                      |                      |
| Net investment in capital assets | 20,380,618           | 21,748,054           |
| Unrestricted                     | <u>11,568,249</u>    | <u>9,692,891</u>     |
| Total net position               | <u>\$ 31,948,867</u> | <u>\$ 31,440,945</u> |

The Town's business-type activities net position totaled \$31,948,867 at the end of year 2020, an increase of \$507,922 when compared to the end of the previous fiscal year, as restated. This increase includes a decrease in the Town's net investment in capital assets of \$1,367,436 in addition to an increase in unrestricted net position of \$1,875,358.

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, 2020

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, 2020, and 2019 are as follows:

|                                      | <u>2020</u>          | <u>2019</u>          |
|--------------------------------------|----------------------|----------------------|
| Program revenues:                    |                      |                      |
| Charges for services                 | \$ 13,048,388        | \$ 13,372,741        |
| Operating grants and contributions   | <u>64,290</u>        | <u>79,030</u>        |
| Total program revenues               | <u>13,112,678</u>    | <u>13,451,771</u>    |
| General revenues:                    |                      |                      |
| Miscellaneous                        | -                    | -                    |
| Transfers                            | <u>696,010</u>       | <u>672,163</u>       |
| Total general revenues and transfers | <u>696,010</u>       | <u>672,163</u>       |
| Total revenues                       | <u>13,808,688</u>    | <u>14,123,934</u>    |
| Program expenses:                    |                      |                      |
| Electric                             | 9,958,160            | 9,840,302            |
| Water                                | 1,554,288            | 1,682,187            |
| Sewer                                | 1,563,754            | 1,551,843            |
| Pop Whalen                           | <u>224,564</u>       | <u>279,932</u>       |
| Total expenses                       | <u>13,300,766</u>    | <u>13,354,264</u>    |
| Change in position                   | 507,922              | 769,670              |
| Net Position - beginning of year     | <u>31,440,945</u>    | <u>30,710,180</u>    |
| Restatement                          | -                    | <u>(38,905)</u>      |
| Net Position - ending of year        | <u>\$ 31,948,867</u> | <u>\$ 31,440,945</u> |

The primary funding source for business-type activities is charges for services, which comprises 94% of all funding sources. Program revenues provided funding for 99% of total program expenses. Net position increased a total of \$507,922 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. 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, 2020

**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 \$4,717,611, while total fund equity was \$5,312,224. The total fund equity also includes a non-spendable fund balance of \$108,765, no restricted fund balance, a committed fund balance of \$321,365, and an assigned fund balance of \$164,483. The General Fund total fund balance increased \$710,341 from December 31, 2019.

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 2020 \$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 \$1,286,024 at year end, a reduction of \$59,208 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 \$118,589 in committed fund balance; Police Detail Fund \$1,964 in committed fund balance; Recreation Revolving Account has an unassigned fund balance deficit of \$17,231; 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 \$101. The Permanent Fund totals \$1,200,993 of which \$830,117 is non-spendable fund balance with the remaining \$349,057 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 \$507,922 from December 31, 2019, to December 31, 2020, to a total of \$31,948,867. The Income (Loss) before capital contributions and transfers was as follows: Electric Department \$99,421; Water Department \$453,151; Sewer Department (\$394,454) and Pop Whalen Ice Arena (\$23,056). 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 (\$51,218); Water Department \$355,618; Sewer Department \$230,886 and Pop Whalen Fund (\$27,364).

Rates for the Municipal Electric Fund and the Pop Whalen Fund remained the same. Water and Sewer Funds were increased in June 2020.

**General Fund Budgetary Highlights**

According to Exhibit 19 actual revenues for the year exceeded those anticipated by \$824,885. Revenues exceeded estimations in most categories, except for Land Use Change Tax (\$1,800); Payments In Lieu of Taxes (\$33); Highway Block Grant (\$20); Water Pollution Grant (\$134,610); Net totals are as follows: Taxes \$89,914; Licenses and permits \$178,864; Intergovernmental Revenues \$127,357; Charges for services \$8,931; Miscellaneous

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2020

Revenue \$418,347 and Transfers In from Non-major Funds \$1,472.

Expenditures for the year remained within appropriated amounts overall which resulted in an unexpended balance of appropriations in the amount of \$70,351 (see Exhibit 20).

The revenue surplus, the unexpended balance of appropriations and a decrease in nonspendable fund balance (\$15,105) resulted in a budget surplus of \$710,341.

**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, 2020, amounts to \$45,158,553 and \$32,333,603, respectively. Investment in capital assets includes land, infrastructure, buildings and improvements, vehicles and equipment, and other capital improvements.

**Long-Term Obligations**

On January 1, 2020, the Town of Wolfeboro had total outstanding bonded debt and other long-term obligations of \$5,890,857 and \$9,606,387 in the governmental activities and business-type activities, respectively. Principal payments and bond retirements during the year reduced debt of the Town however, new bond items for the Library Construction and Renovation (\$3,710,000); Carry Beach Reconstruction (\$450,000); and Voltage Conversion Phase 5 (\$3,675,000) were issued, leaving a balance at year-end of \$8,999,291 and \$11,424,413, respectively. The combined total outstanding balance at year-end was \$20,423,704. 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, 2020

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 \$1,998,172,625 to \$2,372,868,648 or an increase of \$374,696,023. because of fluctuations in the housing market, as reflected in the Town’s revaluation of property by the Assessing Department and the full revaluation of property which was done in April 2020.

The overall tax rate decreased by \$2.83 at \$ 13.01 compared with the 2019 rate of \$15.84 per thousand.

Total voted appropriation for 2020 was \$31,436,799. The town maintains a Capital Improvement Plan through the CIP Committee, which makes recommendations to the Board of Selectmen via the Planning Board. Several 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, 2020. The average unemployment rate for the year was 6.1% for Wolfeboro, NH; lower than the national average of 8.1%. The yearly Northeast Consumer Price Index increase was 1.3%.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town’s finances for all of Wolfeboro’s citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to 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, 2020**

|  | Governmental<br>Activities | Business-type<br>Activities | Total              |
|--|----------------------------|-----------------------------|--------------------|
| <b>ASSETS</b>  |                            |                             |                    |
| Cash and cash equivalents                              | \$ 159,135                 | \$ 12,072,912               | \$ 12,232,047      |
| Investments  | 7,074,082                  | -                           | 7,074,082          |
| Intergovernmental receivable                           | 1,781,908                  | 1,290,224                   | 3,072,132          |
| Other receivables, net of allowance for uncollectibles | 10,299,452                 | 1,241,942                   | 11,541,394         |
| Inventory  | -                          | 361,251                     | 361,251            |
| Prepaid items  | 70,813                     | 28,309                      | 99,122             |
| Tax deeded property held for resale                    | 40,074                     | -                           | 40,074             |
| Capital assets, not being depreciated:                 |                            |                             |                    |
| Land   | 6,739,466                  | 1,115,005                   | 7,854,471          |
| Construction in progress                               | 743,691                    | 1,428,504                   | 2,172,195          |
| Capital assets, net of accumulated depreciation:       |                            |                             |                    |
| Land improvements                                      | 78,431                     | -                           | 78,431             |
| Buildings and building improvements                    | 10,633,997                 | 3,018,011                   | 13,652,008         |
| Machinery, vehicles and equipment                      | 2,510,168                  | 7,005,971                   | 9,516,139          |
| Infrastructure   | 23,330,017                 | 19,766,112                  | 43,096,129         |
| Improvements other than buildings                      | 1,122,783                  | -                           | 1,122,783          |
| Total assets   | <u>64,584,017</u>          | <u>47,328,241</u>           | <u>111,912,258</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |                            |                             |                    |
| Deferred amounts related to pensions                   | 2,618,800                  | 412,218                     | 3,031,018          |
| Deferred amounts related to OPEB                       | 1,358,677                  | 252,508                     | 1,611,185          |
| Total deferred outflows of resources                   | <u>3,977,477</u>           | <u>664,726</u>              | <u>4,642,203</u>   |
| <b>LIABILITIES</b>                                     |                            |                             |                    |
| Accounts payable                                       | 807,609                    | 493,706                     | 1,301,315          |
| Accrued payroll and benefits                           | 83,124                     | 22,333                      | 105,457            |
| Accrued interest payable                               | 134,938                    | 209,063                     | 344,001            |
| Intergovernmental payable                              | 7,869,833                  | 631                         | 7,870,464          |
| Retainage payable                                      | 5,171                      | 16,788                      | 21,959             |
| Performance and escrow deposits                        | 12,835                     | 49,360                      | 62,195             |
| Internal balances                                      | (62,165)                   | 62,165                      | -                  |
| Noncurrent obligations:                                |                            |                             |                    |
| Due within one year:                                   |                            |                             |                    |
| Bonds and notes payable                                | 778,658                    | 1,326,788                   | 2,105,446          |
| Unamortized bond premium                               | 41,958                     | 97,885                      | 139,843            |
| Capital leases payable                                 | 5,583                      | -                           | 5,583              |
| Compensated absences payable                           | 18,488                     | 5,753                       | 24,241             |
| Accrued landfill postclosure care costs                | 8,000                      | -                           | 8,000              |
| Due in more than one year:                             |                            |                             |                    |
| Bonds and notes payable                                | 8,220,633                  | 10,097,625                  | 18,318,258         |
| Unamortized bond premium                               | 479,220                    | 884,567                     | 1,363,787          |
| Compensated absences payable                           | 473,535                    | 54,864                      | 528,399            |
| Accrued landfill postclosure care costs                | 72,000                     | -                           | 72,000             |
| Net pension liability                                  | 10,706,636                 | 1,685,303                   | 12,391,939         |
| Other postemployment benefits liability                | 4,255,307                  | 790,846                     | 5,046,153          |
| Total liabilities                                      | <u>33,911,363</u>          | <u>15,797,677</u>           | <u>49,709,040</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, 2020**

|                                      | Governmental<br>Activities | Business-type<br>Activities | Total                |
|--------------------------------------|----------------------------|-----------------------------|----------------------|
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                            |                             |                      |
| Unearned revenue                     | 39,196                     | 67,447                      | 106,643              |
| Deferred amounts related to pensions | 411,942                    | 64,843                      | 476,785              |
| Deferred amounts related to OPEB     | 614,112                    | 114,133                     | 728,245              |
| Total deferred inflows of resources  | <u>1,065,250</u>           | <u>246,423</u>              | <u>1,311,673</u>     |
| <b>NET POSITION</b>                  |                            |                             |                      |
| Net investment in capital assets     | 35,632,501                 | 20,380,618                  | 56,013,119           |
| Restricted for:                      |                            |                             |                      |
| Endowments:                          |                            |                             |                      |
| Nonexpendable                        | 830,117                    | -                           | 830,117              |
| Expendable                           | 349,057                    | -                           | 349,057              |
| Other purposes                       | 1,162,472                  | -                           | 1,162,472            |
| Unrestricted                         | (4,389,266)                | 11,568,249                  | 7,178,983            |
| Total net position                   | <u>\$ 33,584,881</u>       | <u>\$ 31,948,867</u>        | <u>\$ 65,533,748</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, 2020**

