

# TOWN OF PETERBOROUGH, NEW HAMPSHIRE

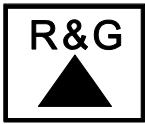
## FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE  
FINANCIAL REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**TABLE OF CONTENTS**

	<b><u>PAGES</u></b>
<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)	9
Statement of Activities (Exhibit 2)	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	12
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position (Exhibit 4)	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	15
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	16
Ambulance Fund - Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (GAAP Basis) (Exhibit 8)	17
Statement of Net Position – Proprietary Funds (Exhibit 9)	18
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (Exhibit 10)	19
Statement of Cash Flows – Proprietary Funds (Exhibit 11)	20
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit 12)	21
Statement of Changes in Fiduciary Net Position – Fiduciary Funds (Exhibit 13)	22
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	23
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of the Town's Proportionate Share of the Net Pension Liability (Exhibit 14)	49
Schedule of the Town's Pension Contributions (Exhibit 15)	50
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios (Exhibit 16)	51
Schedule of the Town's OPEB Contributions (Exhibit 17)	52
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION</b>	53
<b>COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet (Exhibit 18)	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 19)	56
Major General Fund	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 20)	58
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 21)	59
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis) (Exhibit 22)	60
<b>INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT</b>	61



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen  
Town of Peterborough  
Peterborough, 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 Peterborough as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Peterborough, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the major governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of the Town's pension and OPEB contributions on pages 3-8 and 45-49 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 and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and individual general fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Roberts & Heine, PLLC*

Concord, New Hampshire  
February 26, 2020

The Town of Peterborough's (the Town's) management offers readers this narrative overview and analysis of the financial activities of the Town of Peterborough for the fiscal year starting July 1, 2018 and ending June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information in the financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Peterborough's basic financial statements. The basic financial statements comprise of three components

- **Government financial statements**
- **Fund financial statements**
- **Notes to the financial statements**

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

**Government-wide Financial Statements-** The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Town's finances utilizing the full accrual method of accounting in a manner similar to a private-sector business.

- The statement of net position presents information on all assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, increases or 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 changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety (fire, police, & ambulance), highway and streets, sanitation, health & welfare, parks and recreation, conservation and library. The business-type activities are normally intended to recover all or a significant portion of their costs through user fees and charges. These activities for the Town include water and sewer activities.

**Fund Financial Statements-** The fund financial statements focus on current available resources and are organized and operated on the basis of funds. 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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

A twelve month appropriated budget is adopted for the General Fund and certain non-major governmental (special revenue) funds. Budgetary comparison statements have been provided to demonstrate compliance with budgets for the General Fund.

**Proprietary Funds-** Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water and sewer operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, which are considered to be major funds.

**Fiduciary Funds-** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the 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.

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

## **FINANCIAL HIGHLIGHTS**

The assets of the Town of Peterborough exceeded its liabilities at the close of the most recent fiscal year by \$37,179,875 (i.e., net position), an increase of \$2,236,613 in comparison to the prior year restated net position. Of the net position amount, \$7,145,813 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. See Government-wide Financial Analysis for explanation.

At the close of the current fiscal year, the Town of Peterborough's governmental funds reported combined ending fund balances of \$12,550,548 an increase of \$730,807 in comparison with the prior year restated fund balances. Approximately \$9,006,977 is the reserve of fund balance: \$3,547,647 is the

non-spendable fund balance; \$843,267 is the restricted fund balance; \$3,687,035 is the committed fund balance; and \$929,028 is the assigned fund balance. The remaining \$3,543,571 net unassigned fund balance is the General Fund unassigned fund balance of \$3,855,460 and including an unassigned fund balance in the GAR Hall Parking Lot Capital Project unassigned fund balance of (\$128,139) and in the Townhouse Rehabilitation Capital Project a balance of (\$183,750). The fund balance has an increase of \$730,807 in comparison to the prior year. A breakdown of fund equity by fund and activity is detailed in the notes to the financial statements.

At the close of the current fiscal year, the Town's total long-term debt was \$15,676,394 a decrease of \$1,183,821 in comparison to the prior year. The key factor for the decrease is the net of the payments made on the Town's existing loans and the bond anticipation note for the parking lot capital project.

Due to the requirements of GASB 68, the Town is required to record the Town's proportionate share of the net New Hampshire Retirement System (NHRS) pension liability. The reported net pension liability for the Town is \$6,653,164. A detailed explanation is in the notes to the financial statements (IV.B).

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of government-wide financial data for the current and the prior fiscal year. Unearned revenue is now reported separate from liabilities in accordance with GASB 65.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>
Current and Other Assets	22,594,767	24,152,182	6,731,536	7,143,778	29,326,303	31,295,960
Capital Assets	<u>22,189,952</u>	<u>23,051,892</u>	<u>17,298,149</u>	<u>16,640,510</u>	<u>39,488,101</u>	<u>39,692,402</u>
Total Assets	<u>44,784,719</u>	<u>47,204,074</u>	<u>24,029,685</u>	<u>23,784,288</u>	<u>68,814,404</u>	<u>70,988,362</u>
Deferred Outflows of Resources	<u>1,398,032</u>	<u>1,284,853</u>	<u>133,631</u>	<u>118,630</u>	<u>1,531,663</u>	<u>1,403,483</u>
Long-term Liabilities Outstanding	13,231,902	13,743,442	8,563,162	8,237,634	21,795,064	21,981,076
Other Liabilities	<u>447,478</u>	<u>1,415,473</u>	<u>435,423</u>	<u>535,948</u>	<u>882,901</u>	<u>1,951,421</u>
Total Liabilities	<u>13,769,380</u>	<u>15,158,915</u>	<u>8,998,585</u>	<u>8,773,582</u>	<u>22,767,965</u>	<u>23,932,497</u>
Deferred Inflows of Resources	10,490,408	11,173,396	111,294	106,077	10,601,702	11,279,473
Net Position:						
Invested in Capital Assets, Net	16,477,447	17,262,654	8,919,411	8,669,514	25,396,858	25,932,168
Restricted	4,917,337	4,101,894			4,917,337	4,101,894
Unrestricted	<u>(1,084,821)</u>	<u>792,068</u>	<u>6,134,026</u>	<u>6,353,745</u>	<u>5,049,205</u>	<u>7,145,813</u>
Total Net Position	<u>20,309,963</u>	<u>22,156,616</u>	<u>15,053,437</u>	<u>15,023,259</u>	<u>35,363,400</u>	<u>37,179,875</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	1,750,968	1,808,874	2,364,883	2,513,478	4,115,851	4,322,352
Operating Grants and Contributions	1,089,977	632,169			1,089,977	632,169
Capital Grants and Contributions	236,678	373,551		61,802	236,678	435,353
General Revenues:						
Property Taxes	7,347,775	8,058,851			7,347,775	8,058,851
Other Taxes	220,989	296,795			220,989	219,655
Licenses and Permits	1,269,188	1,278,513			1,269,188	1,113,469
Grants & Contributions not restricted to Specific Programs	336,398	370,092			336,398	349,639
Other	<u>484,970</u>	<u>872,429</u>		<u>48,015</u>	<u>484,970</u>	<u>462,707</u>
Total Revenues	<u>12,736,943</u>	<u>13,691,274</u>	<u>3,398,947</u>	<u>2,373,198</u>	<u>16,135,890</u>	<u>13,249,878</u>

	Governmental Activities		Business-Type Activities		Totals	
	2018	2019	2018	2019	2018	2019
<b>Expenses:</b>						
General Government	1,941,714	1,941,693			1,941,714	1,941,693
Public Safety	4,296,129	4,685,307			4,296,129	4,685,307
Highway & Streets	2,033,211	2,206,875			2,033,211	2,206,875
Sanitation	578,230	273,282			578,230	273,282
Welfare	111,522	111,118			111,522	111,118
Culture & Recreation	2,084,892	1,539,951			2,084,892	1,539,951
Conservation	11,061	18,709			11,061	18,709
Economic Development	353,167	442,589			353,167	442,589
Capital Outlay	26,827				26,827	
Interest in long-term debt	205,340	236,390			205,340	236,390
Water operations			918,226	977,482	918,226	977,482
Sewer Operations			<u>1,576,060</u>	<u>1,644,560</u>	<u>1,576,060</u>	<u>1,644,560</u>
Total Expenses	<u>11,642,093</u>	<u>11,455,914</u>	<u>2,494,286</u>	<u>2,622,042</u>	<u>14,136,379</u>	<u>14,077,956</u>
Change in net position	1,094,820	2,235,360	573,762	1,253	1,668,582	2,236,613
Net Position-Beginning of Year (Restated)	<u>19,215,143</u>	<u>19,921,256</u>	<u>14,479,675</u>	<u>15,022,006</u>	<u>33,694,818</u>	<u>34,943,262</u>
Net Position-End of Year	<u>20,309,963</u>	<u>22,156,616</u>	<u>15,053,437</u>	<u>15,023,259</u>	<u>35,363,400</u>	<u>37,179,875</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$ 37,179,875, an increase of \$2,236,613 from the prior year restated net position.

The largest portion of the Town's net position, \$25,932,168 reflects our investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens, consequently, these assets are not available for future spending. Although the Town of Peterborough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$4,101,894 represents resources that are subject to external restrictions on how they may be used. \$3,258,627 of this amount is the non-spendable endowments in the permanent funds such as the Library Trust, Cemetery Trust, Recreation, Public Safety, and other General. The unrestricted net position amount of \$7,145,813, consist of \$1,520,036 in the water fund, \$4,833,709 in the sewer fund and \$792,068 in governmental activities. In the governmental activities, there is \$1,390,798 which is set aside for capital reserves.

At the end of the current fiscal year, the Town of Peterborough is able to report a positive balance for the government as a whole.



**Governmental Activities:** Governmental activities for the year resulted in an increase in net position of \$2,235,360. Key elements of this increase are as follows.

Net Change in fund balances of governmental funds	\$ 730,807
Net of Capital Outlay and Depreciation Expenses (Capital Outlay exceeded Depreciation Expense for Current Fiscal Year)	888,013
Net effect of capital assets decreasing net position	(5,052)
Change in pre-paid principal and interest on debt	172,797
Revenues not considered available	(104,864)
Long-term debt which has no effect on net position	634,581
Expenses not required for use of current financial resources	85,457
Net of pension contributions and cost of pension benefits	<u>(166,379)</u>
Total	<u>\$ 2,235,360</u>

**Business-Type Activities:** Business-type activities for the year overall resulted in an increase in net position of \$1,253. The following is a summary of the increase in net position by fund:

Water	\$ 214,290
Sewer	<u>(213,037)</u>
Total	<u>\$ 1,253</u>

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$12,550,548, an increase of \$730,807 in comparison with the restated fund balance in the prior year.

The General Fund is the chief operating fund of the Town of Peterborough. At the end of the current fiscal year, unassigned fund balance was \$3,855,460, while total fund balance was \$6,457,097. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Total general fund expenditures would include distribution of taxes to the School, County and State. Refer to the table below.

<u>General Fund</u>	<u>6/30/18</u>	<u>6/30/19</u>	<u>Change</u>
Unassigned Fund Balance	\$ 2,600,903	\$ 3,855,460	\$1,254,557
Total Fund Balance*	5,169,097	6,457,097	1,288,000

\*Includes Capital Reserves, Town Expendable Trusts, Landfill Pollution Abatement Expendable Trust, Town Reclamation Trust, Isabelle Miller Trust, Cemetery Expendable Trust, compensated absences and net pension liability.

The unassigned fund balance amount is less than the Town of Peterborough's Fiscal Policy minimum of five (5) percent of gross appropriations including town, county, school, and state. There are no significant limitations on the use of General Fund resources.

**Proprietary Funds-** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$6,353,745 a decrease of \$219,719 in comparison with the prior year. The unrestricted net position is \$1,520,036 in the water fund and \$4,833,709 in the sewer fund. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets: Total investment in capital assets for governmental and business-type activities at year-end amounted to \$39,428,625 (net of accumulated depreciation), an increase of \$1,807,178 from the prior year. The Town of Peterborough's total of capital assets for the current year was \$42,535,974 for governmental activities and \$27,902,340 for business activities. Depreciable capital assets include land at \$23,066, machinery, equipment, and vehicles at \$337,313, and infrastructure at \$1,743,360.

Long-term debt: At the end of the current fiscal year, total long-term debt outstanding on bonds and notes payable was \$13,162,089, all of which was backed by the full faith and credit of the Town of Peterborough. Of the total outstanding long-term debt, the amount of \$5,271,194 was for the governmental activities and the amount of \$7,890,895 was for business activities.

Additional information on capital assets (Note III.A.3.), long-term debt (Note III.B.) and retirement pensions (Note IV.B.) can be found in the notes to the financial statements.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Peterborough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Office  
Town of Peterborough  
1 Grove Street  
Peterborough, New Hampshire 03458

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Statement of Net Position**  
**June 30, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,058,746	\$ 3,031,971	\$ 14,090,717
Investments	6,661,242	176,422	6,837,664
Intergovernmental receivable	362,396	3,260,438	3,622,834
Other receivables, net of allowance for uncollectibles	6,018,380	674,947	6,693,327
Inventory	7,209	-	7,209
Prepaid items	44,209	-	44,209
Tax deeded property held for resale	263,778	-	263,778
Capital assets, not being depreciated:			
Land	2,983,143	173,385	3,156,528
Construction in progress	877,921	417,740	1,295,661
Capital assets, net of accumulated depreciation:			
Land improvements	693,109	18,225	711,334
Buildings and building improvements	2,588,582	8,590,471	11,179,053
Machinery, vehicles and equipment	3,171,240	329,978	3,501,218
Infrastructure	12,474,119	7,110,711	19,584,830
Total assets	<u>47,204,074</u>	<u>23,784,288</u>	<u>70,988,362</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	1,235,926	111,868	1,347,794
Deferred amounts related to OPEB	48,927	6,762	55,689
Total deferred outflows of resources	<u>1,284,853</u>	<u>118,630</u>	<u>1,403,483</u>
<b>LIABILITIES</b>			
Accounts payable	282,855	95,275	378,130
Accrued payroll and benefits	138,289	16,609	154,898
Accrued interest payable	72,536	88,587	161,123
Intergovernmental payable	6,983	-	6,983
Performance and escrow deposits	18,689	-	18,689
Other current liabilities	500	-	500
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	539,155	335,477	874,632
Unamortized bond premium	16,006	-	16,006
Capital leases payable	247,099	-	247,099
Compensated absences payable	38,361	-	38,361
Accrued landfill postclosure care costs	55,000	-	55,000
Due in more than one year:			
Bonds and notes payable	4,177,069	7,555,418	11,732,487
Unamortized bond premium	238,260	-	238,260
Capital leases payable	307,871	-	307,871
Compensated absences payable	548,844	22,834	571,678
Accrued landfill postclosure care costs	1,595,000	-	1,595,000
Net pension liability	6,100,944	552,220	6,653,164
Total OPEB liability	<u>775,454</u>	<u>107,162</u>	<u>882,616</u>
Total liabilities	<u>15,158,915</u>	<u>8,773,582</u>	<u>23,932,497</u>

*(continued)*

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

**EXHIBIT 1 (continued)**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Statement of Net Position**  
**June 30, 2019**

	Governmental Activities	Business-type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	10,919,727	83,033	11,002,760
Deferred amounts related to pensions	247,267	22,381	269,648
Deferred amounts related to OPEB	6,402	663	7,065
Total deferred inflows of resources	<u>11,173,396</u>	<u>106,077</u>	<u>11,279,473</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,262,654	8,669,514	25,932,168
Restricted for:			
Endowments:			
Nonexpendable	3,258,627	-	3,258,627
Expendable	504,657	-	504,657
Other purposes	338,610	-	338,610
Unrestricted	792,068	6,353,745	7,145,813
Total net position	<u>\$ 22,156,616</u>	<u>\$ 15,023,259</u>	<u>\$ 37,179,875</u>

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

**EXHIBIT 2**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,941,693	\$ 1,310	\$ 243,616	\$ -	\$ (1,696,767)	\$ -	\$ (1,696,767)
Public safety	4,685,307	1,540,118	361,880	-	(2,783,309)	-	(2,783,309)
Highways and streets	2,206,875	-	-	196,053	(2,010,822)	-	(2,010,822)
Sanitation	273,282	108,996	16,113	-	(148,173)	-	(148,173)
Welfare	111,118	-	-	-	(111,118)	-	(111,118)
Culture and recreation	1,539,951	158,450	10,560	-	(1,370,941)	-	(1,370,941)
Conservation	18,709	-	-	-	(18,709)	-	(18,709)
Economic development	442,589	-	-	-	(442,589)	-	(442,589)
Interest on long-term debt	236,390	-	-	-	(236,390)	-	(236,390)
Capital outlay	-	-	-	177,498	177,498	-	177,498
Total governmental activities	11,455,914	1,808,874	632,169	373,551	(8,641,320)	-	(8,641,320)
Business-type activities:							
Water department	977,482	1,171,581	-	-	-	194,099	194,099
Sewer department	1,644,560	1,341,897	-	61,802	-	(240,861)	(240,861)
Total business-type activities	2,622,042	2,513,478	-	61,802	-	(46,762)	(46,762)
Total primary government	\$ 14,077,956	\$ 4,322,352	\$ 632,169	\$ 435,353	(8,641,320)	(46,762)	(8,688,082)
General revenues:							
Property taxes					8,058,851	-	8,058,851
Other taxes					296,795	-	296,795
Licenses and permits					1,278,513	-	1,278,513
Grants and contributions not restricted to specific programs					370,092	-	370,092
Miscellaneous					872,429	48,015	920,444
Total general revenues					10,876,680	48,015	10,924,695
Change in net position					2,235,360	1,253	2,236,613
Net position, beginning, as restated, see Note III.D.1.					19,921,256	15,022,006	34,943,262
Net position, ending					\$ 22,156,616	\$ 15,023,259	\$ 37,179,875

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

**EXHIBIT 3**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General	Ambulance	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,802,125	\$ 361,880	\$ 375,889	\$ 2,518,852	\$ 11,058,746
Investments	3,114,473	-	3,387,395	159,374	6,661,242
Receivables, net of allowance for uncollectibles:					
Taxes	5,630,293	-	-	-	5,630,293
Accounts	241,211	123,033	-	180	364,424
Intergovernmental	171,655	138,516	-	52,225	362,396
Liens	23,663			-	23,663
Interfund receivable	724,330	-	-	220,872	945,202
Inventory	-	-	-	7,209	7,209
Prepaid items	18,033	26,176	-	-	44,209
Tax deeded property held for resale	263,778	-	-	-	263,778
Total assets	<u>\$ 17,989,561</u>	<u>\$ 649,605</u>	<u>\$ 3,763,284</u>	<u>\$ 2,958,712</u>	<u>\$ 25,361,162</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 217,350	\$ 27,369	\$ -	\$ 38,136	\$ 282,855
Accrued salaries and benefits	98,743	22,408	-	17,138	138,289
Intergovernmental payable	6,983	-	-	-	6,983
Interfund payable	220,872	-	-	724,330	945,202
Escrow and performance deposits	18,689	-	-	-	18,689
Other current liabilities	-	-	-	500	500
Total liabilities	<u>562,637</u>	<u>49,777</u>	<u>-</u>	<u>780,104</u>	<u>1,392,518</u>
Deferred inflows of resources:					
Deferred revenue	<u>10,969,827</u>	<u>26,322</u>	<u>-</u>	<u>421,947</u>	<u>11,418,096</u>
Fund balances:					
Nonspendable	281,811	-	3,258,627	7,209	3,547,647
Restricted	-	-	504,657	338,610	843,267
Committed	1,390,798	573,506	-	1,722,731	3,687,035
Assigned	929,028	-	-	-	929,028
Unassigned	3,855,460	-	-	(311,889)	3,543,571
Total fund balances	<u>6,457,097</u>	<u>573,506</u>	<u>3,763,284</u>	<u>1,756,661</u>	<u>12,550,548</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,989,561</u>	<u>\$ 649,605</u>	<u>\$ 3,763,284</u>	<u>\$ 2,958,712</u>	<u>\$ 25,361,162</u>