|  | 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   | \$ 3,068,231         | \$ 5,200             | \$ 55,392                          | \$ -                             | \$ (3,007,639)                                    | \$ -                     | \$ (3,007,639)       |
| Public safety  | 6,166,749            | 54,784               | 281,531                            | -                                | (5,830,434)                                       | -                        | (5,830,434)          |
| Highways and streets   | 3,541,822            | -                    | -                                  | 179,764                          | (3,362,058)                                       | -                        | (3,362,058)          |
| Sanitation   | 984,811              | 276,962              | -                                  | -                                | (707,849)   | -                        | (707,849)            |
| Health   | 139,103              | -                    | -                                  | -                                | (139,103)   | -                        | (139,103)            |
| Welfare  | 44,050               | -                    | -                                  | -                                | (44,050)  | -                        | (44,050)             |
| Culture and recreation                                       | 1,589,408            | 90,495               | -                                  | -                                | (1,498,913)                                       | -                        | (1,498,913)          |
| Conservation   | 35,947               | 1,015                | -                                  | -                                | (34,932)  | -                        | (34,932)             |
| Economic development   | 10,311               | -                    | -                                  | -                                | (10,311)  | -                        | (10,311)             |
| Interest on long-term debt                                   | 389,682              | -                    | -                                  | -                                | (389,682)   | -                        | (389,682)            |
| Capital outlay   | 159,660              | -                    | -                                  | 625,011                          | 465,351   | -                        | 465,351              |
| Total governmental activities                                | <u>16,129,774</u>    | <u>428,456</u>       | <u>336,923</u>                     | <u>804,775</u>                   | <u>(14,559,620)</u>                               | <u>-</u>                 | <u>(14,559,620)</u>  |
| <b>Business-type activities:</b>                             |                      |                      |                                    |                                  |   |                          |                      |
| Water department   | 1,554,288            | 1,892,921            | 16,985                             | -                                | -   | 355,618                  | 355,618              |
| Electric department  | 9,958,160            | 9,906,942            | -                                  | -                                | -   | (51,218)                 | (51,218)             |
| Sewer department   | 1,563,754            | 1,051,325            | 47,305                             | -                                | -   | (465,124)                | (465,124)            |
| Pop Whalen ice arena   | 224,564              | 197,200              | -                                  | -                                | -   | (27,364)                 | (27,364)             |
| Total business-type activities                               | <u>13,300,766</u>    | <u>13,048,388</u>    | <u>64,290</u>                      | <u>-</u>                         | <u>-</u>  | <u>(188,088)</u>         | <u>(188,088)</u>     |
| Total primary government                                     | <u>\$ 29,430,540</u> | <u>\$ 13,476,844</u> | <u>\$ 401,213</u>                  | <u>\$ 804,775</u>                | <u>(14,559,620)</u>                               | <u>(188,088)</u>         | <u>(14,747,708)</u>  |
| <b>General revenues:</b>                                     |                      |                      |                                    |                                  |   |                          |                      |
| Property taxes   |                      |                      |                                    |                                  | 12,265,372  | -                        | 12,265,372           |
| Other taxes  |                      |                      |                                    |                                  | 182,181   | -                        | 182,181              |
| Licenses and permits   |                      |                      |                                    |                                  | 1,998,964   | -                        | 1,998,964            |
| Grants and contributions not restricted to specific programs |                      |                      |                                    |                                  | 405,411   | -                        | 405,411              |
| Miscellaneous  |                      |                      |                                    |                                  | 2,007,804   | -                        | 2,007,804            |
| Transfers  |                      |                      |                                    |                                  | (696,010)   | 696,010                  | -                    |
| Total general revenues and transfers                         |                      |                      |                                    |                                  | <u>16,163,722</u>                                 | <u>696,010</u>           | <u>16,859,732</u>    |
| Change in net position                                       |                      |                      |                                    |                                  | 1,604,102   | 507,922                  | 2,112,024            |
| Net position, beginning                                      |                      |                      |                                    |                                  | 31,980,779  | 31,440,945               | 63,421,724           |
| Net position, ending   |                      |                      |                                    |                                  | <u>\$ 33,584,881</u>                              | <u>\$ 31,948,867</u>     | <u>\$ 65,533,748</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, 2020**

|  | General              | Capital<br>Projects | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                      |                     |                                |                                |
| Cash and cash equivalents  | \$ 22,468            | \$ -                | \$ 136,667                     | \$ 159,135                     |
| Investments  | 5,890,532            | -                   | 1,183,550                      | 7,074,082                      |
| Receivables, net of allowance<br>for uncollectibles:                     |                      |                     |                                |                                |
| Taxes  | 10,298,108           | -                   | -                              | 10,298,108                     |
| Accounts   | 131                  | -                   | 1,213                          | 1,344                          |
| Intergovernmental  | 11,043               | 1,770,865           | -                              | 1,781,908                      |
| Interfund receivable   | 1,318,008            | 18,294              | 1,623                          | 1,337,925                      |
| Prepaid items  | 68,691               | -                   | 2,122                          | 70,813                         |
| Tax deeded property held for resale                                      | 40,074               | -                   | -                              | 40,074                         |
| Total assets   | <u>\$ 17,649,055</u> | <u>\$ 1,789,159</u> | <u>\$ 1,325,175</u>            | <u>\$ 20,763,389</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b> |                      |                     |                                |                                |
| Liabilities:   |                      |                     |                                |                                |
| Accounts payable   | \$ 807,609           | \$ -                | \$ -                           | \$ 807,609                     |
| Accrued salaries and benefits  | 83,124               | -                   | -                              | 83,124                         |
| Intergovernmental payable  | 7,869,833            | -                   | -                              | 7,869,833                      |
| Retainage payable  | -                    | 5,171               | -                              | 5,171                          |
| Interfund payable  | 19,917               | 1,216,692           | 39,151                         | 1,275,760                      |
| Escrow and performance deposits  | 12,835               | -                   | -                              | 12,835                         |
| Total liabilities  | <u>8,793,318</u>     | <u>1,221,863</u>    | <u>39,151</u>                  | <u>10,054,332</u>              |
| Deferred inflows of resources:   |                      |                     |                                |                                |
| Deferred revenue   | <u>1,025,473</u>     | <u>-</u>            | <u>-</u>                       | <u>1,025,473</u>               |
| Fund balances:   |                      |                     |                                |                                |
| Nonspendable   | 108,765              | -                   | 830,117                        | 938,882                        |
| Restricted   | 595,176              | 567,296             | 354,057                        | 1,516,529                      |
| Committed  | 2,987,670            | -                   | 120,553                        | 3,108,223                      |
| Assigned   | 164,483              | -                   | -                              | 164,483                        |
| Unassigned   | 3,974,170            | -                   | (18,703)                       | 3,955,467                      |
| Total fund balances  | <u>7,830,264</u>     | <u>567,296</u>      | <u>1,286,024</u>               | <u>9,683,584</u>               |
| Total liabilities, deferred inflows<br>of resources, and fund balances   | <u>\$ 17,649,055</u> | <u>\$ 1,789,159</u> | <u>\$ 1,325,175</u>            | <u>\$ 20,763,389</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, 2020**

|  |    |                          |
|--|----|--------------------------|
| Total fund balances of governmental funds (Exhibit 3)  | \$ | 9,683,584                |
| 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   | \$ | 66,930,446               |
| Less accumulated depreciation  |    | <u>(21,771,893)</u>      |
|  |    | 45,158,553               |
| Interfund receivables and payables between governmental funds are eliminated on the statement of net position.             |    |                          |
| Receivables  | \$ | (1,275,760)              |
| Payables   |    | <u>1,275,760</u>         |
|  |    | -                        |
| Revenues that are not available to pay for current period expenditures are deferred in the funds.                          |    |                          |
| Unavailable tax revenue  | \$ | 743,441                  |
| Unavailable betterment assessments   |    | <u>242,836</u>           |
|  |    | 986,277                  |
| Interest on long-term debt is not accrued in governmental funds.   |    |                          |
| Accrued interest payable   |    | (134,938)                |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.         |    |                          |
| Bonds and notes outstanding  | \$ | 8,999,291                |
| Unamortized bond premium   |    | 521,178                  |
| Capital leases outstanding   |    | 5,583                    |
| Compensated absences payable   |    | 492,023                  |
| Accrued landfill postclosure care costs  |    | 80,000                   |
| Net pension liability  |    | 10,706,636               |
| Other postemployment benefits liability  |    | <u>4,255,307</u>         |
|  |    | (25,060,018)             |
| Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds. |    |                          |
| Deferred outflows of resources related to pensions   | \$ | 2,618,800                |
| Deferred outflows of resources related to OPEB   |    | 1,358,677                |
| Deferred inflows of resources related to pensions  |    | (411,942)                |
| Deferred inflows of resources related to OPEB  |    | <u>(614,112)</u>         |
|  |    | 2,951,423                |
| Total net position of governmental activities (Exhibit 1)  | \$ | <u><u>33,584,881</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, 2020**

|  | General             | Capital<br>Projects | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>   |                     |                     |                                |                                |
| Taxes  | \$ 12,171,801       | \$ -                | \$ -                           | \$ 12,171,801                  |
| Licenses, permits and fees                                   | 1,998,964           | -                   | -                              | 1,998,964                      |
| Intergovernmental  | 866,706             | 605,820             | 19,191                         | 1,491,717                      |
| Charges for services   | 460,250             | -                   | 33,349                         | 493,599                        |
| Miscellaneous  | 2,047,148           | -                   | 57,031                         | 2,104,179                      |
| Total revenues   | <u>17,544,869</u>   | <u>605,820</u>      | <u>109,571</u>                 | <u>18,260,260</u>              |
| <b>Expenditures:</b>   |                     |                     |                                |                                |
| <b>Current:</b>  |                     |                     |                                |                                |
| General government   | 2,502,191           | -                   | 6,384                          | 2,508,575                      |
| Public safety  | 5,086,382           | -                   | 14,369                         | 5,100,751                      |
| Highways and streets   | 3,257,199           | -                   | 22,500                         | 3,279,699                      |
| Sanitation   | 882,008             | -                   | -                              | 882,008                        |
| Health   | 146,525             | -                   | -                              | 146,525                        |
| Welfare  | 41,805              | -                   | -                              | 41,805                         |
| Culture and recreation                                       | 1,551,689           | -                   | 44,003                         | 1,595,692                      |
| Conservation   | 46,162              | -                   | 7,507                          | 53,669                         |
| Economic development   | 10,311              | -                   | -                              | 10,311                         |
| <b>Debt service:</b>   |                     |                     |                                |                                |
| Principal  | 631,517             | -                   | -                              | 631,517                        |
| Interest   | 362,260             | -                   | -                              | 362,260                        |
| Capital outlay   | 675,399             | 1,223,394           | 17,835                         | 1,916,628                      |
| Total expenditures   | <u>15,193,448</u>   | <u>1,223,394</u>    | <u>112,598</u>                 | <u>16,529,440</u>              |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>2,351,421</u>    | <u>(617,574)</u>    | <u>(3,027)</u>                 | <u>1,730,820</u>               |
| <b>Other financing sources (uses):</b>                       |                     |                     |                                |                                |
| Transfers in   | 16,181              | 188,294             | -                              | 204,475                        |
| Transfers out  | (884,304)           | -                   | (16,181)                       | (900,485)                      |
| Long-term debt issued  | -                   | 4,160,000           | -                              | 4,160,000                      |
| Total other financing sources and uses                       | <u>(868,123)</u>    | <u>4,348,294</u>    | <u>(16,181)</u>                | <u>3,463,990</u>               |
| Net change in fund balances                                  | 1,483,298           | 3,730,720           | (19,208)                       | 5,194,810                      |
| Fund balances, beginning                                     | 6,346,966           | (3,163,424)         | 1,305,232                      | 4,488,774                      |
| Fund balances, ending  | <u>\$ 7,830,264</u> | <u>\$ 567,296</u>   | <u>\$ 1,286,024</u>            | <u>\$ 9,683,584</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, 2020**

|   |                    |                            |
|---|--------------------|----------------------------|
| Net change in fund balances of governmental funds (Exhibit 5)   |                    | \$ 5,194,810               |
| Amounts reported for governmental activities in the statement of activities are different because:  |                    |                            |
| Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period. |                    |                            |
| Capitalized capital outlay  | \$ 2,954,173       |                            |
| Depreciation expense  | <u>(1,798,488)</u> | 1,155,685                  |
| Transfers in and out between governmental funds are eliminated on the operating statement.  |                    |                            |
| Transfers in  | \$ (204,475)       |                            |
| Transfers out   | <u>204,475</u>     | -                          |
| Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.  |                    |                            |
| Change in unavailable tax revenue   | \$ 210,609         |                            |
| Change in unavailable betterment assessments  | <u>(37,914)</u>    | 172,695                    |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.                         |                    |                            |
| Issuance of bonds   | \$ (3,739,950)     |                            |
| Premium on bonds issued   | (420,050)          |                            |
| Repayment of bonds and notes principal  | 631,516            |                            |
| Amortization of bond premium  | 26,602             |                            |
| Repayment of capital lease principal  | <u>14,624</u>      | (3,487,258)                |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.   |                    |                            |
| Increase in accrued interest expense  | \$ (54,023)        |                            |
| Increase in compensated absences payable  | (14,725)           |                            |
| Increase in accrued landfill postclosure care costs   | (30,000)           |                            |
| Change in OPEB related balances   | <u>(405,245)</u>   | (503,993)                  |
| Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.   |                    |                            |
| Town pension contributions  | \$ 834,767         |                            |
| Cost of benefits earned, net of employee contributions  | <u>(1,762,604)</u> | (927,837)                  |
| Change in net position of governmental activities (Exhibit 2)   |                    | <u><u>\$ 1,604,102</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, 2020**

|  | Original and<br>Final<br>Budget | Actual              | Variance<br>Positive<br>(Negative) |
|--|---------------------------------|---------------------|------------------------------------|
| <b>REVENUES</b>                        |                                 |                     |                                    |
| Taxes                                  | \$ 12,292,495                   | \$ 12,382,409       | \$ 89,914                          |
| Licenses, permits and fees             | 1,820,100                       | 1,998,964           | 178,864                            |
| Intergovernmental                      | 739,349                         | 866,706             | 127,357                            |
| Charges for services                   | 451,319                         | 460,250             | 8,931                              |
| Miscellaneous                          | 1,099,000                       | 1,517,347           | 418,347                            |
| Total revenues                         | <u>16,402,263</u>               | <u>17,225,676</u>   | <u>823,413</u>                     |
| <b>EXPENDITURES</b>                    |                                 |                     |                                    |
| Current:                               |                                 |                     |                                    |
| General government                     | 2,686,520                       | 2,568,653           | 117,867                            |
| Public safety                          | 5,167,543                       | 5,174,015           | (6,472)                            |
| Highways and streets                   | 3,167,171                       | 3,292,007           | (124,836)                          |
| Sanitation                             | 893,270                         | 901,688             | (8,418)                            |
| Health                                 | 150,689                         | 146,525             | 4,164                              |
| Welfare                                | 63,200                          | 41,118              | 22,082                             |
| Culture and recreation                 | 1,645,951                       | 1,490,748           | 155,203                            |
| Conservation                           | 66,142                          | 72,146              | (6,004)                            |
| Economic development                   | 13,375                          | 10,311              | 3,064                              |
| Debt service:                          |                                 |                     |                                    |
| Principal                              | 612,881                         | 631,517             | (18,636)                           |
| Interest                               | 247,381                         | 362,260             | (114,879)                          |
| Capital outlay                         | 127,380                         | 80,164              | 47,216                             |
| Total expenditures                     | <u>14,841,503</u>               | <u>14,771,152</u>   | <u>70,351</u>                      |
| Excess of revenues over expenditures   | <u>1,560,760</u>                | <u>2,454,524</u>    | <u>893,764</u>                     |
| Other financing sources (uses):        |                                 |                     |                                    |
| Transfers in                           | 13,000                          | 14,472              | 1,472                              |
| Transfers out                          | (1,773,760)                     | (1,773,760)         | -                                  |
| Total other financing sources and uses | <u>(1,760,760)</u>              | <u>(1,759,288)</u>  | <u>1,472</u>                       |
| Net change in fund balance             | <u>\$ (200,000)</u>             | 695,236             | <u>\$ 895,236</u>                  |
| Decrease in nonspendable fund balance  |                                 | 15,105              |                                    |
| Unassigned fund balance, beginning     |                                 | <u>4,007,270</u>    |                                    |
| Unassigned fund balance, ending        |                                 | <u>\$ 4,717,611</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, 2020**

|  | Business-type Activities - Enterprise Funds |                        |                      |                         | Total                |
|--|---|------------------------|----------------------|-------------------------|----------------------|
|  | Water<br>Department                         | Electric<br>Department | Sewer<br>Department  | Pop Whalen<br>Ice Arena |                      |
| <b>ASSETS</b>                                    |   |                        |                      |                         |                      |
| Current assets:                                  |   |                        |                      |                         |                      |
| Cash and cash equivalents                        | \$ 1,172,095                                | \$ 8,143,029           | \$ 2,757,788         | \$ -                    | \$ 12,072,912        |
| Accounts receivable                              | 239,663                                     | 823,831                | 163,761              | 14,687                  | 1,241,942            |
| Intergovernmental receivable                     | 155,250                                     | -                      | 1,134,974            | -                       | 1,290,224            |
| Interfund receivable                             | 36,368                                      | -                      | -                    | -                       | 36,368               |
| Prepaid items                                    | 7,629                                       | 12,165                 | 6,827                | 1,688                   | 28,309               |
| Inventory  | -   | 361,251                | -                    | -                       | 361,251              |
| Noncurrent assets:                               |   |                        |                      |                         |                      |
| Land   | 12,772                                      | 46,733                 | 1,055,500            | -                       | 1,115,005            |
| Construction in progress                         | 27,463                                      | 1,401,041              | -                    | -                       | 1,428,504            |
| Capital assets, net of accumulated depreciation: |   |                        |                      |                         |                      |
| Buildings and building improvements              | 1,946,274                                   | 147,959                | 475,789              | 447,989                 | 3,018,011            |
| Machinery, vehicles and equipment                | 301,418                                     | 6,065,704              | 237,675              | 401,174                 | 7,005,971            |
| Infrastructure                                   | 9,648,497                                   | 30,103                 | 10,087,512           | -                       | 19,766,112           |
| Total assets                                     | <u>13,547,429</u>                           | <u>17,031,816</u>      | <u>15,919,826</u>    | <u>865,538</u>          | <u>47,364,609</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |   |                        |                      |                         |                      |
| Deferred amounts related to pensions             | 130,334                                     | 248,544                | 33,340               | -                       | 412,218              |
| Deferred amounts related to OPEB                 | 99,088                                      | 151,068                | 2,352                | -                       | 252,508              |
| Total deferred outflows of resources             | <u>229,422</u>                              | <u>399,612</u>         | <u>35,692</u>        | <u>-</u>                | <u>664,726</u>       |
| <b>LIABILITIES</b>                               |   |                        |                      |                         |                      |
| Current liabilities:                             |   |                        |                      |                         |                      |
| Accounts payable                                 | 7,990                                       | 429,387                | 56,329               | -                       | 493,706              |
| Accrued payroll and benefits                     | 5,914                                       | 13,788                 | 1,735                | 896                     | 22,333               |
| Accrued interest payable                         | 56,643                                      | 51,310                 | 99,049               | 2,061                   | 209,063              |
| Intergovernmental payable                        | -   | 631                    | -                    | -                       | 631                  |
| Retainage payable                                | -   | 16,788                 | -                    | -                       | 16,788               |
| Performance and escrow deposits                  | 200   | 49,160                 | -                    | -                       | 49,360               |
| Interfund payable                                | -   | -                      | 36,368               | 62,165                  | 98,533               |
| Noncurrent obligations:                          |   |                        |                      |                         |                      |
| Due within one year:                             |   |                        |                      |                         |                      |
| Bonds and notes payable                          | 444,717                                     | 430,000                | 436,361              | 15,710                  | 1,326,788            |
| Unamortized bond premium                         | 39,789                                      | 23,880                 | 32,448               | 1,768                   | 97,885               |
| Compensated absences payable                     | 5,753                                       | -                      | -                    | -                       | 5,753                |
| Due in more than one year:                       |   |                        |                      |                         |                      |
| Bonds and notes payable                          | 2,709,298                                   | 3,725,000              | 3,534,777            | 128,550                 | 10,097,625           |
| Unamortized bond premium                         | 186,943                                     | 335,940                | 359,916              | 1,768                   | 884,567              |
| Compensated absences payable                     | 14,868                                      | 39,246                 | 750                  | -                       | 54,864               |
| Net pension liability                            | 532,853                                     | 1,016,139              | 136,311              | -                       | 1,685,303            |
| Other postemployment benefits liability          | 310,343                                     | 473,136                | 7,367                | -                       | 790,846              |
| Total liabilities                                | <u>4,315,311</u>                            | <u>6,604,405</u>       | <u>4,701,411</u>     | <u>212,918</u>          | <u>15,834,045</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |   |                        |                      |                         |                      |
| Unearned revenue                                 | 12,011                                      | 51,749                 | 3,687                | -                       | 67,447               |
| Deferred amounts related to pensions             | 20,502                                      | 39,096                 | 5,245                | -                       | 64,843               |
| Deferred amounts related to OPEB                 | 44,788                                      | 68,282                 | 1,063                | -                       | 114,133              |
| Total deferred inflows of resources              | <u>77,301</u>                               | <u>159,127</u>         | <u>9,995</u>         | <u>-</u>                | <u>246,423</u>       |
| <b>NET POSITION</b>                              |   |                        |                      |                         |                      |
| Net investment in capital assets                 | 8,555,677                                   | 3,630,600              | 7,492,975            | 701,366                 | 20,380,618           |
| Unrestricted                                     | 828,562                                     | 7,037,296              | 3,751,137            | (48,746)                | 11,568,249           |
| Total net position                               | <u>\$ 9,384,239</u>                         | <u>\$ 10,667,896</u>   | <u>\$ 11,244,112</u> | <u>\$ 652,620</u>       | <u>\$ 31,948,867</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, 2020**

|                                      | Business-type Activities - Enterprise Funds |                        |                     |                         | Total         |
|--------------------------------------|---|------------------------|---------------------|-------------------------|---------------|
|                                      | Water<br>Department                         | Electric<br>Department | Sewer<br>Department | Pop Whalen<br>Ice Arena |               |
| Operating revenues:                  |   |                        |                     |                         |               |
| Charges for services                 | \$ 1,892,921                                | \$ 9,906,942           | \$ 1,051,325        | \$ 197,200              | \$ 13,048,388 |
| Operating expenses:                  |   |                        |                     |                         |               |
| Cost of operations                   | 952,317                                     | 2,538,100              | 987,801             | 162,866                 | 4,641,084     |
| Cost of power                        | -   | 6,860,461              | -                   | -                       | 6,860,461     |
| Depreciation expense                 | 487,453                                     | 408,960                | 457,978             | 57,390                  | 1,411,781     |
| Total operating expenses             | 1,439,770                                   | 9,807,521              | 1,445,779           | 220,256                 | 12,913,326    |
| Operating income (loss)              | 453,151                                     | 99,421                 | (394,454)           | (23,056)                | 135,062       |
| Nonoperating revenue (expense):      |   |                        |                     |                         |               |
| Intergovernmental                    | 16,985                                      | -                      | 47,305              | -                       | 64,290        |
| Interest expense                     | (114,518)                                   | (150,639)              | (117,975)           | (4,308)                 | (387,440)     |
| Transfer from other funds            | -   | -                      | 696,010             | -                       | 696,010       |
| Total nonoperating revenue (expense) | (97,533)                                    | (150,639)              | 625,340             | (4,308)                 | 372,860       |
| Net change in fund balances          | 355,618                                     | (51,218)               | 230,886             | (27,364)                | 507,922       |
| Net position, beginning              | 9,028,621                                   | 10,719,114             | 11,013,226          | 679,984                 | 31,440,945    |
| Net position, ending                 | \$ 9,384,239                                | \$ 10,667,896          | \$ 11,244,112       | \$ 652,620              | \$ 31,948,867 |