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

**EXHIBIT 4**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position**  
**June 30, 2019**

Total fund balances of governmental funds (Exhibit 3)		\$ 12,550,548
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	\$ 42,535,974	
Less accumulated depreciation	<u>(19,747,860)</u>	
		22,788,114
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (945,202)	
Payables	<u>945,202</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 444,023	
Unavailable ambulance revenue	26,322	
Unavailable liens	23,663	
Unavailable miscellaneous revenue	<u>4,361</u>	
		498,369
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(72,536)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 4,716,224	
Unamortized bond premium	254,266	
Capital leases outstanding	554,970	
Compensated absences payable	587,205	
Accrued landfill postclosure care costs	1,650,000	
Net pension liability	6,100,944	
Total OPEB liability	<u>775,454</u>	
		(14,639,063)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 1,235,926	
Deferred outflows of resources related to OPEB	48,927	
Deferred inflows of resources related to pensions	(247,267)	
Deferred inflows of resources related to OPEB	<u>(6,402)</u>	
		1,031,184
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 22,156,616</u></u>

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



**EXHIBIT 5**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	General	Ambulance	Permanent	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 7,809,833	\$ -	\$ -	\$ 591,353	\$ 8,401,186
Licenses, permits and fees	1,278,513	-	-	-	1,278,513
Intergovernmental	766,953	202,035	-	188,058	1,157,046
Charges for services	135,772	1,475,876	-	208,276	1,819,924
Miscellaneous	687,949	9,069	243,616	130,540	1,071,174
Total revenues	<u>10,679,020</u>	<u>1,686,980</u>	<u>243,616</u>	<u>1,118,227</u>	<u>13,727,843</u>
<b>Expenditures:</b>					
Current:					
General government	1,763,131	-	5,653	32,329	1,801,113
Public safety	2,519,699	1,610,173	-	-	4,129,872
Highways and streets	2,013,120	-	-	-	2,013,120
Sanitation	475,640	-	-	72,866	548,506
Welfare	111,118	-	-	-	111,118
Culture and recreation	619,028	-	-	773,031	1,392,059
Conservation	11,773	-	-	4,185	15,958
Economic development	396,063	-	-	-	396,063
Debt service:					
Principal	533,762	-	-	-	533,762
Interest on long-term debt	205,793	-	-	-	205,793
Capital leases	223,195	-	-	-	223,195
Capital outlay	338,308	27,904	-	1,260,265	1,626,477
Total expenditures	<u>9,210,630</u>	<u>1,638,077</u>	<u>5,653</u>	<u>2,142,676</u>	<u>12,997,036</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,468,390</u>	<u>48,903</u>	<u>237,963</u>	<u>(1,024,449)</u>	<u>730,807</u>
Other financing sources (uses):					
Transfers in	1,168,858	800,000	4,150	607,442	2,580,450
Transfers out	(1,349,248)	(750,000)	(47,439)	(433,763)	(2,580,450)
Total other financing sources and uses	<u>(180,390)</u>	<u>50,000</u>	<u>(43,289)</u>	<u>173,679</u>	<u>-</u>
Net change in fund balances	1,288,000	98,903	194,674	(850,770)	730,807
Fund balances, beginning	5,169,097	474,603	3,568,610	2,607,431	11,819,741
Fund balances, ending	<u>\$ 6,457,097</u>	<u>\$ 573,506</u>	<u>\$ 3,763,284</u>	<u>\$ 1,756,661</u>	<u>\$ 12,550,548</u>

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

**EXHIBIT 6**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**

Net change in fund balances of governmental funds (Exhibit 5)		\$ 730,807
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	\$ 2,082,556	
Depreciation expense	<u>(1,194,543)</u>	
		888,013
The net effect of the disposal of capital assets is to decrease net position.		(5,052)
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Change in prepaid principal and interest on debt		172,797
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (2,580,450)	
Transfers out	<u>2,580,450</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	\$ 20,629	
Change in unavailable ambulance revenue	(10,388)	
Change in unavailable elderly liens	(46,797)	
Change in unavailable miscellaneous revenue	<u>(68,308)</u>	
		(104,864)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond and note principal	\$ 361,068	
Amortization of bond premium	16,006	
Repayment of capital lease principal	<u>257,507</u>	
		634,581
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	\$ (31,753)	
Increase in compensated absences payable	(56,621)	
Increase in OPEB related balances	(133,669)	
Decrease in accrued landfill postclosure care costs	<u>307,500</u>	
		85,457
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	\$ 550,778	
Cost of benefits earned, net of employee contributions	<u>(717,157)</u>	
		(166,379)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 2,235,360</u></u>

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

**EXHIBIT 7**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 7,727,368	\$ 7,830,462	\$ 103,094
Licenses, permits and fees	1,143,785	1,278,513	134,728
Intergovernmental	579,917	766,953	187,036
Charges for services	245,705	135,772	(109,933)
Miscellaneous	174,450	557,050	382,600
Total revenues	<u>9,871,225</u>	<u>10,568,750</u>	<u>697,525</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,770,911	1,707,435	63,476
Public safety	2,689,830	2,583,048	106,782
Highways and streets	1,622,243	1,992,135	(369,892)
Sanitation	419,635	472,507	(52,872)
Welfare	125,898	111,118	14,780
Culture and recreation	1,462,512	621,779	840,733
Conservation	3,050	3,773	(723)
Economic development	414,532	423,281	(8,749)
Debt service:			
Principal	183,599	533,762	(350,163)
Interest on long-term debt	194,518	205,793	(11,275)
Capital lease payments	796,221	223,195	573,026
Capital outlay	1,169,000	443,308	725,692
Total expenditures	<u>10,851,949</u>	<u>9,321,134</u>	<u>1,530,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(980,724)</u>	<u>1,247,616</u>	<u>2,228,340</u>
Other financing sources (uses):			
Transfers in	954,469	1,248,700	294,231
Transfers out	(1,177,105)	(1,482,551)	(305,446)
Total other financing sources and uses	<u>(222,636)</u>	<u>(233,851)</u>	<u>(11,215)</u>
Net change in fund balance	<u>\$ (1,203,360)</u>	1,013,765	<u>\$ 2,217,125</u>
Decrease in nonspendable fund balance		261,421	
Unassigned fund balance, beginning		3,024,297	
Unassigned fund balance, ending		<u>\$ 4,299,483</u>	

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

**EXHIBIT 8**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Ambulance Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 260,564	\$ 202,035	\$ (58,529)
Charges for services	1,358,305	1,475,876	117,571
Miscellaneous	-	9,069	9,069
Total revenues	<u>1,618,869</u>	<u>1,686,980</u>	<u>68,111</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	1,563,089	1,610,173	(47,084)
Capital outlay	<u>105,780</u>	<u>27,904</u>	<u>77,876</u>
Total expenditures	<u>1,668,869</u>	<u>1,638,077</u>	<u>30,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>48,903</u>	<u>98,903</u>
Other financing sources (uses):			
Transfers in	50,000	800,000	750,000
Transfers out	<u>-</u>	<u>(750,000)</u>	<u>(750,000)</u>
Total other financing sources and uses	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>98,903</u>	<u>\$ 98,903</u>
Fund balance, beginning		<u>474,603</u>	
Fund balance, ending		<u>\$ 573,506</u>	

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

**EXHIBIT 9**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business-type Activities - Enterprise Funds		
	Water	Sewer	
	Department	Department	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,433,672	\$ 1,598,299	\$ 3,031,971
Investments	128,788	47,634	176,422
Accounts receivable	315,864	359,083	674,947
Intergovernmental receivable	-	3,260,438	3,260,438
Noncurrent assets:			
Land	158,779	14,606	173,385
Construction in progress	417,740	-	417,740
Capital assets, net of accumulated depreciation:			
Land improvements	-	18,225	18,225
Buildings and building improvements	-	8,590,471	8,590,471
Machinery, vehicles and equipment	170,130	159,848	329,978
Infrastructure	5,595,596	1,515,115	7,110,711
Total assets	8,220,569	15,563,719	23,784,288
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	56,053	55,815	111,868
Deferred amounts related to OPEB	3,041	3,721	6,762
Total deferred outflows of resources	59,094	59,536	118,630
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	28,575	66,700	95,275
Accrued payroll and benefits	8,268	8,341	16,609
Accrued interest payable	29,394	59,193	88,587
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	124,374	211,103	335,477
Due in more than one year:			
Bonds and notes payable	2,095,751	5,459,667	7,555,418
Compensated absences payable	11,808	11,026	22,834
Net pension liability	276,696	275,524	552,220
Other postemployment benefits liability	48,193	58,969	107,162
Total liabilities	2,623,059	6,150,523	8,773,582
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	83,033	-	83,033
Deferred amounts related to pensions	11,214	11,167	22,381
Deferred amounts related to OPEB	302	361	663
Total deferred inflows of resources	94,549	11,528	106,077
<b>NET POSITION</b>			
Net investment in capital assets	4,042,019	4,627,495	8,669,514
Unrestricted	1,520,036	4,833,709	6,353,745
Total net position	\$ 5,562,055	\$ 9,461,204	\$ 15,023,259

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

**EXHIBIT 10**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Business-type Activities - Enterprise Funds		
	Water Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 1,155,257	\$ 1,244,650	\$ 2,399,907
Miscellaneous	16,324	97,247	113,571
Total operating revenues	<u>1,171,581</u>	<u>1,341,897</u>	<u>2,513,478</u>
Operating expenses:			
Plant operation and maintenance	714,749	986,843	1,701,592
Depreciation expense	185,073	483,586	668,659
Total operating expenses	<u>899,822</u>	<u>1,470,429</u>	<u>2,370,251</u>
Operating income (loss)	<u>271,759</u>	<u>(128,532)</u>	<u>143,227</u>
Nonoperating revenue (expense):			
Intergovernmental	-	61,802	61,802
Interest income	20,191	17,320	37,511
Insurance reimbursement	-	10,505	10,505
Interest expense	(77,660)	(174,132)	(251,792)
Total nonoperating revenue (expense)	<u>(57,469)</u>	<u>(84,505)</u>	<u>(141,974)</u>
Change in net position	214,290	(213,037)	1,253
Net position, beginning, as restated, see Note III.D.1.	5,347,765	9,674,241	15,022,006
Net position, ending	<u>\$ 5,562,055</u>	<u>\$ 9,461,204</u>	<u>\$ 15,023,259</u>