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, 2020**

|  | Business -type Activities - Enterprise Funds |                        |                     |                         | Total                |
|--|--|------------------------|---------------------|-------------------------|----------------------|
|  | Water<br>Department                          | Electric<br>Department | Sewer<br>Department | Pop Whalen<br>Ice Arena |                      |
| Cash flows from operating activities:  |  |                        |                     |                         |                      |
| Receipts from customers and users  | \$ 1,938,474                                 | \$ 9,954,332           | \$ 1,047,904        | \$ 241,732              | \$ 13,182,442        |
| Payments to suppliers and employees  | (922,980)                                    | (9,139,870)            | (966,326)           | (163,044)               | (11,192,220)         |
| Net cash provided by operating activities  | <u>1,015,494</u>                             | <u>814,462</u>         | <u>81,578</u>       | <u>78,688</u>           | <u>1,990,222</u>     |
| Cash flows from non-capital financing activities:  |  |                        |                     |                         |                      |
| Transfer to other funds  | (35,133)                                     | -                      | -                   | -                       | (35,133)             |
| Transfers from other funds   | -  | -                      | 731,143             | -                       | 731,143              |
| Net cash provided (used) in non-capital financing activities                                   | <u>(35,133)</u>                              | <u>-</u>               | <u>731,143</u>      | <u>-</u>                | <u>696,010</u>       |
| Cash flows from capital and related financing activities:                                      |  |                        |                     |                         |                      |
| Purchase of capital assets   | (194,541)                                    | (1,242,291)            | (231,225)           | (9,999)                 | (1,678,056)          |
| Proceeds from bond   | -  | 3,675,000              | -                   | -                       | 3,675,000            |
| Proceeds from state grants   | 52,118                                       | -                      | 134,610             | -                       | 186,728              |
| Principal paid on bonds and notes  | (518,475)                                    | (380,000)              | (537,789)           | (60,710)                | (1,496,974)          |
| Interest paid on bonds and notes   | (166,665)                                    | (112,021)              | (167,955)           | (7,979)                 | (454,620)            |
| Net cash provided (used) in capital and related financing activities                           | <u>(827,563)</u>                             | <u>1,940,688</u>       | <u>(802,359)</u>    | <u>(78,688)</u>         | <u>232,078</u>       |
| Increase in cash   | 152,798                                      | 2,755,150              | 10,362              | -                       | 2,918,310            |
| Cash and cash equivalents, beginning   | 1,019,297                                    | 5,387,879              | 2,747,426           | -                       | 9,154,602            |
| Cash and cash equivalents, ending  | <u>\$ 1,172,095</u>                          | <u>\$ 8,143,029</u>    | <u>\$ 2,757,788</u> | <u>\$ -</u>             | <u>\$ 12,072,912</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities:        |  |                        |                     |                         |                      |
| Operating income (loss)  | \$ 453,151                                   | \$ 99,421              | \$ (394,454)        | \$ (23,056)             | \$ 135,062           |
| Adjustments to reconcile operating (income) loss to net cash provided by operating activities: |  |                        |                     |                         |                      |
| Depreciation expense   | 487,453                                      | 408,960                | 457,978             | 57,390                  | 1,411,781            |
| (Increase) decrease in accounts receivable   | 45,619                                       | 50,999                 | (3,260)             | 44,532                  | 137,890              |
| Decrease in inventory  | -  | 26,651                 | -                   | -                       | 26,651               |
| Increase in prepaid items  | (1,599)                                      | (1,554)                | (2,124)             | (486)                   | (5,763)              |
| Increase in accounts payable   | 10,387                                       | 112,791                | 45,769              | -                       | 168,947              |
| Increase (decrease) in payroll related liabilities   | 20,549                                       | 120,803                | (22,170)            | 308                     | 119,490              |
| Decrease in customer deposits  | -  | (257)                  | -                   | -                       | (257)                |
| Decrease in deferred revenue   | (66)   | (3,352)                | (161)               | -                       | (3,579)              |
| Total adjustments  | <u>562,343</u>                               | <u>715,041</u>         | <u>476,032</u>      | <u>101,744</u>          | <u>1,855,160</u>     |
| Net cash provided by operating activities  | <u>\$ 1,015,494</u>                          | <u>\$ 814,462</u>      | <u>\$ 81,578</u>    | <u>\$ 78,688</u>        | <u>\$ 1,990,222</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, 2020**

|                                     | Private<br>Purpose<br>Trust | Custodial           |
|-------------------------------------|-----------------------------|---------------------|
| Assets:                             |                             |                     |
| Cash and cash equivalents           | \$ 5,852                    | \$ 143,442          |
| Investments                         | 452,017                     | 1,706,313           |
| Total assets                        | <u>457,869</u>              | <u>1,849,755</u>    |
| Liabilities                         | <u>-</u>                    | <u>-</u>            |
| Net position:                       |                             |                     |
| Held in trust for specific purposes | 457,869                     | -                   |
| Held for other governments          | -                           | 1,723,209           |
| Held for developers                 | -                           | 126,546             |
| Total net position                  | <u>\$ 457,869</u>           | <u>\$ 1,849,755</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, 2020**

|   | Private<br>Purpose<br>Trust | Custodial           |
|---|-----------------------------|---------------------|
| <b>Additions:</b>                       |                             |                     |
| Deposits from school district           | \$ -                        | \$ 152,048          |
| Deposits from developers                | -                           | 41,055              |
| Contributions and donations             | 850                         | -                   |
| Investment earnings:                    |                             |                     |
| Interest and dividends                  | 12,494                      | 96,104              |
| Net change in fair value of investments | 10,364                      | -                   |
| Total additions                         | <u>23,708</u>               | <u>289,207</u>      |
| <b>Deductions:</b>                      |                             |                     |
| Disbursements to school district        | -                           | 65,107              |
| Payments to developers                  | -                           | 92,094              |
| Trust distributions                     | 4,312                       | -                   |
| Total deductions                        | <u>4,312</u>                | <u>157,201</u>      |
| Change in net position                  | 19,396                      | 132,006             |
| Net position, beginning                 | 438,473                     | 1,717,749           |
| Net position, ending                    | <u>\$ 457,869</u>           | <u>\$ 1,849,755</u> |

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

**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, 2020.

**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, 2020**

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 funds 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.

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, 2020**

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 provision of electricity.

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

*Pop Whalen Ice Arena Fund* – Reports as a nonmajor fund and accounts for all revenues and expenses related to the Town’s ice arena.

*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.

*Custodial Funds* – Account for amounts held by the Town on behalf of other individuals or governments. These assets are therefore not available to support the Town’s own programs. The

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

Town's custodial funds are used to account for performance bonds held in escrow, and amounts belonging to the Governor Wentworth Regional School District.

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

During the year, the Town adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. This results in a change in the measurement and presentation of the former agency fund, which is now reported as a custodial fund, and additions and deductions are now reported on the Statement of Changes in Fiduciary Net Position. The prior year's equity was restated as shown in Note III.D. to reflect this change.

**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.



**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

**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 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**

Some 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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**

**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.
- Restricted for other purposes, which consists of the balance of the library fund's resources, whose use is restricted by law, the balance of unspent bond proceeds, 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 Brown 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 nonmajor (Recreation Revolving, CDBG, and miscellaneous grants) funds.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

**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 2020, none of the fund balance from 2019 was so used, but \$200,000 was appropriated from fund balance.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as 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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

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

|  |                      |
|--|----------------------|
| Revenues and other financing sources:                        |                      |
| Per Exhibit 7 (budgetary basis)                              | \$ 17,240,148        |
| Adjustments:   |                      |
| Basis difference:  |                      |
| Tax revenue deferred in the prior year                       | 532,832              |
| Tax revenue deferred in the current year                     | (743,441)            |
| Perspective difference:                                      |                      |
| Revenue from library fund                                    | 310,518              |
| Revenue from Josiah Brown fund                               | 31,401               |
| Revenue from expendable trust fund                           | 187,883              |
| Transfer from permanent fund to library fund                 | 1,709                |
| Per Exhibit 5 (GAAP basis)                                   | <u>\$ 17,561,050</u> |
| <br>   |                      |
| Expenditures and other financing uses:                       |                      |
| Per Exhibit 7 (budgetary basis)                              | \$ 16,544,912        |
| Adjustments:   |                      |
| Basis difference:  |                      |
| Encumbrances, beginning                                      | 390,457              |
| Encumbrances, ending   | (485,848)            |
| Perspective difference:                                      |                      |
| Expenditures from Josiah Brown fund                          | 29,500               |
| Expenditures from library fund                               | 55,316               |
| Expenditures from expendable trust fund                      | 432,871              |
| Transfer to capital projects fund from expendable trust fund | 18,294               |
| Transfers to expendable trust fund                           | (907,750)            |
| Per Exhibit 5 (GAAP basis)                                   | <u>\$ 16,077,752</u> |
| <br>   |                      |
| Unassigned fund balance:                                     |                      |
| Per Exhibit 7 (budgetary basis)                              | \$ 4,717,611         |
| Adjustment:  |                      |
| Basis difference:  |                      |
| Deferred tax revenue, GAAP basis                             | (743,441)            |
| Per Exhibit 3 (GAAP basis)                                   | <u>\$ 3,974,170</u>  |

**II.C. Deficit Fund Balances**

The Recreation Revolving Fund reports an unassigned fund deficit at year-end of \$17,231 that can be attributed to expenditures made for supplies for programs that did not occur due to the COVID-19 pandemic and therefore the resulting revenue was not realized.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

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

**III.A. Assets**

**III.A.1. Investments**

As of December 31, 2020, the Town’s reporting entity had the following investments:

|                         |                     |
|-------------------------|---------------------|
| Certificates of Deposit | \$ 3,554,308        |
| Mutual Funds            | 4,514,219           |
| Exchange Traded Funds   | 1,163,885           |
|                         | <u>\$ 9,232,412</u> |

The investments appear in the financial statements as follow:

|  |                     |
|--|---------------------|
| Fund reporting level:  |                     |
| Governmental funds - balance sheet (Exhibit 3)                     | \$ 7,074,082        |
| Fiduciary funds - statement of fiduciary net position (Exhibit 11) | 2,158,330           |
| Total  | <u>\$ 9,232,412</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, 2020, the Town had \$1,212,227 invested in the Vanguard Short-Term Investment-Grade Fund, \$1,059,424 invested in the Fidelity Short-Term Treasury Bond Index Fund, \$698,297 invested in the Baird Aggregate Bond Fund, and \$569,728 invested in the Fidelity 500 Index Fund representing 13.13%, 11.48%, 7.56% and 6.17% 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 \$9,232.412 of investments, all are held in the Town’s name and therefore have no exposure to custodial credit risk.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

**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 all taxes not received by the due date. The first billing is an estimate only based on half of the previous year’s billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes levied prior to 2019, and 14% per annum for the redemption of taxes levied thereafter. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2019 property taxes on May 15<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, and Carroll County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2020, upon which the 2020 property tax levy was based was:

|                                     |                  |
|-------------------------------------|------------------|
| For the New Hampshire education tax | \$ 2,372,649,048 |
| For all other taxes                 | \$ 2,372,868,648 |

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

|                               | <u>Per \$1,000 of<br/>Assessed Valuation</u> |                             |
|-------------------------------|--|-----------------------------|
| Municipal portion             | \$5.26                                       | \$ 12,490,410               |
| School portion:               |  |                             |
| State of New Hampshire        | \$1.82                                       | 4,310,937                   |
| Local                         | \$4.82                                       | 11,426,671                  |
| County portion                | \$1.11                                       | 2,642,603                   |
| Total property taxes assessed |  | <u><u>\$ 30,870,621</u></u> |

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

The following details the taxes receivable at year-end:

|   |                             |
|---|-----------------------------|
| Property:   |                             |
| Levy of 2020                                      | \$ 9,907,824                |
| Unredeemed (under tax lien):                      |                             |
| Levy of 2019                                      | 123,493                     |
| Levy of 2018                                      | 68,234                      |
| Levy of 2017                                      | 30,004                      |
| Levies of 2016 and prior                          | 147,853                     |
| Timber  | 410                         |
| Betterment assessments                            | 250,290                     |
| Less: allowance for estimated uncollectible taxes | (230,000)                   |
| Net taxes receivable                              | <u><u>\$ 10,298,108</u></u> |

*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                                  | \$ 1,570,286               |
| Intergovernmental                         | 3,072,132                  |
| Less: allowance for uncollectible amounts | (327,000)                  |
| Net total receivables                     | <u><u>\$ 4,315,418</u></u> |

*Deferred Revenue*

Deferred revenue in the General Fund of \$1,025,473 at December 31, 2020 represents \$743,441 of 2020 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, \$242,836 in betterment assessments that will be invoiced in future years, \$25,763 held for future milfoil eradication as part of the joint board project, \$7,820 in taxes prepaid for the 2021 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 \$3,024 in miscellaneous items. In the governmental activities, only \$39,196 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.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