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

**EXHIBIT 11**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Business -type Activities - Enterprise Funds		
	Water	Sewer	
	Department	Department	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,215,872	\$ 1,337,704	\$ 2,553,576
Payments to suppliers and employees	(690,755)	(927,714)	(1,618,469)
Net cash provided by operating activities	525,117	409,990	935,107
Cash flows from non-capital financing activities:			
Insurance reimbursement	-	10,505	10,505
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(11,020)	(11,020)
Proceeds from state grants	-	214,259	214,259
Principal paid on bonds and notes	(143,428)	(204,954)	(348,382)
Interest paid on bonds and notes	(59,842)	(176,272)	(236,114)
Net cash used in capital and related financing activities	(203,270)	(177,987)	(381,257)
Cash flows from investing activities:			
Interest and dividends received	20,191	17,320	37,511
Purchase of investments	(19,039)	(7,042)	(26,081)
Net cash provided from investing activities	1,152	10,278	11,430
Increase in cash	322,999	252,786	575,785
Cash and cash equivalents, beginning	1,110,673	1,345,513	2,456,186
Cash and cash equivalents, ending	\$ 1,433,672	\$ 1,598,299	\$ 3,031,971
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 271,759	\$ (128,532)	\$ 143,227
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	185,073	483,586	668,659
(Increase) decrease in accounts receivable	41,361	(4,193)	37,168
Increase in accounts payable	28,461	56,164	84,625
Increase (decrease) in accrued liabilities	(4,467)	2,965	(1,502)
Increase in deferred revenue	2,930	-	2,930
Total adjustments	253,358	538,522	791,880
Net cash provided by operating activities	\$ 525,117	\$ 409,990	\$ 935,107

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

**EXHIBIT 12**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 14,311	\$ 3,124,113
Investments	1,185,528	-
Total assets	<u>1,199,839</u>	<u>3,124,113</u>
Liabilities:		
Accounts payable	-	44,225
Due to other governmental units	-	2,847,385
Due to developers	-	232,503
Total liabilities	<u>-</u>	<u>3,124,113</u>
Net position:		
Held in trust for specific purposes	<u>\$ 1,199,839</u>	<u>\$ -</u>

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



**EXHIBIT 13**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Private Purpose Trust</u>
Additions:	
Investment earnings:	
Interest and dividends	\$ 27,194
Net change in fair value of investments	46,480
Total additions	<u>73,674</u>
Deductions:	
Trust distributions	<u>2,400</u>
Change in net position	71,274
Net position, beginning	<u>1,128,565</u>
Net position, ending	<u><u>\$ 1,199,839</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Peterborough (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended June 30, 2019.

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

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

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

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

*Government-Wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to users for sales and services 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. Major individual, governmental funds and 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 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. Proprietary and fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met. The agency funds are custodial in nature and do not measure results of operations.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. However, for purposes of setting the tax rate, unavailable property taxes are not deferred in accordance with the direction of the New Hampshire Department of Revenue Administration.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest, which are reported as expenditures in the year due.

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

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

**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.

*Ambulance Fund* – This special revenue fund is used to account for financial transactions of the Town's emergency medical services.

*Permanent Fund* – The permanent fund is used to account for financial assets held by the trustees of trust funds, from which only the income, and not principal, is used for supporting Town purposes.

The Town also reports fourteen 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.

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

*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.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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

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

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

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

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

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

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

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

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, with the exception of prepaid debt, which reduces the long-term liability in government-wide and proprietary fund financial statements.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**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 and proprietary fund financial statements. Donated assets are stated at acquisition value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. 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:

	<u>Years</u>
Land improvements	20
Buildings and building improvements	20-100
Machinery, vehicles and equipment	5-15
Infrastructure	10-75

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

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

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

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums based on the number of years in employment. Employees who are eligible for vacation benefits and whose employment is terminated for any reason are paid an amount equal to all accumulated vacation pay earned but not taken.

Full-time, permanent employees are granted sick leave at a rate of one and one-half days for every two full months of continuous service. Employees who have been employed by the Town for more than ten years are paid upon termination of their employment for their unused sick leave on a sliding scale up to as much as 80% of accumulated sick leave for employees with over 40 years of service. The maximum reimbursement for accumulated sick leave shall not exceed 960 hours.

For employees hired prior to December 31, 1997, the hours accumulated under the previous compensated absences system (PDOs or Banked Paid Days Off) carryover and can be used for extended illness, injury or vacation leave with written approval of the Department head. At termination of employment, employees are reimbursed for any unused PDOs limited to a total of 960 hours of combined accumulated PDOs and sick leave, with the payment made first from the PDO bank and then from the accumulated sick leave.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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

**I.C.6. *Equity***

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the balance of the permanent funds where the principal must be permanently invested and the income is to be used for Town purposes.
- Restricted for other purposes, which consists of the balance of the capital projects and special revenue funds whose revenues are restricted by enabling legislation and state laws.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of inventory, prepaid items, and endowments.
- Restricted, which represents the balance of the additional highway block grant, the expendable income from permanent funds and the library fund, whose use is limited by law; and balances for which the intended use has been established by enabling legislation through Town Meeting vote.
- Committed, which consists of balances for which the intended use has been established by Town Meeting, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of encumbrances.
- 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 of the GAR Hall Parking Lot and Townhouse Rehabilitation capital project funds.



**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**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, Water, Sewer and Ambulance Funds, as well as the nonmajor Cemetery, Recreation, Pay As You Throw, and PEG Funds. Project length budgets are adopted for the Capital Projects Funds. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In fiscal year 2019, \$450,000 of the unassigned fund balance from 2018 was so used, and \$753,000 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 restrictions or assignments of fund balances and do not constitute expenditures or liabilities because the amounts 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, welfare, culture and recreation, conservation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 11,817,450
Adjustments:	
Basis difference:	
Unavailable tax revenue deferred in the prior year	423,394
Unavailable tax revenue deferred in the current year	(444,023)
Perspective difference:	
Revenue from Capital Reserve Fund	93,420
Revenue from Town Expendable Trust Fund	9,492
Revenue from Isabelle Miller Fund	24,194
Revenue from Landfill Expendable Trust Fund	3,793
Transfers from Expendable Trust Funds	(79,842)
Per Exhibit 5 (GAAP basis)	<u>\$ 11,847,878</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 10,803,685
Adjustments:	
Basis difference:	
Encumbrances, beginning	671,842
Encumbrances, ending	(1,029,028)
Perspective difference:	
Expenditures of Capital Reserve Fund	246,682
Transfers to Expendable Trust Fund	(291,035)
Transfers from Trust Funds to Other Funds	157,732
Per Exhibit 5 (GAAP basis)	<u>\$ 10,559,878</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 4,299,483
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(444,023)
Per Exhibit 3 (GAAP basis)	<u>\$ 3,855,460</u>

**II.C. Deficit Fund Balance**

The GAR Hall Parking Lot Capital Project Fund reports a deficit fund balance at year end of \$128,139. This is the result of unanticipated costs related to the project, and will be funded by a future transfer from the Town's capital reserve fund.

The Townhouse Rehabilitation Capital Project Fund reports a deficit fund balance at year-end of \$183,750. This is the result of expenditures incurred for the beginning stages of the project that will be funded by a future issuance of bonds or notes as approved by Warrant Article 12 of the 2017 Town Meeting.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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

**III.A. Assets**

**III.A.1. Investments**

As of June 30, 2019, the Town's reporting entity had the following investments:

US Treasury obligations	\$ 1,467,843
Municipal obligations	319,453
Fixed income funds	135,208
Common stock	2,599,233
Corporate bonds	820,937
New Hampshire Public Deposit Investment Pool	2,680,518
	<u>\$ 8,023,192</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 6,661,242
Proprietary funds - statement of net position (Exhibit 9)	176,422
Fiduciary funds - statement of fiduciary net position (Exhibit 12)	1,185,528
Total	<u>\$ 8,023,192</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's credit rating quality of investments as of June 30, 2019 is as follows:

	Fair Value
Aaa	\$ 1,545,573
Aa	85,085
A	489,375
Baa	306,320
N/A	181,880
Exempt from disclosure	5,414,959
	<u>\$ 8,023,192</u>

**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 OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

Town's sensitivity of the fair value of the Town's investments to market interest rate fluctuations is as follows:

	Fair Value	Investment maturities (in years)				
		Less than 1	1 to 5	5 to 10	10 to 15	15 to 20
US Treasury obligations	\$ 1,467,843	\$ 358,121	\$ 987,055	\$ 122,667	\$ -	\$ -
Municipal obligations	319,453	-	5,086	106,086	80,691	127,591
Corporate bonds	820,937	199,915	229,956	391,065	-	-
	<u>\$ 2,608,233</u>	<u>\$ 558,036</u>	<u>\$ 1,222,097</u>	<u>\$ 619,818</u>	<u>\$ 80,691</u>	<u>\$ 127,591</u>

**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 \$8,023,192 of investments, \$3,420,172 has exposure to custodial credit risk because the related securities are uninsured and uncollateralized.

### **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 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. 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 2018 property taxes on June 5<sup>th</sup>.