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

*Changes in Capital Assets*

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

|  | Balance,<br>beginning | Additions           | Deletions           | Balance,<br>ending   |
|--|-----------------------|---------------------|---------------------|----------------------|
| Governmental activities:                         |                       |                     |                     |                      |
| At cost:   |                       |                     |                     |                      |
| Not being depreciated:                           |                       |                     |                     |                      |
| Land   | \$ 6,739,466          | \$ -                | \$ -                | \$ 6,739,466         |
| Construction in progress                         | 592,235               | 584,445             | (432,989)           | 743,691              |
| Total capital assets not being depreciated       | <u>7,331,701</u>      | <u>584,445</u>      | <u>(432,989)</u>    | <u>7,483,157</u>     |
| Being depreciated:                               |                       |                     |                     |                      |
| Land improvements                                | 87,458                | -                   | -                   | 87,458               |
| Buildings and building improvements              | 14,106,312            | 123,460             | -                   | 14,229,772           |
| Machinery, vehicles and equipment                | 7,221,260             | 343,327             | (1,568)             | 7,563,019            |
| Infrastructure                                   | 32,910,380            | 1,950,194           | -                   | 34,860,574           |
| Other improvements                               | 2,319,162             | 387,304             | -                   | 2,706,466            |
| Total capital assets being depreciated           | <u>56,644,572</u>     | <u>2,804,285</u>    | <u>(1,568)</u>      | <u>59,447,289</u>    |
| Total all capital assets                         | <u>63,976,273</u>     | <u>3,388,730</u>    | <u>(434,557)</u>    | <u>66,930,446</u>    |
| Less accumulated depreciation:                   |                       |                     |                     |                      |
| Land improvements                                | (6,924)               | (2,103)             | -                   | (9,027)              |
| Buildings and building improvements              | (3,061,375)           | (534,400)           | -                   | (3,595,775)          |
| Machinery, vehicles and equipment                | (4,678,599)           | (374,252)           | -                   | (5,052,851)          |
| Infrastructure                                   | (10,727,147)          | (803,410)           | -                   | (11,530,557)         |
| Other improvements                               | (1,499,360)           | (84,323)            | -                   | (1,583,683)          |
| Total accumulated depreciation                   | <u>(19,973,405)</u>   | <u>(1,798,488)</u>  | <u>-</u>            | <u>(21,771,893)</u>  |
| Net book value, capital assets being depreciated | <u>36,671,167</u>     | <u>1,005,797</u>    | <u>(1,568)</u>      | <u>37,675,396</u>    |
| Net book value, all capital assets               | <u>\$ 44,002,868</u>  | <u>\$ 1,590,242</u> | <u>\$ (434,557)</u> | <u>\$ 45,158,553</u> |

*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, 2020**

|  | Balance,<br>beginning | Additions           | Deletions             | Balance,<br>ending   |
|--|-----------------------|---------------------|-----------------------|----------------------|
| Business-type activities:                        |                       |                     |                       |                      |
| At cost:   |                       |                     |                       |                      |
| Not being depreciated:                           |                       |                     |                       |                      |
| Land   | \$ 1,115,005          | \$ -                | \$ -                  | \$ 1,115,005         |
| Construction in progress                         | 1,230,602             | 1,274,379           | (1,076,477)           | 1,428,504            |
| Total capital assets not being depreciated       | <u>2,345,607</u>      | <u>1,274,379</u>    | <u>(1,076,477)</u>    | <u>2,543,509</u>     |
| Being depreciated:                               |                       |                     |                       |                      |
| Buildings and building improvements              | 5,690,974             | 6,300               | -                     | 5,697,274            |
| Machinery, vehicles and equipment                | 17,384,175            | 131,291             | (13,300)              | 17,502,166           |
| Infrastructure                                   | 29,385,601            | 1,355,863           | -                     | 30,741,464           |
| Total capital assets being depreciated           | <u>52,460,750</u>     | <u>1,493,454</u>    | <u>(13,300)</u>       | <u>53,940,904</u>    |
| Total all capital assets                         | <u>54,806,357</u>     | <u>2,767,833</u>    | <u>(1,089,777)</u>    | <u>56,484,413</u>    |
| Less accumulated depreciation:                   |                       |                     |                       |                      |
| Buildings and building improvements              | (2,532,922)           | (146,341)           | -                     | (2,679,263)          |
| Machinery, vehicles and equipment                | (9,970,560)           | (525,635)           | -                     | (10,496,195)         |
| Infrastructure                                   | (10,235,547)          | (739,805)           | -                     | (10,975,352)         |
| Total accumulated depreciation                   | <u>(22,739,029)</u>   | <u>(1,411,781)</u>  | <u>-</u>              | <u>(24,150,810)</u>  |
| Net book value, capital assets being depreciated | <u>29,721,721</u>     | <u>81,673</u>       | <u>(13,300)</u>       | <u>29,790,094</u>    |
| Net book value, all capital assets               | <u>\$ 32,067,328</u>  | <u>\$ 1,356,052</u> | <u>\$ (1,089,777)</u> | <u>\$ 32,333,603</u> |

*Depreciation Expense*

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

|                                  |                     |
|----------------------------------|---------------------|
| Governmental activities:         |                     |
| General government               | \$ 402,706          |
| Public safety                    | 199,997             |
| Highways and streets             | 1,037,552           |
| Sanitation                       | 19,939              |
| Culture and recreation           | 137,424             |
| Conservation                     | 870                 |
| Total depreciation expense       | <u>\$ 1,798,488</u> |
| Business-type activities:        |                     |
| Sanitation                       | \$ 457,978          |
| Water distribution and treatment | 487,453             |
| Electric distribution            | 408,960             |
| Culture and recreation           | 57,390              |
| Total depreciation expense       | <u>\$ 1,411,781</u> |

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**

**III.B. Liabilities**

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

The amount due to other governments at December 31, 2020 consists of \$7,869,027 due to the Governor Wentworth Regional School District for the balance of the 2020-2021 district assessment and \$1,437 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<br>Amount | Issue<br>Date | Maturity<br>Date | Interest<br>Rate % | Outstanding<br>at<br>12/31/2020 | Current<br>Portion |
|---|--------------------|---------------|------------------|--------------------|---------------------------------|--------------------|
| Governmental activities:                |                    |               |                  |                    |                                 |                    |
| General obligation bonds/notes payable: |                    |               |                  |                    |                                 |                    |
| Sewall/Friend Street water systems      | \$ 396,514         | 2006          | 2026             | 4.0-4.3            | \$ 98,813                       | \$ 16,469          |
| General projects                        | \$ 1,292,315       | 2007          | 2027             | 4.0-5.0            | 490,000                         | 70,000             |
| Town hall renovations                   | \$ 485,920         | 2008          | 2028             | 4.0-5.25           | 194,260                         | 25,710             |
| ADA compliant restrooms                 | \$ 301,800         | 2008          | 2028             | 4.0-5.25           | 124,260                         | 15,710             |
| Land purchase                           | \$ 131,500         | 2008          | 2028             | 4.0-5.25           | 44,260                          | 5,710              |
| Sidewalks                               | \$ 97,530          | 2008          | 2028             | 4.0-5.25           | 44,260                          | 5,710              |
| Public safety building repair           | \$ 121,000         | 2012          | 2023             | 2.1-5.1            | 26,000                          | 10,000             |
| 255 Main Street parking lot             | \$ 144,000         | 2012          | 2023             | 2.1-5.1            | 39,000                          | 15,000             |
| Downtown street upgrades                | \$ 717,500         | 2012          | 2033             | 2.1-5.1            | 452,500                         | 35,000             |
| Glendon Street parking lot              | \$ 256,600         | 2012          | 2033             | 2.1-5.1            | 160,600                         | 15,000             |
| Public works garage updates             | \$ 277,000         | 2014          | 2034             | 3.1-5.1            | 190,000                         | 15,000             |
| Construct parks maintenance building    | \$ 176,000         | 2014          | 2024             | 5.1                | 60,000                          | 15,000             |
| Middleton Road construction             | \$ 417,000         | 2014          | 2034             | 3.1-5.1            | 280,000                         | 20,000             |
| Center Street reconstruction            | \$ 700,000         | 2015          | 2033             | 2.1-4.1            | 500,000                         | 40,000             |
| Renovation of Brewster Hall             | \$ 3,130,000       | 2015          | 2033             | 2.1-4.1            | 2,255,000                       | 175,000            |
| Libby Museum                            | \$ 194,000         | 2015          | 2025             | 2.1-4.1            | 94,000                          | 20,000             |
| Stonehenge Road reconstruction          | \$ 77,000          | 2015          | 2025             | 2.1-4.1            | 27,000                          | 10,000             |
| Westwood Drive reconstruction           | \$ 224,500         | 2019          | 2028             | 4.1                | 179,388                         | 19,399             |
| Library construction & renovation       | \$ 3,710,000       | 2020          | 2040             | 2.14               | 3,343,700                       | 173,700            |
| Carry Beach reconstruction              | \$ 450,000         | 2020          | 2025             | 0.57               | 396,250                         | 76,250             |
|   |                    |               |                  |                    | <u>8,999,291</u>                | <u>778,658</u>     |
| Unamortized bond premium                |                    |               |                  |                    | 521,178                         | 41,958             |
| Capital lease payable:                  |                    |               |                  |                    |                                 |                    |
| Van                                     | \$ 21,849          | 2018          | 2021             | 4.17               | 5,583                           | 5,583              |

*(continued)*

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**

|   |                      |                   |
|---|----------------------|-------------------|
| Compensated absences payable:           |                      |                   |
| Accrued vacation leave                  | 492,023              | 18,488            |
| Accrued landfill postclosure care costs | 80,000               | 8,000             |
| Net pension liability                   | 10,706,636           | -                 |
| Other postemployment benefits payable   | 4,255,307            | -                 |
|   | <u>\$ 25,060,018</u> | <u>\$ 852,687</u> |

|   | Original<br>Amount | Issue<br>Date | Maturity<br>Date | Interest<br>Rate % | Outstanding<br>at<br>12/31/2020 | Current<br>Portion  |
|---|--------------------|---------------|------------------|--------------------|---------------------------------|---------------------|
| Business-type activities:               |                    |               |                  |                    |                                 |                     |
| General obligation bonds/notes payable: |                    |               |                  |                    |                                 |                     |
| Water system improvements               | \$ 450,000         | 1996          | 2021             | 4.5                | \$ 12,000                       | \$ 12,000           |
| Water treatment facility                | \$ 3,000,000       | 1996          | 2026             | 4.5                | 450,000                         | 90,000              |
| Water system improvements               | \$ 550,000         | 1997          | 2025             | 4.5                | 85,000                          | 17,000              |
| Electric distribution upgrade           | \$ 5,281,000       | 2003          | 2023             | 2.25-4.25          | 780,000                         | 260,000             |
| Water system improvements               | \$ 1,183,080       | 2004          | 2033             | 4.25               | 462,000                         | 36,000              |
| Sewall/Friend Streets water system      | \$ 1,650,011       | 2006          | 2026             | 4.0-4.30           | 411,188                         | 68,531              |
| Water projects                          | \$ 2,816,295       | 2007          | 2027             | 4.0-5.0            | 945,000                         | 135,000             |
| Sewer infiltration/inflow project       | \$ 592,990         | 2007          | 2027             | 4.0-5.0            | 210,000                         | 30,000              |
| Water system improvements               | \$ 640,735         | 2008          | 2028             | 4.0-5.25           | 244,260                         | 30,710              |
| Sewer infiltration/inflow project       | \$ 797,605         | 2008          | 2028             | 4.0-5.25           | 324,440                         | 40,740              |
| Pop Whalen rink                         | \$ 321,755         | 2008          | 2028             | 4.0-5.25           | 124,260                         | 15,710              |
| Wastewater treatment facility upgrade   | \$ 5,820,364       | 2009          | 2029             | 2.352              | 2,619,164                       | 291,018             |
| Pop Whalen fire protection project      | \$ 206,800         | 2011          | 2022             | 3.0-5.0            | 20,000                          | -                   |
| Pleasant Valley Road MED upgrade        | \$ 616,200         | 2011          | 2022             | 3.0-5.0            | 60,000                          | -                   |
| Wastewater treatment facility upgrade   | \$ 592,063         | 2012          | 2031             | 1.104              | 325,634                         | 29,603              |
| Wastewater facility upgrades            | \$ 170,400         | 2012          | 2033             | 2.1-5.1            | 100,400                         | 10,000              |
| Wastewater facility upgrades            | \$ 246,500         | 2012          | 2033             | 2.1-5.1            | 141,500                         | 15,000              |
| Water meter project                     | \$ 436,764         | 2014          | 2024             | 1.94               | 129,567                         | 30,476              |
| Sewer collection system upgrades        | \$ 370,000         | 2014          | 2034             | 3.1-5.1            | 250,000                         | 20,000              |
| Whiten Neck Road water line upgrades    | \$ 489,750         | 2017          | 2037             | 2.66               | 415,000                         | 25,000              |
| Voltage Conversion Phase                | \$ 3,675,000       | 2020          | 2040             | 2.15               | 3,315,000                       | 170,000             |
|   |                    |               |                  |                    | <u>11,424,413</u>               | <u>1,326,788</u>    |
| Unamortized bond premium                |                    |               |                  |                    | 982,452                         | 97,885              |
| Compensated absences payable:           |                    |               |                  |                    |                                 |                     |
| Accrued vacation leave                  |                    |               |                  |                    | 60,617                          | 5,753               |
| Net pension liability                   |                    |               |                  |                    | 1,685,303                       | -                   |
| Other postemployment benefits payable   |                    |               |                  |                    | 790,846                         | -                   |
|   |                    |               |                  |                    | <u>\$ 14,943,631</u>            | <u>\$ 1,430,426</u> |

**TOWN OF WOLFEBORO, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**

*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, 2020:

|                    | General<br>Obligation<br>Bonds and Notes<br>Payable | Unamortized<br>Bond<br>Premium | Capital<br>Leases<br>Payable | Compensated<br>Absences<br>Payable | Accrued<br>Landfill<br>Postclosure<br>Care Costs | Net<br>Pension<br>Liability | OPEB<br>Liability   | Total                |
|--------------------|---|--------------------------------|------------------------------|------------------------------------|--|-----------------------------|---------------------|----------------------|
| Balance, beginning | \$ 5,890,857  | \$ 127,730                     | \$ 20,207                    | \$ 477,298                         | \$ 50,000  | \$ 8,229,004                | \$ 3,548,710        | \$ 18,343,806        |
| Additions          | 3,739,950   | 420,050                        | -                            | 14,725                             | 30,000   | 2,477,632                   | 706,597             | 7,388,954            |
| Reductions         | (631,516)   | (26,602)                       | (14,624)                     | -                                  | -  | -                           | -                   | (672,742)            |
| Balance, ending    | <u>\$ 8,999,291</u>                                 | <u>\$ 521,178</u>              | <u>\$ 5,583</u>              | <u>\$ 492,023</u>                  | <u>\$ 80,000</u>                                 | <u>\$ 10,706,636</u>        | <u>\$ 4,255,307</u> | <u>\$ 25,060,018</u> |

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2020:

|                    | General<br>Obligation<br>Bonds and Notes<br>Payable | Unamortized<br>Bond<br>Premium | Compensated<br>Absences<br>Payable | Net<br>Pension<br>Liability | OPEB<br>Liability | Total                |
|--------------------|---|--------------------------------|------------------------------------|-----------------------------|-------------------|----------------------|
| Balance, beginning | \$ 9,606,387  | \$ 712,884                     | \$ 75,972                          | \$ 1,339,605                | \$ 722,969        | \$ 12,457,817        |
| Additions          | 3,315,000   | 360,000                        | -                                  | 345,698                     | 67,877            | 4,088,575            |
| Reductions         | (1,496,974)   | (90,432)                       | (15,355)                           | -                           | -                 | (1,602,761)          |
| Balance, ending    | <u>\$ 11,424,413</u>                                | <u>\$ 982,452</u>              | <u>\$ 60,617</u>                   | <u>\$ 1,685,303</u>         | <u>\$ 790,846</u> | <u>\$ 14,943,631</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<br>December 31, | Governmental Activities |                     |                      |
|-----------------------------|-------------------------|---------------------|----------------------|
|                             | Principal               | Interest            | Total                |
| 2021                        | \$ 778,658              | \$ 321,148          | \$ 1,099,806         |
| 2022                        | 774,504                 | 287,864             | 1,062,368            |
| 2023                        | 765,331                 | 253,212             | 1,018,543            |
| 2024                        | 751,193                 | 224,642             | 975,835              |
| 2025                        | 725,251                 | 195,412             | 920,663              |
| 2026-2030                   | 2,691,254               | 633,395             | 3,324,649            |
| 2031-2035                   | 1,688,100               | 215,126             | 1,903,226            |
| 2036-2040                   | 825,000                 | 50,944              | 875,944              |
| Totals                      | <u>\$ 8,999,291</u>     | <u>\$ 2,181,743</u> | <u>\$ 11,181,034</u> |

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

| Year Ending<br>December 31, | Business-type Activities |                     |                      |
|-----------------------------|--------------------------|---------------------|----------------------|
|                             | Principal                | Interest            | Total                |
| 2021                        | \$ 1,326,788             | \$ 422,377          | \$ 1,749,165         |
| 2022                        | 1,396,052                | 359,092             | 1,755,144            |
| 2023                        | 1,317,336                | 298,271             | 1,615,607            |
| 2024                        | 1,048,642                | 251,756             | 1,300,398            |
| 2025                        | 1,012,153                | 211,694             | 1,223,847            |
| 2026-2030                   | 3,276,940                | 601,129             | 3,878,069            |
| 2031-2035                   | 1,181,502                | 191,024             | 1,372,526            |
| 2036-2040                   | 865,000                  | 52,804              | 917,804              |
| Totals                      | <u>\$ 11,424,413</u>     | <u>\$ 2,388,147</u> | <u>\$ 13,812,560</u> |

Bonds and notes authorized and unissued as of December 31, 2020 were as follow:

| Per<br>Town Meeting<br>Vote of | Purpose                        | Unissued<br>Amount |
|--------------------------------|--------------------------------|--------------------|
| March 13, 2018                 | Library renovations            | \$ 1,145,000       |
| March 13, 2018                 | Construction of Westwood Drive | \$ 38,500          |
| March 13, 2018                 | Asset Management               | \$ 30,000          |

The final payment on the capital lease is due in 2021 and consists of \$5,583 principal and \$233 interest for a total of \$5,816.

*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 \$80,000 as of December 31, 2020, 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, 2020. 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, 2020**

**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      | \$ 1,216,692 |
| General               | Nonmajor governmental | 39,151       |
| General               | Pop Whalen Ice Arena  | 62,165       |
| Capital projects      | General               | 18,294       |
| Nonmajor governmental | General               | 1,623        |
| Water department      | Sewer department      | 36,368       |
|                       |                       | \$ 1,374,293 |

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 represents voted appropriations. The amount owed to the Nonmajor Fund from the General Fund and the amount owed to the Water Department Fund from the Sewer Department Fund represent collections 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, 2020**

The following schedule reports transfers within the reporting entity:

|                | Transfers In:   |                             |                             | Total      |
|----------------|-----------------|-----------------------------|-----------------------------|------------|
|                | General<br>Fund | Capital<br>Projects<br>Fund | Sewer<br>Department<br>Fund |            |
| Transfers out: |                 |                             |                             |            |
| General fund   | \$ -            | \$ 188,294                  | \$ 696,010                  | \$ 884,304 |
| Nonmajor funds | 16,181          | -                           | -                           | 16,181     |
|                | \$ 16,181       | \$ 188,294                  | \$ 696,010                  | \$ 900,485 |

The amounts transferred to the Capital Projects 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.

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

The beginning equity was restated as follows:

|   | General<br>Fund | Water<br>Department<br>Fund | Pop<br>Whalen<br>Ice Arena<br>Fund | Custodial<br>Funds |
|---|-----------------|-----------------------------|------------------------------------|--------------------|
| To correct interfund balance            | \$ 40,000       | \$ -                        | \$ -                               | \$ -               |
| To correct grant receivable             | -               | (71,785)                    | -                                  | -                  |
| To correct capital assets               | -               | -                           | 32,880                             | -                  |
| Implementation of GASB Statement No. 84 | -               | -                           | -                                  | 1,717,749          |
| Net position, as previously reported    | 6,306,966       | 9,100,406                   | 647,104                            | -                  |
| Net position, as restated               | \$ 6,346,966    | \$ 9,028,621                | \$ 679,984                         | \$ 1,717,749       |

*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, 2020**

**III.E. Fund Equity**

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

|                           | General<br>Fund     | Capital<br>Projects<br>Fund | Nonmajor<br>Funds   |
|---------------------------|---------------------|-----------------------------|---------------------|
| <b>Nonspendable:</b>      |                     |                             |                     |
| Endowments                | \$ -                | \$ -                        | \$ 830,117          |
| Prepaid items             | 68,691              | -                           | -                   |
| Tax deeded property       | 40,074              | -                           | -                   |
| <b>Total nonspendable</b> | <b>108,765</b>      | <b>-</b>                    | <b>830,117</b>      |
| <b>Restricted:</b>        |                     |                             |                     |
| General government        | -                   | -                           | 354,057             |
| Culture and recreation    | 595,176             | -                           | -                   |
| Capital outlay            | -                   | 567,296                     | -                   |
| <b>Total restricted</b>   | <b>595,176</b>      | <b>567,296</b>              | <b>354,057</b>      |
| <b>Committed:</b>         |                     |                             |                     |
| Public safety             | -                   | -                           | 1,964               |
| Conservation              | -                   | -                           | 118,589             |
| Capital outlay            | 2,987,670           | -                           | -                   |
| <b>Total committed</b>    | <b>2,987,670</b>    | <b>-</b>                    | <b>120,553</b>      |
| <b>Assigned:</b>          |                     |                             |                     |
| General government        | 28,779              | -                           | -                   |
| Public safety             | 10,930              | -                           | -                   |
| Highways and streets      | 60,077              | -                           | -                   |
| Sanitation                | 28,100              | -                           | -                   |
| Culture and recreation    | 36,597              | -                           | -                   |
| <b>Total assigned</b>     | <b>164,483</b>      | <b>-</b>                    | <b>-</b>            |
| Unassigned                | 3,974,170           | -                           | (18,703)            |
| <b>Total fund balance</b> | <b>\$ 7,830,264</b> | <b>\$ 567,296</b>           | <b>\$ 1,286,024</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, 2020**

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 2020 to be recorded as an insurance expenditure/expense totaled \$165,847 for property/liability and \$129,982 for workers' compensation. There were no unpaid contributions for the year ended December 31, 2020. 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 28.43% for police officers, 30.09% for firefighters, and 11.17% for other employees. 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 2018, 2019 and 2020 were \$925,545, \$937,393 and \$984,334, 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, 2020, the Town reported a liability of \$12,391,939 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2020, the Town's proportion was 0.1937%, which was a decrease of 0.0052% from its proportion measured as of June 30, 2019.

For 2020, the Town recognized pension expense of \$1,935,792, split between governmental activities (\$1,762,604) and business-type activities (\$173,188). At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows<br>of<br>Resources | Deferred<br>Inflows<br>of<br>Resources |
|---|---|--|
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$ 236,889                              | \$ 343,731                             |
| Net differences between projected and actual earnings on pension plan investments                             | 766,465                                 | -                                      |
| Changes in assumptions  | 1,225,809                               | -                                      |
| Differences between expected and actual experience  | 334,642                                 | 133,054                                |
| Town contributions subsequent to the measurement date   | 467,213                                 | -                                      |
|   | \$ 3,031,018                            | \$ 476,785                             |

The Town reported \$467,213 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:

| Year<br>Ending<br>December 31, |              |
|--------------------------------|--------------|
| 2021                           | \$ 468,061   |
| 2022                           | 493,919      |
| 2023                           | 597,008      |
| 2024                           | 528,032      |
|                                | \$ 2,087,020 |

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

*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 Method           | Level Percentage-of-Payroll, Closed  |
| Remaining Amortization Period | 19 years beginning July 1, 2020  |
| 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           | 2.45% per year   |
| Investment Rate of Return     | 7.25%, net of pension plan investment expense, including inflation   |
| Retirement Age                | Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study  |
| Mortality                     | RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the 2010-2015 experience study |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 – June 30, 2015.