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

The net assessed valuation as of April 1, 2018, upon which the 2018 property tax levy was based was:

For the New Hampshire education tax	\$ 689,704,836
For all other taxes	\$ 702,314,036

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

The tax rates and amounts assessed for the year ended June 30, 2019 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$10.62	\$ 7,454,931
School portion:		
State of New Hampshire	\$2.12	1,461,843
Local	\$16.19	11,373,973
County portion	\$1.16	815,150
Total property taxes assessed		<u>\$ 21,105,897</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2019	\$ 5,056,407
Levy of 2018	30
Unredeemed (under tax lien):	
Levy of 2017	299,243
Levy of 2016	125,951
Levy of 2015	99,341
Levies of 2014 and prior	15,341
Timber	115
Betterment assessment	5,547
In lieu of taxes	28,318
Net taxes receivable	<u>\$ 5,630,293</u>

*Other Receivables and Uncollectible Accounts*

Other significant receivables include charges for ambulance services and water and sewer charges. These funds report accounts receivable net of any allowance for uncollectible amounts and revenues net of uncollectibles. The allowance amount consists of ambulance charges that are expected to be written off as bad debt based on the historical write-off rates. Related amounts are shown in the following table:

	Governmental Funds	Enterprise Funds
Accounts	\$ 720,646	\$ 674,947
Intergovernmental	362,396	3,260,438
Liens	23,663	-
Less: allowance for uncollectible amounts	(356,222)	-
Net total receivables	<u>\$ 750,483</u>	<u>\$ 3,935,385</u>

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

*Deferred Revenue*

Deferred revenue of \$11,418,096 in the governmental funds at June 30, 2019 represents \$26,322 of ambulance service charges and \$448,384 of property taxes and miscellaneous receivables that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles; \$10,880,631 of property taxes assessed for fiscal year 2019; \$23,663 of elderly/disabled and welfare liens not redeemed within 60 days; \$31,548 in unapplied tax receivable credits to be applied to future levies; \$7,488 received for the future sale of tax deeded property; and \$60 in miscellaneous items. In the governmental activities, only \$10,919,727, representing the 2019 tax assessment, unapplied tax credits, the future sale of tax deeded property, and miscellaneous items are reported as unearned revenue.

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

*Changes in Capital Assets*

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

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 2,910,443	\$ 72,700	\$ -	\$ 2,983,143
Construction in progress	971,804	315,714	(409,597)	877,921
Total capital assets not being depreciated	<u>3,882,247</u>	<u>388,414</u>	<u>(409,597)</u>	<u>3,861,064</u>
Being depreciated:				
Land improvements	1,364,508	23,066	(22,430)	1,365,144
Buildings and building improvements	5,149,957	-	-	5,149,957
Machinery, vehicles and equipment	7,500,995	337,313	(252,948)	7,585,360
Infrastructure	22,831,089	1,743,360	-	24,574,449
Total capital assets being depreciated	<u>36,846,549</u>	<u>2,103,739</u>	<u>(275,378)</u>	<u>38,674,910</u>
Total all capital assets	<u>40,728,796</u>	<u>2,492,153</u>	<u>(684,975)</u>	<u>42,535,974</u>
Less accumulated depreciation:				
Land improvements	(632,591)	(61,874)	22,430	(672,035)
Buildings and building improvements	(2,428,360)	(133,015)	-	(2,561,375)
Machinery, vehicles and equipment	(4,105,504)	(556,512)	247,896	(4,414,120)
Infrastructure	(11,657,188)	(443,142)	-	(12,100,330)
Total accumulated depreciation	<u>(18,823,643)</u>	<u>(1,194,543)</u>	<u>270,326</u>	<u>(19,747,860)</u>
Net book value, capital assets being depreciated	<u>18,022,906</u>	<u>909,196</u>	<u>(5,052)</u>	<u>18,927,050</u>
Net book value, all capital assets	<u>\$ 21,905,153</u>	<u>\$ 1,297,610</u>	<u>\$ (414,649)</u>	<u>\$ 22,788,114</u>

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

	Balance, beginning	Additions	Deletions	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 173,385	\$ -	\$ -	\$ 173,385
Construction in progress	417,740	-	-	417,740
Total capital assets not being depreciated	<u>591,125</u>	<u>-</u>	<u>-</u>	<u>591,125</u>
Being depreciated:				
Land improvements	27,000	-	-	27,000
Buildings and building improvements	10,687,727	-	-	10,687,727
Machinery, vehicles and equipment	1,072,042	-	(756)	1,071,286
Infrastructure	15,514,182	11,020	-	15,525,202
Total capital assets being depreciated	<u>27,300,951</u>	<u>11,020</u>	<u>(756)</u>	<u>27,311,215</u>
Total all capital assets	<u>27,892,076</u>	<u>11,020</u>	<u>(756)</u>	<u>27,902,340</u>
Less accumulated depreciation:				
Land improvements	(7,425)	(1,350)	-	(8,775)
Buildings and building improvements	(1,774,601)	(322,655)	-	(2,097,256)
Machinery, vehicles and equipment	(685,205)	(56,859)	756	(741,308)
Infrastructure	(8,126,696)	(287,795)	-	(8,414,491)
Total accumulated depreciation	<u>(10,593,927)</u>	<u>(668,659)</u>	<u>756</u>	<u>(11,261,830)</u>
Net book value, capital assets being depreciated	<u>16,707,024</u>	<u>(657,639)</u>	<u>-</u>	<u>16,049,385</u>
Net book value, all capital assets	<u>\$ 17,298,149</u>	<u>\$ (657,639)</u>	<u>\$ -</u>	<u>\$ 16,640,510</u>

*Depreciation Expense*

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

Governmental activities:	
General government	\$ 77,590
Public safety	373,343
Highways and streets	600,177
Culture and recreation	140,682
Conservation	2,751
Total depreciation expense	<u>\$ 1,194,543</u>
Business-type activities:	
Sanitation	\$ 483,586
Water distribution and treatment	185,073
Total depreciation expense	<u>\$ 668,659</u>

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**III.B. Liabilities**

General obligation bonds and notes are approved by the voters and repaid with general revenues (property taxes). These notes are backed by the full faith and credit of the Town. Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 6/30/2019	Current Portion
Governmental activities:						
General obligation bonds/notes payable:						
West Peterborough TIF	\$ 2,500,000	2010	2024	4.48	\$ 862,070	\$ 172,414
Connector Road	\$ 1,000,000	2010	2023	4.57	325,253	88,741
Adams Pool renovation	\$ 1,200,000	2013	2027	2.44	573,820	80,000
Union Street infrastructure	\$ 2,435,000	2015	2036	5.1	1,935,000	125,000
Robbe Farm Rd. - Legacy Lane	\$ 190,578	2016	2026	3.5	80,081	18,000
GAR Hall parking lot	\$ 1,049,100	2017	2037	2.02-5.02	940,000	55,000
					<u>4,716,224</u>	<u>539,155</u>
Unamortized bond premium					<u>254,266</u>	<u>16,006</u>
Capital leases payable:						
Fire pumper	\$ 567,613	2017	2020	2.59	143,670	143,670
Ambulance	\$ 160,000	2018	2023	3.19	129,978	30,980
Breathing apparatus	\$ 270,000	2018	2023	2.99	219,134	52,387
Sidewalk tractor	\$ 103,719	2018	2023	3.29	62,188	20,062
					<u>554,970</u>	<u>247,099</u>
Compensated absences payable:						
Vested sick leave					178,850	13,842
Accrued vacation leave					408,355	24,519
					<u>587,205</u>	<u>38,361</u>
Accrued landfill postclosure care costs					<u>1,650,000</u>	<u>55,000</u>
Net pension liability					<u>6,100,944</u>	<u>-</u>
Total OPEB liability					<u>775,454</u>	<u>-</u>
					<u>\$ 14,639,063</u>	<u>\$ 895,621</u>
Business-type activities:						
General obligation bonds/notes payable:						
Treatment plant	\$ 6,986,000	2012	2039	4.48	\$ 5,670,770	\$ 211,103
Water refunding bond	\$ 1,557,200	2009	2037	2.0-5.0	1,255,000	54,000
NHSRF note	\$ 579,500	2012	2031	3.1	403,902	28,292
Water bond	\$ 700,000	2016	2031	2.75	561,223	42,082
					<u>7,890,895</u>	<u>335,477</u>
Compensated absences payable:						
Vested sick leave					6,601	-
Accrued vacation leave					16,233	-
					<u>22,834</u>	<u>-</u>
Net pension liability					<u>552,220</u>	<u>-</u>
Total OPEB liability					<u>107,162</u>	<u>-</u>
					<u>\$ 8,573,111</u>	<u>\$ 335,477</u>



**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	Total OPEB Liability	Total
Governmental activities:								
Balance, beginning	\$ 5,077,292	\$ 270,272	\$ 812,477	\$ 530,584	\$ 1,957,500	\$ 6,081,927	\$ 593,557	\$ 15,323,609
Additions	-	-	-	56,621	-	19,017	181,897	257,535
Reductions	(361,068)	(16,006)	(257,507)	-	(307,500)	-	-	(942,081)
Balance, ending	<u>\$ 4,716,224</u>	<u>\$ 254,266</u>	<u>\$ 554,970</u>	<u>\$ 587,205</u>	<u>\$ 1,650,000</u>	<u>\$ 6,100,944</u>	<u>\$ 775,454</u>	<u>\$ 14,639,063</u>

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Compensated Absences Payable	Net Pension Liability	Total OPEB Liability	Total
Business-type activities:						
Balance, beginning	\$ 8,239,277	\$ 1,617	\$ 43,262	\$ 601,510	\$ 58,926	\$ 8,944,592
Additions	-	-	-	-	48,236	48,236
Reductions	(348,382)	(1,617)	(20,428)	(49,290)	-	(419,717)
Balance, ending	<u>\$ 7,890,895</u>	<u>\$ -</u>	<u>\$ 22,834</u>	<u>\$ 552,220</u>	<u>\$ 107,162</u>	<u>\$ 8,573,111</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 June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 539,155	\$ 185,081	\$ 724,236
2021	543,987	161,438	705,425
2022	549,001	137,612	686,613
2023	493,675	113,865	607,540
2024	431,586	93,537	525,123
2025-2029	1,038,820	295,211	1,334,031
2030-2034	850,000	12,940	862,940
2035-2037	270,000	9,255	279,255
Totals	<u>\$ 4,716,224</u>	<u>\$ 1,008,939</u>	<u>\$ 5,725,163</u>

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2020	\$ 335,477	\$ 254,047	\$ 589,524
2021	344,894	243,990	588,884
2022	355,522	233,122	588,644
2023	365,405	221,939	587,344
2024	376,527	210,157	586,684
2025-2029	2,065,812	850,831	2,916,643
2030-2034	2,051,773	509,854	2,561,627
2035-2039	1,995,485	182,003	2,177,488
Totals	<u>\$ 7,890,895</u>	<u>\$ 2,705,943</u>	<u>\$ 10,596,838</u>