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

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

|   | 1%<br>Decrease<br>(5.75%) | Current<br>Discount<br>Rate<br>(6.75%) | 1%<br>Increase<br>(7.75%) |
|---|---------------------------|--|---------------------------|
| Town's proportionate share of net pension liability | \$ 9,408,933              | \$ 12,391,939                          | \$ 16,042,518             |

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, 2020**

**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<br>as of January 1, 2012 | Minimum<br>Age | Minimum<br>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, 2020, 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, 2020**

*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 \$5,046,153 consists of \$4,315,195 for the implicit rate subsidy determined by an actuarial valuation as of December 31, 2020 and \$730,958 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2019 with roll-forward procedures used to determine the liability as of June 30, 2020. The roll-forward of the total OPEB liability from June 30, 2019 to June 30, 2020 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, 2020**

*Methods and Assumptions*

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

|                             |  |
|-----------------------------|--|
| Implicit Rate Subsidy       |  |
| Payroll Growth              | 2.00%  |
| Discount Rate               | 2.12%  |
| Investment Rate of Return   | N/A  |
| Mortality                   | SOA RP-2014 Total Dataset Mortality with Scale MP-2020   |
| Healthcare Cost Trend Rates | 2020 7.19%   |
|                             | 2021 9.50%   |
|                             | 2022 9.00%   |
|                             | 2023-2030 Decrease by .50% until reaching 5.00%  |
| Medical Insurance Subsidy   |  |
| Payroll Growth              | 3.25%  |
| Discount Rate               | 6.75%  |
| Inflation                   | 2.50%  |
| Municipal Bond Rate         | 2.45%  |
| 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 |

*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 cost 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%<br>Decrease<br>(1.12%) | Current<br>Discount<br>Rate<br>(2.12%) | 1%<br>Increase<br>(3.12%) |
|-----------------------------|---------------------------|--|---------------------------|
| Town's total OPEB liability | \$ 4,774,696              | \$ 4,315,195                           | \$ 3,890,755              |

Medical Insurance Subsidy:

|                             | 1%<br>Decrease<br>(5.75%) | Current<br>Discount<br>Rate<br>(6.75%) | 1%<br>Increase<br>(7.75%) |
|-----------------------------|---------------------------|--|---------------------------|
| Town's total OPEB liability | \$ 793,744                | \$ 730,958                             | \$ 676,447                |

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

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 cost trend rate 1-percentage point lower of 1-percentage point higher:

|                             | 1%<br>Decrease<br>(6.19%) | Current<br>Healthcare<br>Cost Trend<br>Rate<br>(7.19%) | 1%<br>Increase<br>(8.19%) |
|-----------------------------|---------------------------|--|---------------------------|
| Town's total OPEB liability | \$ 3,723,283              | \$ 4,315,195   | \$ 5,015,217              |

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

For the year ended December 31, 2020, the Town recognized OPEB expense of \$536,237. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows<br>of<br>Resources | Deferred<br>Inflows<br>of<br>Resources |
|---|---|--|
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$ -                                    | \$ 7,617                               |
| Changes in assumptions  | 1,170,141                               | 133,969                                |
| Net differences between projected and actual earnings on OPEB plan investments                                | 2,735                                   | -                                      |
| Differences between expected and actual experience  | 395,783                                 | 586,659                                |
| Town contributions subsequent to the measurement date   | 42,526                                  | -                                      |
|   | \$ 1,611,185                            | \$ 728,245                             |

**TOWN OF WOLFEBORO, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**

The Town reported \$42,526 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 2021. Other amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follow:

| Year<br>Ending<br><u>December 31,</u> |                          |
|---------------------------------------|--------------------------|
| 2021                                  | \$ 146,244               |
| 2022                                  | 151,882                  |
| 2023                                  | 152,037                  |
| 2024                                  | 151,825                  |
| 2025                                  | 148,590                  |
| Thereafter                            | <u>89,836</u>            |
|                                       | <u><u>\$ 840,414</u></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**

|   | 2020         | 2019         | 2018         | 2017          | 2016         | 2015         |
|---|--------------|--------------|--------------|---------------|--------------|--------------|
| Town's proportion of net pension liability  | 0.1937%      | 0.1989%      | 0.1955%      | 0.2044%       | 0.1879%      | 0.1824%      |
| Town's proportionate share of the net pension liability   | \$12,391,939 | \$ 9,568,609 | \$ 9,412,528 | \$ 10,050,420 | \$ 9,992,155 | \$ 7,226,287 |
| Town's covered-employee payroll   | \$5,717,796  | \$ 5,385,830 | \$ 5,321,978 | \$ 5,022,891  | \$ 4,745,564 | \$ 4,320,142 |
| Town's proportionate share of the net pension liability as a percentage of covered-employee payroll | 216.73%      | 177.66%      | 176.86%      | 200.09%       | 210.56%      | 167.27%      |
| Plan fiduciary position as a percentage of the total pension liability                              | 58.72%       | 65.59%       | 64.73%       | 62.66%        | 58.30%       | 65.47%       |

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**

|   | 2020             | 2019             | 2018             | 2017             | 2016             | 2015             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                 | \$ 984,334       | \$ 937,393       | \$ 925,545       | \$ 863,859       | \$ 792,455       | \$ 734,301       |
| Contribution in relation to the contractually required contribution | <u>(984,334)</u> | <u>(937,393)</u> | <u>(925,545)</u> | <u>(863,859)</u> | <u>(792,455)</u> | <u>(734,301)</u> |
| Contribution deficiency   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Town's covered-employee payroll                                     | \$ 5,717,796     | \$ 5,385,830     | \$ 5,321,978     | \$ 5,022,891     | \$ 4,745,564     | \$ 4,320,142     |
| Contributions as a percentage of covered-employee payroll           | 17.22%           | 17.40%           | 17.39%           | 17.20%           | 16.70%           | 17.00%           |

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**

|  | 2020                | 2019                | 2018                |
|--|---------------------|---------------------|---------------------|
| Total OPEB liability:  |                     |                     |                     |
| Service cost   | \$ 286,421          | \$ 211,970          | \$ 183,565          |
| Interest   | 138,698             | 179,037             | 170,694             |
| OPEB plan net investment income  | (663)               | (3,585)             | (5,576)             |
| OPEB plan administrative and other costs   | 217                 | 515                 | 135                 |
| Changes of assumptions<br>and differences between expected and actual experience | 458,447             | (12,953)            | 492,673             |
| Benefit payments   | (108,646)           | (88,070)            | (104,909)           |
| Net change in total OPEB liability   | 774,474             | 286,914             | 736,582             |
| Total OPEB liability, beginning  | 4,271,679           | 3,984,765           | 3,248,183           |
| Total OPEB liability, ending   | <u>\$ 5,046,153</u> | <u>\$ 4,271,679</u> | <u>\$ 3,984,765</u> |
| <br>   |                     |                     |                     |
| Covered-employee payroll   | \$ 5,717,796        | \$ 5,385,830        | \$ 4,585,136        |
| <br>   |                     |                     |                     |
| Total OPEB liability as a percentage of covered-employee payroll                 | 88.25%              | 79.31%              | 86.91%              |
| <br>   |                     |                     |                     |
| Town's proportion of the NHRS net OPEB liability for medical subsidy             | 0.1669%             | 0.1810%             | 0.1782%             |

55

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*

|  | 2020              | 2019              | 2018              |
|--|-------------------|-------------------|-------------------|
| Actuarially determined contribution                                  | \$ 543,196        | \$ 486,593        | \$ 419,306        |
| Contributions in relation to the actuarially determined contribution | (108,025)         | (100,397)         | (92,285)          |
| Contribution deficiency  | <u>\$ 435,171</u> | <u>\$ 386,196</u> | <u>\$ 327,021</u> |
| <br>   |                   |                   |                   |
| Covered-employee payroll   | \$ 5,717,796      | \$ 5,385,830      | \$ 4,585,136      |
| <br>   |                   |                   |                   |
| Contributions as a percentage of covered-employee payroll            | 9.50%             | 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, 2020**

The pension and other postemployment benefits schedules are meant to present related information for ten years. Because this is the sixth year that the Town has reported the pension schedules, and third year that the Town has presented the OPEB schedules under current standards, only six and three 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, 2020**

|                                      | Special Revenue Funds   |                  |                            |               |                         | Permanent<br>Fund   | Total               |
|--------------------------------------|-------------------------|------------------|----------------------------|---------------|-------------------------|---------------------|---------------------|
|                                      | Recreation<br>Revolving | Police<br>Detail | Conservation<br>Commission | CDBG          | Miscellaneous<br>Grants |                     |                     |
| <b>ASSETS</b>                        |                         |                  |                            |               |                         |                     |                     |
| Cash and cash equivalents            | \$ -                    | \$ -             | \$ 118,589                 | \$ -          | \$ 2,757                | \$ 15,321           | \$ 136,667          |
| Investments                          | -                       | -                | -                          | -             | -                       | 1,183,550           | 1,183,550           |
| Accounts receivable                  | -                       | 341              | -                          | -             | 872                     | -                   | 1,213               |
| Interfund receivable                 | -                       | 1,623            | -                          | -             | -                       | -                   | 1,623               |
| Prepaid items                        | -                       | -                | -                          | -             | -                       | 2,122               | 2,122               |
| Total assets                         | <u>\$ -</u>             | <u>\$ 1,964</u>  | <u>\$ 118,589</u>          | <u>\$ -</u>   | <u>\$ 3,629</u>         | <u>\$ 1,200,993</u> | <u>\$ 1,325,175</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                         |                  |                            |               |                         |                     |                     |
| Liabilities:                         |                         |                  |                            |               |                         |                     |                     |
| Interfund payable                    | <u>\$ 17,231</u>        | <u>\$ -</u>      | <u>\$ -</u>                | <u>\$ 101</u> | <u>\$ -</u>             | <u>\$ 21,819</u>    | <u>\$ 39,151</u>    |
| Fund balances:                       |                         |                  |                            |               |                         |                     |                     |
| Nonspendable                         | -                       | -                | -                          | -             | -                       | 830,117             | 830,117             |
| Restricted                           | -                       | -                | -                          | -             | 5,000                   | 349,057             | 354,057             |
| Committed                            | -                       | 1,964            | 118,589                    | -             | -                       | -                   | 120,553             |
| Unassigned                           | (17,231)                | -                | -                          | (101)         | (1,371)                 | -                   | (18,703)            |
| Total fund balances                  | <u>(17,231)</u>         | <u>1,964</u>     | <u>118,589</u>             | <u>(101)</u>  | <u>3,629</u>            | <u>1,179,174</u>    | <u>1,286,024</u>    |
| Total liabilities and fund balances  | <u>\$ -</u>             | <u>\$ 1,964</u>  | <u>\$ 118,589</u>          | <u>\$ -</u>   | <u>\$ 3,629</u>         | <u>\$ 1,200,993</u> | <u>\$ 1,325,175</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, 2020**

|  | Special Revenue Funds   |                  |                            |                 |                         | Permanent<br>Fund   | Total               |
|--|-------------------------|------------------|----------------------------|-----------------|-------------------------|---------------------|---------------------|
|  | Recreation<br>Revolving | Police<br>Detail | Conservation<br>Commission | CDBG            | Miscellaneous<br>Grants |                     |                     |
| <b>REVENUES</b>  |                         |                  |                            |                 |                         |                     |                     |
| Intergovernmental  | \$ -                    | \$ -             | \$ -                       | \$ 18,026       | \$ 1,165                | \$ -                | \$ 19,191           |
| Charges for services   | 11,875                  | 16,494           | 980                        | -               | -                       | 4,000               | 33,349              |
| Miscellaneous  | -                       | -                | 1,639                      | -               | -                       | 55,392              | 57,031              |
| Total revenues   | <u>11,875</u>           | <u>16,494</u>    | <u>2,619</u>               | <u>18,026</u>   | <u>1,165</u>            | <u>59,392</u>       | <u>109,571</u>      |
| <b>EXPENDITURES</b>  |                         |                  |                            |                 |                         |                     |                     |
| Current:   |                         |                  |                            |                 |                         |                     |                     |
| General government   | -                       | -                | -                          | -               | -                       | 6,384               | 6,384               |
| Public safety  | -                       | 14,369           | -                          | -               | -                       | -                   | 14,369              |
| Highways and streets   | -                       | -                | -                          | -               | -                       | 22,500              | 22,500              |
| Culture and recreation                                       | 31,106                  | -                | -                          | -               | -                       | 12,897              | 44,003              |
| Conservation   | -                       | -                | 6,342                      | -               | 1,165                   | -                   | 7,507               |
| Capital outlay   | -                       | -                | -                          | 17,835          | -                       | -                   | 17,835              |
| Total expenditures   | <u>31,106</u>           | <u>14,369</u>    | <u>6,342</u>               | <u>17,835</u>   | <u>1,165</u>            | <u>41,781</u>       | <u>112,598</u>      |
| Excess (deficiency) of revenues<br>over (under) expenditures | (19,231)                | 2,125            | (3,723)                    | 191             | -                       | 17,611              | (3,027)             |
| Other financing uses:  |                         |                  |                            |                 |                         |                     |                     |
| Transfers out  | -                       | (13,000)         | -                          | -               | -                       | (3,181)             | (16,181)            |
| Net change in fund balances                                  | (19,231)                | (10,875)         | (3,723)                    | 191             | -                       | 14,430              | (19,208)            |
| Fund balances, beginning                                     | 2,000                   | 12,839           | 122,312                    | (292)           | 3,629                   | 1,164,744           | 1,305,232           |
| Fund balances, ending  | <u>\$ (17,231)</u>      | <u>\$ 1,964</u>  | <u>\$ 118,589</u>          | <u>\$ (101)</u> | <u>\$ 3,629</u>         | <u>\$ 1,179,174</u> | <u>\$ 1,286,024</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, 2020**