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

Year Ending June 30,			
	Principal	Interest	Total
2020	\$ 247,099	\$ 16,465	\$ 263,564
2021	106,643	9,530	116,173
2022	109,958	6,215	116,173
2023	91,270	2,797	94,067
Totals	<u>\$ 554,970</u>	<u>\$ 35,007</u>	<u>\$ 589,977</u>

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 724,330
Nonmajor	General	220,872
		<u>\$ 945,202</u>

The amount due to the General Fund from the Nonmajor Funds represents reimbursements of costs related to capital projects. The amount due to the Nonmajor Funds from the General Fund represents budgeted appropriations and land use change tax collected on behalf of the Conservation Commission Fund.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**III.C.2. Transfers**

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

The following schedule reports transfers within the reporting entity:

	Transfers In:				Total
	General Fund	Ambulance Fund	Permanent Fund	Nonmajor Funds	
Transfers out:					
General fund	\$ -	\$ 800,000	\$ -	\$ 549,248	\$ 1,349,248
Ambulance fund	750,000	-	-	-	750,000
Permanent fund	-	-	-	47,439	47,439
Nonmajor funds	418,858	-	4,150	10,755	433,763
	<u>\$ 1,168,858</u>	<u>\$ 800,000</u>	<u>\$ 4,150</u>	<u>\$ 607,442</u>	<u>\$ 2,580,450</u>

The amount transferred from the Ambulance Fund to the General Fund, and to the Ambulance Fund from the General Fund represents voted appropriations. The amounts transferred from the Nonmajor Funds to the General Fund represents \$295,820 from the West Peterborough TIF District for the annual debt payment, \$113,038 from the Downtown TIF District for sanitation expenditures, and \$10,000 from the South Peterborough TIF District for general government expenditures. The amount transferred from the General Fund to the Nonmajor Funds represents \$353,111 to the Library Fund, \$20,225 to the Cemetery Fund, \$54,271 to the Main Street Bridge Capital Project and \$103,461 to the GAR Hall Parking Lot Capital Project Fund for voted appropriations, and \$18,180 to the Recreation Revolving Fund. The amount transferred from the Permanent Fund to the Nonmajor Funds of \$47,439 represents \$30,439 to the Library Fund, and \$17,000 to the Cemetery Maintenance Fund for investment income earned. The amount transferred from the Nonmajor Funds to the Permanent Fund represents cemetery lot sales.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**III.D. Fund Equity**

**III.D.1. Restatement of Beginning Equity**

Equity at July 1, 2018 was restated to reflect the following adjustments:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
To adjust OPEB liability for medical subsidy	\$ (316,641)	\$ (31,431)	\$ (14,341)	\$ (17,090)
To report additional debt payment	9,545	-	-	-
To report additional capital lease payable	(81,611)	-	-	-
Net position, as previously reported	20,309,963	15,053,437	5,362,106	9,691,331
Net position, as restated	<u>\$ 19,921,256</u>	<u>\$ 15,022,006</u>	<u>\$ 5,347,765</u>	<u>\$ 9,674,241</u>

**III.D.2. Components of Fund Equity**

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

	General Fund	Ambulance Fund	Permanent Fund	Nonmajor Funds
<b>Nonspendable:</b>				
Endowments	\$ -	\$ -	\$ 3,258,627	\$ -
Inventory	-	-	-	7,209
Prepaid items	18,033	-	-	-
Tax deeded property	263,778	-	-	-
Total nonspendable	<u>281,811</u>	<u>-</u>	<u>3,258,627</u>	<u>7,209</u>
<b>Restricted:</b>				
General government	-	-	350,048	-
Culture and recreation	-	-	154,609	338,060
Capital outlay	-	-	-	550
Total restricted	<u>-</u>	<u>-</u>	<u>504,657</u>	<u>338,610</u>
<b>Committed:</b>				
General government	-	-	-	102,175
Public safety	-	573,506	-	-
Sanitation	-	-	-	44,240
Culture and recreation	-	-	-	214,953
Conservation	-	-	-	116,045
Capital outlay	1,390,798	-	-	1,245,318
Total committed	<u>1,390,798</u>	<u>573,506</u>	<u>-</u>	<u>1,722,731</u>
<b>Assigned:</b>				
General government	126,446	-	-	-
Public safety	63,349	-	-	-
Highways and streets	634,667	-	-	-
Sanitation	3,117	-	-	-
Culture and recreation	7,751	-	-	-
Economic development	93,698	-	-	-
Total assigned	<u>929,028</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Unassigned</b>	<u>3,855,460</u>	<u>-</u>	<u>-</u>	<u>(311,889)</u>
<b>Total fund balance</b>	<u>\$ 6,457,097</u>	<u>\$ 573,506</u>	<u>\$ 3,763,284</u>	<u>\$ 1,756,661</u>

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**III.D.3. *Restricted Net Position***

The government-wide statement of net position includes restricted net position of \$3,763,284 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures and \$338,610 restricted by bond covenants, grantors and contributors, or State Statutes.

**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) Property/Liability and Workers' Compensation Programs, which are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

**The Primex Workers' Compensation and Property/Liability Programs** are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation and property/liability coverage was provided from July 1 through June 30. Primex provided property and employer's liability coverage in varying amounts and statutory coverage for workers' compensation.

Contributions paid in fiscal year 2019 for property/liability insurance to be recorded as an insurance expenditure/expense totaled \$126,192. There were no unpaid contributions for the year ended June 30, 2019. The Town also paid \$90,217 for workers' compensation for the fiscal year. The 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.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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, fire personnel, and other employees for the fiscal year were 11.55%, 11.8%, and 7% of gross earnings, respectively. The rates of contribution for pension and the medical subsidy were 29.43% for police, 31.89% for fire personnel, and 11.38% for other employees. Employer contributions from the Town during the fiscal years 2017, 2018 and 2019 were \$546,852, \$620,501, and \$652,614 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 June 30, 2019, the Town reported a liability of \$6,653,164 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2017 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2018. The roll-forward of the total pension liability from June 30, 2017 to June 30, 2018 reflects the expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2019, the Town's proportion reported was 0.1382%, which was an increase of 0.0023% from its proportion reported as of June 30, 2018.

For the year ended June 30, 2019, the Town recognized pension expense of \$717,157 in the governmental activities and \$18,793 in the business-type activities. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 233,627	\$ 61,817
Net differences between projected and actual earnings on pension plan investments	-	153,960
Changes in assumptions	460,432	-
Differences between expected and actual experience	53,104	53,871
Town contributions subsequent to the measurement date	600,631	-
	<u>\$ 1,347,794</u>	<u>\$ 269,648</u>

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

The Town reported \$600,631 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 year ending June 30, 2020.

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 Ending June 30,	
2020	\$ 314,779
2021	277,411
2022	(105,846)
2023	(8,829)
	<u>\$ 477,515</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2018 actuarial valuation was determined using the actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Period	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	\$ 8,852,089	\$ 6,653,164	\$ 4,810,397

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

**IV.C. Contingent Liabilities**

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

**IV.D. Other Postemployment Benefits**

*Plan Description*

As required by N.H. RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*, the Town provides its eligible retirees including certain beneficiaries, the ability to purchase health, dental and prescription drug coverage at the Town's group rates. The Town does not supplement the cost of these plans directly, but recognizes the liability for the inclusion of implicit rate subsidies to the retirees. The subsidy occurs because when a blended rate is used for a group of individuals that includes younger and presumably healthier people along with older, retired people, implicitly, the active employees are subsidizing the retirees. As of July 1, 2018, there were twelve inactive employees receiving benefits, and forty-six active employees participating in the plan. The following is a brief description of the retiree medical plan:

- a. Plan Types:
  - Medical
  - Pre 65 retirees have their choice of Cigna Open Access or Cigna Open Access Plus.
  - Post 65 retirees must enroll in Cigna 65+.



**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

b. Eligibility:

**Group 1:**

Non-Police and Fire:

Hired before 7/1/2011

Age 60 or older with no minimum service

Hired on or after 7/1/2011

Age 65 or older with no minimum service

**Group 2:**

Police and Fire:

Hired before 7/1/2011

Age 60 or older with no minimum service; or

if vested\* before 1/1/2012, age 45 with 20 years of service; or

if not vested\* before 1/1/2012, then:

Years of Service on 1/1/2012	Minimum Eligible Age	Minimum Eligible Years of 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
At least 4 years	49	24

\*Group 2 employees are vested at age 60, or at 10 years of service

Hired on or after 7/1/2011

Age 52.5 years old with 25 years of service

c. Benefit/Cost Sharing:

The retiree is responsible for the full price of the medical premium.

d. Spouse Benefit:

Yes

e. Surviving Spouse Benefit:

Yes

f. Annual Medical Premiums:

July 2018-June 2019

	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
CIGNA Green Open Access	\$ 10,908.00	\$ 21,816.00	\$ 29,454.00
CIGNA Red Open Access	\$ 10,092.00	\$ 20,184.00	\$ 27,246.00
Allegiant Care Union	\$ 8,916.00	\$ 19,080.00	\$ 24,372.00
CIGNA 65+ w/Rx	\$ 5,262.48	\$ 21,816.00	
CIGNA 65+ No Rx	\$ 2,496.00	\$ 20,184.00	

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

*Implicit Rate Subsidy*

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

*Medical Insurance Subsidy*

The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium will be paid. If the health insurance premium amount exceeds the Medical Subsidy amount, then the retiree or other qualified person is responsible for paying any additional 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 \$882,616 consists of \$327,059 for the implicit rate subsidy determined by an actuarial valuation as of June 30, 2019 and \$555,557 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2018 with roll-forward procedures used to determine the liability as of June 30, 2019. The roll-forward of the total OPEB liability from June 30, 2018 to June 30, 2019 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

*Methods and Assumptions*

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

Implicit Rate Subsidy		
Payroll Growth	2.50%	
Discount Rate	3.50%	
Inflation	0.00%	
Investment Rate of Return	N/A	
Mortality	RP-2014 Mortality Table fully generational using Scale MP-2017	
Healthcare Cost Trend Rates	2019	7.00%
	2020	6.00%
	2021+	5.00%
Medical Insurance Subsidy		
Payroll Growth	3.25%	
Discount Rate	7.25%	
Inflation	2.5%	
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation	
Mortality	RP-2014 Health Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study	
Healthcare Cost Trend Rates	N/A, given that the benefits are fixed stipends	

*Sensitivity of Total OPEB Liability*

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

Implicit rate subsidy:		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	(2.5%)	(3.5%)	(4.5%)
Town's total OPEB liability	\$ 355,262	\$ 327,059	\$ 301,425
Medical subsidy:		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	(6.25%)	(7.25%)	(8.25%)
Town's total OPEB liability	\$ 578,227	\$ 555,557	\$ 492,057

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

The following presents the total OPEB liability calculated using the current healthcare trend rate of 8.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate 1-percentage point lower or 1-percentage point higher:

Implicit rate subsidy:

	1% Decrease (7.00%)	Current Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Town's total OPEB liability	\$ 288,015	\$ 327,059	\$ 373,451

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

For the year ended June 30, 2019 the Town recognized OPEB expense of \$764,778; and reported deferred outflows of resources of \$55,689 and deferred inflows of resources of \$7,065, due to changes in actuarial experience and actuarial assumptions. The amount recognized as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	
2020	\$ 47,096
2021	(166)
2022	(166)
2023	273
2024	385
Thereafter	1,202
	<u>\$ 48,624</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.1382%	0.1359%	0.1358%	0.1270%	0.1315%	0.1342%
Town's proportionate share of the net pension liability	\$ 6,653,164	\$ 6,683,437	\$ 7,218,957	\$ 5,031,870	\$ 4,936,991	\$ 5,775,826
Town's covered-employee payroll	\$ 4,053,924	\$ 3,809,405	\$ 3,521,094	\$ 3,432,128	\$ 3,215,586	\$ 3,105,679
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	164.12%	175.45%	205.02%	146.61%	153.53%	185.98%
Plan fiduciary position as a percentage of the total pension liability	64.77%	62.66%	58.30%	65.47%	66.32%	59.82%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 652,614	\$ 620,501	\$ 546,852	\$ 528,446	\$ 490,587	\$ 470,043
Contribution in relation to the contractually required contribution	<u>(652,614)</u>	<u>(620,501)</u>	<u>(546,852)</u>	<u>(528,446)</u>	<u>(490,587)</u>	<u>(470,043)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 4,053,924	\$ 3,809,405	\$ 3,521,094	\$ 3,432,128	\$ 3,215,586	\$ 3,105,679
Contributions as a percentage of covered-employee payroll	16.10%	16.29%	15.53%	15.40%	15.26%	15.13%

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

**EXHIBIT 16**  
**TOWN OF PETERBOROUGH**  
***Schedule of Changes in the Town's Total OPEB Liability and Related Ratios***

	2019	2018	2017
Total OPEB liability:			
Service cost	\$ 20,191	\$ 19,527	\$ 64,147
Interest	53,722	11,057	12,372
Difference between expected and actual experience	15,371	-	-
Investment plan income	(3,796)	-	-
Changes of assumptions			
and differences between expected and actual experience	173,212	(7,234)	(16,950)
Plan administrative costs and other expenses	92	-	-
Benefit payments	(78,055)	(16,376)	(26,408)
Change in proportion of medical subsidy	49,394	-	-
Net change in total OPEB liability	230,131	6,974	33,161
Total OPEB liability, beginning	652,485	297,437	264,276
Restatement to include medical subsidy	-	348,074	-
Total OPEB liability, ending	<u>\$ 882,616</u>	<u>\$ 652,485</u>	<u>\$ 297,437</u>
Covered-employee payroll	\$ 4,053,924	\$ 3,809,405	\$ 3,521,094
Total OPEB liability as a percentage of covered-employee payroll	21.77%	17.13%	8.45%

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



**EXHIBIT 17**  
**TOWN OF PETERBOROUGH**  
**Schedule of the Town's OPEB Contributions**

	2019	2018	2017
Actuarially determined contribution	\$ 82,716	\$ 29,617	\$ 57,969
Contributions in relation to the actuarially determined contribution	(71,965)	(16,376)	(19,023)
Contribution deficiency	\$ 10,751	\$ 13,241	\$ 38,946
 Covered-employee payroll	 \$ 4,053,924	 \$ 3,809,405	 \$ 3,521,094
Contributions as a percentage of covered-employee payroll	2.04%	0.78%	1.65%

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

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

The Pension Schedules and OPEB Schedules are meant to present related information for ten years. Because this is the fifth year that the Town has reported pension schedules, and the third year for the OPEB information, (first year including the medical subsidy), only five years and three years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

**COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES**

**EXHIBIT 18**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Special Revenue Funds								
	PEG	Recreation Revolving	Library	Conservation Commission	Cemetery Maintenance	Downtown TIF	West Peterborough TIF	South Peterborough TIF	Pay As You Throw
<b>ASSETS</b>									
Cash and cash equivalents	\$ 59,833	\$ 170,579	\$ 411,150	\$ 113,637	\$ 51,658	\$ 364,213	\$ 1,039,577	\$ 263,415	\$ 44,240
Investments	-	-	105,645	-	53,729	-	-	-	-
Receivables, net of allowance for uncollectibles:									
Accounts	-	-	-	-	180	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	2,733	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	7,209
Total assets	<u>\$ 59,833</u>	<u>\$ 170,579</u>	<u>\$ 516,795</u>	<u>\$ 116,370</u>	<u>\$ 105,567</u>	<u>\$ 364,213</u>	<u>\$ 1,039,577</u>	<u>\$ 263,415</u>	<u>\$ 51,449</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 98	\$ 7,924	\$ 5,780	\$ 325	\$ 87	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	205	6,732	9,527	-	674	-	-	-	-
Interfund payable	-	-	163,428	-	2,571	-	-	-	-
Other current liabilities	-	500	-	-	-	-	-	-	-
Total liabilities	<u>303</u>	<u>15,156</u>	<u>178,735</u>	<u>325</u>	<u>3,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:									
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>69,376</u>	<u>176,920</u>	<u>175,591</u>	<u>-</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	7,209
Restricted	-	-	338,060	-	-	-	-	-	-
Committed	59,530	155,423	-	116,045	102,175	294,837	862,657	87,824	44,240
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>59,530</u>	<u>155,423</u>	<u>338,060</u>	<u>116,045</u>	<u>102,175</u>	<u>294,837</u>	<u>862,657</u>	<u>87,824</u>	<u>51,449</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 59,833</u>	<u>\$ 170,579</u>	<u>\$ 516,795</u>	<u>\$ 116,370</u>	<u>\$ 105,567</u>	<u>\$ 364,213</u>	<u>\$ 1,039,577</u>	<u>\$ 263,415</u>	<u>\$ 51,449</u>

**EXHIBIT 18 (Continued)**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Capital Projects Funds				
	Main Street Bridge	GAR Hall Parking Lot	Townhouse Rehabilitation	Community Center Renovations	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 550	\$ 2,518,852
Investments	-	-	-	-	159,374
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	-	180
Intergovernmental	52,225	-	-	-	52,225
Interfund receivable	42,678	175,461	-	-	220,872
Inventory	-	-	-	-	7,209
Total assets	<u>\$ 94,903</u>	<u>\$ 175,461</u>	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 2,958,712</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 13,047	\$ -	\$ 10,875	\$ -	\$ 38,136
Accrued salaries and benefits	-	-	-	-	17,138
Interfund payable	81,856	303,600	172,875	-	724,330
Other current liabilities	-	-	-	-	500
Total liabilities	<u>94,903</u>	<u>303,600</u>	<u>183,750</u>	<u>-</u>	<u>780,104</u>
Deferred inflows of resources:					
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,947</u>
Fund balances:					
Nonspendable	-	-	-	-	7,209
Restricted	-	-	-	550	338,610
Committed	-	-	-	-	1,722,731
Unassigned	-	(128,139)	(183,750)	-	(311,889)
Total fund balances	<u>-</u>	<u>(128,139)</u>	<u>(183,750)</u>	<u>550</u>	<u>1,756,661</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 94,903</u>	<u>\$ 175,461</u>	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 2,958,712</u>

**EXHIBIT 19**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2019**

	Special Revenue Funds								
	PEG	Recreation Revolving	Library	Conservation Commission	Cemetery Maintenance	Downtown TIF	West Peterborough TIF	South Peterborough TIF	Pay As You Throw
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 2,733	\$ -	\$ 138,736	\$ 352,213	\$ 97,671	\$ -
Intergovernmental	-	-	10,560	-	-	-	-	-	-
Charges for services	-	127,868	4,216	-	-	-	-	-	76,192
Miscellaneous	28,430	36,899	33,071	58	23,636	1,634	6,271	153	388
Total revenues	28,430	164,767	47,847	2,791	23,636	140,370	358,484	97,824	76,580
EXPENDITURES									
Current:									
General government	-	-	-	-	32,299	30	-	-	-
Sanitation	-	-	-	-	-	-	-	-	72,866
Culture and recreation	13,533	142,770	616,728	-	-	-	-	-	-
Conservation	-	-	-	4,185	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	13,533	142,770	616,728	4,185	32,299	30	-	-	72,866
Excess (deficiency) of revenues over (under) expenditures	14,897	21,997	(568,881)	(1,394)	(8,663)	140,340	358,484	97,824	3,714
Other financing sources (uses):									
Transfers in	-	18,180	383,550	-	47,980	-	-	-	-
Transfers out	-	-	-	-	(14,905)	(113,038)	(295,820)	(10,000)	-
Total other financing sources and uses	-	18,180	383,550	-	33,075	(113,038)	(295,820)	(10,000)	-
Net change in fund balances	14,897	40,177	(185,331)	(1,394)	24,412	27,302	62,664	87,824	3,714
Fund balances, beginning	44,633	115,246	523,391	117,439	77,763	267,535	799,993	-	47,735
Fund balances, ending	\$ 59,530	\$ 155,423	\$ 338,060	\$ 116,045	\$ 102,175	\$ 294,837	\$ 862,657	\$ 87,824	\$ 51,449