|   | Estimated            | Actual               | Variance<br>Positive<br>(Negative) |
|---|----------------------|----------------------|------------------------------------|
| <b>Taxes:</b>   |                      |                      |                                    |
| Property  | \$ 12,176,148        | \$ 12,265,371        | \$ 89,223                          |
| Land use change   | 1,800                | -                    | (1,800)                            |
| Timber  | 16,000               | 16,095               | 95                                 |
| Payments in lieu of taxes                                       | 29,797               | 29,764               | (33)                               |
| Interest and penalties on delinquent taxes                      | 68,750               | 71,179               | 2,429                              |
| Total taxes   | <u>12,292,495</u>    | <u>12,382,409</u>    | <u>89,914</u>                      |
| <b>Licenses, permits and fees:</b>                              |                      |                      |                                    |
| Business licenses and permits                                   | 3,300                | 17,418               | 14,118                             |
| Motor vehicle permits   | 1,600,000            | 1,671,405            | 71,405                             |
| Building permits  | 81,800               | 113,675              | 31,875                             |
| Other   | 135,000              | 196,466              | 61,466                             |
| Total licenses, permits and fees                                | <u>1,820,100</u>     | <u>1,998,964</u>     | <u>178,864</u>                     |
| <b>Intergovernmental:</b>                                       |                      |                      |                                    |
| State sources:  |                      |                      |                                    |
| Municipal aid   | 85,502               | 85,502               | -                                  |
| Meals and rooms distributions                                   | 319,404              | 319,404              | -                                  |
| Highway block grant   | 179,784              | 179,764              | (20)                               |
| Water pollution grant   | 134,610              | -                    | (134,610)                          |
| State and federal forest land                                   | 49                   | 49                   | -                                  |
| Railroad tax  | 88                   | 456                  | 368                                |
| Federal sources:  |                      |                      |                                    |
| 1st Responders  | -                    | 61,221               | 61,221                             |
| CARES   | -                    | 10,867               | 10,867                             |
| GOFERR  | -                    | 148,786              | 148,786                            |
| Police grants   | 19,912               | 60,657               | 40,745                             |
| Total intergovernmental   | <u>739,349</u>       | <u>866,706</u>       | <u>127,357</u>                     |
| <b>Charges for services:</b>                                    |                      |                      |                                    |
| Income from departments   | 391,000              | 395,107              | 4,107                              |
| Other   | 60,319               | 65,143               | 4,824                              |
| Total charges for services                                      | <u>451,319</u>       | <u>460,250</u>       | <u>8,931</u>                       |
| <b>Miscellaneous:</b>   |                      |                      |                                    |
| Special assessments   | -                    | 37,914               | 37,914                             |
| Sale of property  | -                    | 200                  | 200                                |
| Interest on investments   | 50,000               | 108,133              | 58,133                             |
| Rent of property  | 215,200              | 227,773              | 12,573                             |
| Insurance dividends and reimbursements                          | 67,700               | 100,897              | 33,197                             |
| Contributions and donations                                     | 212,000              | 201,156              | (10,844)                           |
| Other   | 554,100              | 841,274              | 287,174                            |
| Total miscellaneous   | <u>1,099,000</u>     | <u>1,517,347</u>     | <u>418,347</u>                     |
| <b>Other financing sources:</b>                                 |                      |                      |                                    |
| Transfers in:   |                      |                      |                                    |
| Nonmajor funds  | 13,000               | 14,472               | 1,472                              |
| Total revenues and other financing sources                      | 16,415,263           | <u>\$ 17,240,148</u> | <u>\$ 824,885</u>                  |
| Use of fund balance   | 200,000              |                      |                                    |
| Total revenues, other financing sources and use of fund balance | <u>\$ 16,615,263</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, 2020**

|                                    | Encumbered<br>from<br>Prior<br>Year | Appropriations   | Expenditures     | Encumbered<br>to<br>Subsequent<br>Year | Variance<br>Positive<br>(Negative) |
|------------------------------------|-------------------------------------|------------------|------------------|--|------------------------------------|
| <b>Current:</b>                    |                                     |                  |                  |  |                                    |
| <b>General government:</b>         |                                     |                  |                  |  |                                    |
| Executive                          | \$ 1,500                            | \$ 647,896       | \$ 576,234       | \$ -                                   | \$ 73,162                          |
| Election and registration          | -                                   | 292,112          | 292,788          | -                                      | (676)                              |
| Financial administration           | 9,199                               | 942,147          | 887,045          | -                                      | 64,301                             |
| Revaluation of property            | -                                   | 200,000          | 143,300          | 56,700                                 | -                                  |
| Planning and zoning                | -                                   | 168,449          | 151,402          | 6,000                                  | 11,047                             |
| General government buildings       | 5,500                               | 180,817          | 208,308          | 9,249                                  | (31,240)                           |
| Cemeteries                         | -                                   | 31,329           | 15,223           | -                                      | 16,106                             |
| Other                              | 2,819                               | 223,770          | 227,891          | 13,531                                 | (14,833)                           |
| Total general government           | <u>19,018</u>                       | <u>2,686,520</u> | <u>2,502,191</u> | <u>85,480</u>                          | <u>117,867</u>                     |
| <b>Public safety:</b>              |                                     |                  |                  |  |                                    |
| Police                             | -                                   | 2,194,664        | 2,196,426        | 4,955                                  | (6,717)                            |
| Fire                               | 12,703                              | 2,117,000        | 2,159,711        | -                                      | (30,008)                           |
| Building inspection                | -                                   | 162,160          | 153,453          | -                                      | 8,707                              |
| Emergency management               | -                                   | 1,800            | 8,771            | -                                      | (6,971)                            |
| Other                              | 10,594                              | 691,919          | 568,021          | 105,975                                | 28,517                             |
| Total public safety                | <u>23,297</u>                       | <u>5,167,543</u> | <u>5,086,382</u> | <u>110,930</u>                         | <u>(6,472)</u>                     |
| <b>Highways and streets:</b>       |                                     |                  |                  |  |                                    |
| Administration                     | 2,000                               | 248,339          | 248,277          | -                                      | 2,062                              |
| Highways and streets               | 110,957                             | 2,374,860        | 2,364,974        | 125,959                                | (5,116)                            |
| Other                              | 24,491                              | 543,972          | 643,948          | 46,297                                 | (121,782)                          |
| Total highways and streets         | <u>137,448</u>                      | <u>3,167,171</u> | <u>3,257,199</u> | <u>172,256</u>                         | <u>(124,836)</u>                   |
| <b>Sanitation:</b>                 |                                     |                  |                  |  |                                    |
| Solid waste disposal               | 8,420                               | 893,270          | 882,008          | 28,100                                 | (8,418)                            |
| <b>Health:</b>                     |                                     |                  |                  |  |                                    |
| Administration                     | -                                   | 6,309            | 5,851            | -                                      | 458                                |
| Pest control                       | -                                   | 25,723           | 21,517           | -                                      | 4,206                              |
| Health agencies and hospitals      | -                                   | 118,657          | 119,157          | -                                      | (500)                              |
| Total health                       | <u>-</u>                            | <u>150,689</u>   | <u>146,525</u>   | <u>-</u>                               | <u>4,164</u>                       |
| <b>Welfare:</b>                    |                                     |                  |                  |  |                                    |
| Administration & direct assistance | -                                   | 63,200           | 41,118           | -                                      | 22,082                             |
| <b>Culture and recreation:</b>     |                                     |                  |                  |  |                                    |
| Parks and recreation               | 12,723                              | 1,003,581        | 846,542          | 36,598                                 | 133,164                            |
| Public library                     | -                                   | 563,503          | 559,539          | -                                      | 3,964                              |
| Patriotic purposes                 | -                                   | 19,830           | 5,277            | -                                      | 14,553                             |
| Other                              | -                                   | 59,037           | 55,515           | -                                      | 3,522                              |
| Total culture and recreation       | <u>12,723</u>                       | <u>1,645,951</u> | <u>1,466,873</u> | <u>36,598</u>                          | <u>155,203</u>                     |
| <b>Conservation:</b>               |                                     |                  |                  |  |                                    |
| Administration                     | -                                   | 11,142           | 11,453           | -                                      | (311)                              |
| Other                              | -                                   | 55,000           | 34,709           | 25,984                                 | (5,693)                            |
| Total conservation                 | <u>-</u>                            | <u>66,142</u>    | <u>46,162</u>    | <u>25,984</u>                          | <u>(6,004)</u>                     |
| Economic development               | -                                   | 13,375           | 10,311           | -                                      | 3,064                              |

(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, 2020**

|  | Encumbered<br>from<br>Prior<br>Year | Appropriations | Expenditures  | Encumbered<br>to<br>Subsequent<br>Year | Variance<br>Positive<br>(Negative) |
|--|-------------------------------------|----------------|---------------|--|------------------------------------|
| Debt service:  |                                     |                |               |  |                                    |
| Principal  | -                                   | 612,881        | 631,517       | -                                      | (18,636)                           |
| Interest   | -                                   | 247,381        | 362,260       | -                                      | (114,879)                          |
| Total debt service   | -                                   | 860,262        | 993,777       | -                                      | (133,515)                          |
| Capital outlay:  |                                     |                |               |  |                                    |
| Machinery, vehicles and equipment  | -                                   | 59,255         | 53,482        | -                                      | 5,773                              |
| Buildings  | -                                   | 25,000         | -             | 25,000                                 | -                                  |
| Improvements other than buildings  | 189,551                             | 43,125         | 189,733       | 1,500                                  | 41,443                             |
| Total capital outlay   | 189,551                             | 127,380        | 243,215       | 26,500                                 | 47,216                             |
| Other financing uses:  |                                     |                |               |  |                                    |
| Transfers out:   |                                     |                |               |  |                                    |
| Expendable trust fund  | -                                   | 907,750        | 907,750       | -                                      | -                                  |
| Capital projects fund  | -                                   | 170,000        | 170,000       | -                                      | -                                  |
| Proprietary funds  | -                                   | 696,010        | 696,010       | -                                      | -                                  |
| Total other financing uses   | -                                   | 1,773,760      | 1,773,760     | -                                      | -                                  |
| Total encumbrances, appropriations,<br>expenditures and other financing uses | \$ 390,457                          | \$ 16,615,263  | \$ 16,449,521 | \$ 485,848                             | \$ 70,351                          |

**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, 2020**

|   |               |                            |
|---|---------------|----------------------------|
| Unassigned fund balance, beginning                |               | \$ 4,007,270               |
| Changes:  |               |                            |
| Unassigned fund balance appropriated              |               | (200,000)                  |
| Budget summary:                                   |               |                            |
| Revenue surplus (Exhibit 19)                      | \$ 824,885    |                            |
| Unexpended balance of appropriations (Exhibit 20) | <u>70,351</u> |                            |
| Budget surplus                                    |               | 895,236                    |
| Decrease in nonspendable fund balance             |               | <u>15,105</u>              |
| Unassigned fund balance, ending                   |               | <u><u>\$ 4,717,611</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, 2020, 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.

We do want to discuss the following matter:

### ***Settle Old Uncollected Accounts***

Of the total accounts receivable in the Electric Department of \$1,135,572, approximately \$308,000 is represented by inactive accounts that are many years old, and therefore unlikely to be collected. Continuing to maintain account balances when collection is in doubt results in excess time and resources being used to maintain the receivable listing. We recommend that the Town consider writing off old balances and developing a policy to allow for timely evaluation and adjustment of balances when collection is in doubt.

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.

July 19, 2021

*Roberts & Greene, PLLC*