**EXHIBIT 19 (continued)**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2019**

	Capital Projects Funds					
	Main Street Bridge	GAR Hall Parking Lot	Townhouse Rehabilitation	Community Center Renovations	Union Street Improvements	Total
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 591,353
Intergovernmental	177,498	-	-	-	-	188,058
Charges for services	-	-	-	-	-	208,276
Miscellaneous	-	-	-	-	-	130,540
Total revenues	<u>177,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,118,227</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	32,329
Sanitation	-	-	-	-	-	72,866
Culture and recreation	-	-	-	-	-	773,031
Conservation	-	-	-	-	-	4,185
Capital outlay	<u>231,769</u>	<u>884,865</u>	<u>136,625</u>	<u>-</u>	<u>7,006</u>	<u>1,260,265</u>
Total expenditures	<u>231,769</u>	<u>884,865</u>	<u>136,625</u>	<u>-</u>	<u>7,006</u>	<u>2,142,676</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,271)</u>	<u>(884,865)</u>	<u>(136,625)</u>	<u>-</u>	<u>(7,006)</u>	<u>(1,024,449)</u>
Other financing sources (uses):						
Transfers in	54,271	103,461	-	-	-	607,442
Transfers out	-	-	-	-	-	(433,763)
Total other financing sources and uses	<u>54,271</u>	<u>103,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,679</u>
Net change in fund balances	-	(781,404)	(136,625)	-	(7,006)	(850,770)
Fund balances, beginning	-	653,265	(47,125)	550	7,006	2,607,431
Fund balances, ending	<u>\$ -</u>	<u>\$ (128,139)</u>	<u>\$ (183,750)</u>	<u>\$ 550</u>	<u>\$ -</u>	<u>\$ 1,756,661</u>

**EXHIBIT 20**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2019**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 7,341,431	\$ 7,533,722	\$ 192,291
Land use change	5,000	2,733	(2,267)
Timber	26,000	18,302	(7,698)
Betterment assessment	500	19,453	18,953
Payments in lieu of taxes	69,437	87,556	18,119
Interest and penalties on delinquent taxes	285,000	168,696	(116,304)
Total taxes	<u>7,727,368</u>	<u>7,830,462</u>	<u>103,094</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	1,000	1,995	995
Motor vehicle permits	1,033,585	1,176,087	142,502
Building permits	33,625	75,841	42,216
Other	75,575	24,590	(50,985)
Total licenses, permits and fees	<u>1,143,785</u>	<u>1,278,513</u>	<u>134,728</u>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	335,828	335,828	-
Highway block grant	196,351	196,053	(298)
State and federal forest land	328	370	42
Flood control reimbursement	33,894	33,894	-
Miller Park	-	2,800	2,800
Public safety	-	4,145	4,145
Federal sources:			
FEMA	-	1,862	1,862
Bridge aid	-	24,850	24,850
Other government sources:			
Town of Sharon	13,516	167,151	153,635
Total intergovernmental	<u>579,917</u>	<u>766,953</u>	<u>187,036</u>
<b>Charges for services:</b>			
Income from departments	<u>245,705</u>	<u>135,772</u>	<u>(109,933)</u>
<b>Miscellaneous:</b>			
Sale of property	5,000	13,841	8,841
Interest on investments	5,000	116,371	111,371
Rent of property	-	16,022	16,022
Fines and forfeits	-	3,553	3,553
Insurance dividends and reimbursements	-	28,091	28,091
Contributions and donations	-	256,472	256,472
Other	164,450	122,700	(41,750)
Total miscellaneous	<u>174,450</u>	<u>557,050</u>	<u>382,600</u>
<b>Other financing sources:</b>			
Transfers in:			
Expendable trust fund	474,725	79,842	(394,883)
Ambulance fund	-	750,000	750,000
Nonmajor funds	479,744	418,858	(60,886)
Total other financing sources	<u>954,469</u>	<u>1,248,700</u>	<u>294,231</u>
Total revenues and other financing sources	<u>10,825,694</u>	<u>\$ 11,817,450</u>	<u>\$ 991,756</u>
Use of fund balance	<u>1,203,000</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 12,028,694</u>		



**EXHIBIT 21**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2019**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 307,109	\$ 219,165	\$ -	\$ 87,944
Election and registration	-	192,132	165,930	-	26,202
Financial administration	-	452,797	459,788	3,000	(9,991)
Legal	-	75,000	68,321	-	6,679
Personnel administration	-	34,790	53,100	-	(18,310)
Planning and zoning	12,803	17,804	26,416	1,700	2,491
General government buildings	23,174	300,127	300,874	498	21,929
Cemeteries	-	52,752	-	-	52,752
Insurance, not otherwise allocated	-	147,700	49,790	-	97,910
Other	43,518	190,700	417,100	21,248	(204,130)
Total general government	79,495	1,770,911	1,760,484	26,446	63,476
Public safety:					
Police	-	1,949,713	1,769,737	61,665	118,311
Ambulance	-	50,000	50,000	-	-
Fire	-	672,068	657,253	1,684	13,131
Emergency management	-	18,049	42,709	-	(24,660)
Total public safety	-	2,689,830	2,519,699	63,349	106,782
Highways and streets:					
Highways and streets	369,617	1,581,143	1,692,686	634,667	(376,593)
Street lighting	50,000	41,100	84,399	-	6,701
Total highways and streets	419,617	1,622,243	1,777,085	634,667	(369,892)
Sanitation:					
Solid waste clean-up	6,250	66,000	61,646	3,117	7,487
Other	-	353,635	413,994	-	(60,359)
Total sanitation	6,250	419,635	475,640	3,117	(52,872)
Welfare:					
Administration and direct assistance	-	125,898	111,118	-	14,780
Culture and recreation:					
Parks and recreation	-	805,651	605,354	7,751	192,546
Public library	5,000	655,501	-	-	660,501
Patriotic purposes	-	-	11,853	-	(11,853)
Other	-	1,000	1,821	-	(821)
Total culture and recreation	5,000	1,462,152	619,028	7,751	840,373
Conservation	-	3,050	3,773	-	(723)
Economic development	66,480	414,532	396,063	93,698	(8,749)
Debt service:					
Principal	-	183,599	533,762	-	(350,163)
Interest	-	194,518	205,793	-	(11,275)
Capital leases	-	796,221	223,195	-	573,026
Total debt service	-	1,174,338	962,750	-	211,588
Capital outlay:					
Machinery, vehicles and equipment	95,000	466,000	273,326	-	287,674
Buildings	-	620,000	-	200,000	420,000
Improvements other than buildings	-	83,000	64,982	-	18,018
Total capital outlay	95,000	1,169,000	338,308	200,000	725,692
Other financing uses:					
Transfers out:					
Expendable trust fund	-	55,000	55,000	-	-
Ambulance fund	-	750,000	750,000	-	-
Nonmajor funds	-	372,105	677,551	-	(305,446)
Total other financing uses	-	1,177,105	1,482,551	-	(305,446)
Total encumbrances, appropriations, expenditures and other financing uses	\$ 671,842	\$ 12,028,694	\$ 10,446,499	\$ 1,029,028	\$ 1,225,009

**EXHIBIT 22**  
**TOWN OF PETERBOROUGH, NEW HAMPSHIRE**  
**General Fund**  
***Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)***  
***For the Fiscal Year Ended June 30, 2019***

---

Unassigned fund balance, beginning		\$ 3,024,297
Changes:		
Unassigned fund balance used to reduce tax rate		(450,000)
Unassigned fund balance appropriated		(753,000)
Budget summary:		
Revenue surplus (Exhibit 20)	\$ 991,756	
Unexpended balance of appropriations (Exhibit 21)	<u>1,225,009</u>	
Budget surplus		2,216,765
Decrease in nonspendable fund balance		<u>261,421</u>
Unassigned fund balance, ending		<u><u>\$ 4,299,483</u></u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Peterborough as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

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 or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified the following deficiency in internal control that we consider to be a significant deficiency.

### ***Fund Balance Discrepancy***

There was a significant variance between the fund balance on the financial statements for the fiscal year ended June 30, 2018, and the beginning balances in the general ledger as of July 1, 2018, in the General Fund. We were unable to identify the cause and the Town had to make an adjustment to record additional revenue of \$183,204 to balance to the prior years' ending fund balance. We did note that adjusting audit entries related to Fiscal Year 2018 were made at the start of Fiscal Year 2019, which may have contributed to the discrepancy. We recommend that any year-end adjusting credit entries be dated in the fiscal year to which they apply. This will provide ending balances that agree to audited figures, and which can be compared to balances rolled forward in the next fiscal year.

We would also like to discuss the following other matters:

### ***Budgeting State Forms – Repeat Finding***

There were multiple errors related to the classification of estimated revenues and appropriations on the MS-434 and MS-232, respectively, when compared to the general ledger postings. The Proprietary Fund "offset" balances did not balance, and debt service appropriations were not reported as such on the forms. We recommend that the annual budgeting process include a reconciliation between general ledger accounts and the MS Form structure. The Town should be able to provide a reconciliation of amounts reported as transfers in and out on the MS Forms

***Town of Peterborough  
Independent Auditor's Communication to Management***

to general ledger accounts and funds. We noted that the Town has worked with its accounting software vendor to code accounts and develop reports that will correspond with State accounts and reporting requirements. We believe that this will make it easier for the Town to correct this issue going forward.

***Transfer of Voted Appropriations to the Capital Reserve Fund***

At the May 9<sup>th</sup>, 2018 Open Session of Town Meeting, Warrant Article 20 was approved, establishing and authorizing a transfer of \$236,035 to the Roadway System Upgrades Capital Reserve Fund, and naming the Board of Selectmen as agents to expend. Because costs related to projects that were expected to be expended from those funds were greater than anticipated, the Town did not transfer the funds since they would then request reimbursement from the Fund in the same amount. State Statutes over Capital Reserve Funds do not allow for "netting out" transfers. In the future, the Town should transfer all funds appropriated, and subsequently request reimbursements from the Trustees of Trust Funds.

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

*Roberts & Heene, PLLC*

Concord, New Hampshire  
February 26, 2020