

TOWN OF PETERBOROUGH, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Peterborough, as of June 30, 2020, 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 pension and OPEB schedules on pages 3-10 and 54-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational 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 & Heene, PLLC

Concord, New Hampshire
March 5, 2021

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, 2019 and ending June 30, 2020. 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 \$42,073,365 (i.e., net position), an increase of \$4,876,922 in comparison to the prior year net position. Of the net position amount, \$6,352,130 (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 \$14,482,628 an increase of \$1,932,080 in comparison with the prior year fund balances. Approximately \$11,082,060 is the reserve of fund balance; \$3,887,476 is the non-spendable fund balance; \$3,568,721 is the restricted fund balance; \$3,353,266 is the committed fund

balance; and \$272,597 is the assigned fund balance. The remaining \$3,400,568 net unassigned fund balance is the General Fund unassigned fund balance of \$4,280,337 and including a deficit fund balance in the Ambulance Fund of (\$82,348), the Main Street Bridge Fund of (\$279,845), and in the Townhouse Rehabilitation Capital Project a balance of (\$517,576). The fund balance has an increase of \$1,932,080 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 \$14,407,206 a decrease of \$1,269,188 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 \$6,621,290. 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.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Current and Other Assets	24,152,182	28,606,653	7,160,346	7,414,660	31,312,528	36,021,313
Capital Assets	<u>23,051,892</u>	<u>24,741,467</u>	<u>16,640,510</u>	<u>16,156,870</u>	<u>39,692,402</u>	<u>40,898,337</u>
Total Assets	<u>47,204,074</u>	<u>53,348,120</u>	<u>23,800,856</u>	<u>23,571,530</u>	<u>71,004,930</u>	<u>76,919,650</u>
Deferred Outflows of Resources	<u>1,284,853</u>	<u>1,006,640</u>	<u>118,630</u>	<u>92,155</u>	<u>1,403,483</u>	<u>1,098,795</u>
Long-term Liabilities Outstanding	13,743,442	13,706,050	8,237,634	8,150,639	21,981,076	21,856,689
Other Liabilities	<u>1,415,473</u>	<u>9,792,751</u>	<u>535,948</u>	<u>81,730</u>	<u>1,951,421</u>	<u>9,874,481</u>
Total Liabilities	<u>15,158,915</u>	<u>23,498,801</u>	<u>8,773,582</u>	<u>8,232,369</u>	<u>23,932,497</u>	<u>31,731,170</u>
Deferred Inflows of Resources	11,173,396	4,110,465	106,077	103,445	11,279,473	4,213,910
Net Position:						
Invested in Capital Assets, Net	17,262,654	20,200,930	8,669,514	8,581,036	25,932,168	28,781,966
Restricted	4,101,894	6,939,269			4,101,894	6,939,269
Unrestricted	<u>792,068</u>	<u>(394,705)</u>	<u>6,370,313</u>	<u>6,746,835</u>	<u>7,162,381</u>	<u>6,352,130</u>
Total Net Position	<u>22,156,616</u>	<u>26,745,494</u>	<u>15,039,827</u>	<u>15,327,871</u>	<u>37,196,443</u>	<u>42,073,365</u>
Revenues:						
Program Revenues:						
Charges for Services	1,808,874	1,442,915	2,513,478	2,701,823	4,322,352	4,144,738
Operating Grants and Contributions	632,169	786,705			632,169	786,705
Capital Grants and Contributions	373,551	4,661,656	61,802	58,993	435,353	4,720,649
General Revenues:						
Property Taxes	8,058,851	7,490,494			8,058,851	7,490,494
Other Taxes	296,795	212,408			219,655	212,408
Licenses and Permits	1,278,513	1,238,757			1,113,469	1,238,757
Grants & Contributions not restricted to Specific Programs	370,092	593,366			349,639	593,366
Other, including transfers	<u>872,429</u>	<u>968,266</u>	<u>48,015</u>	<u>(92,157)</u>	<u>462,707</u>	<u>876,109</u>
Total Revenues	<u>13,691,274</u>	<u>17,394,567</u>	<u>2,373,198</u>	<u>2,668,659</u>	<u>13,249,878</u>	<u>20,063,226</u>

	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Expenses:						
General Government	1,941,693	2,706,095			1,941,693	2,706,095
Public Safety	4,685,307	4,777,513			4,685,307	4,777,513
Highway & Streets	2,206,875	2,599,164			2,206,875	2,599,164
Sanitation	273,282	496,074			273,282	496,074
Welfare	111,118	112,010			111,118	112,010
Culture & Recreation	1,539,951	1,256,797			1,539,951	1,256,797
Conservation	18,709	8,138			18,709	8,138
Economic Development	442,589	365,767			442,589	365,767
Capital Outlay		323,175				323,175
Interest in long-term debt	236,390	160,956			236,390	160,956
Water operations			977,482	833,803	977,482	833,803
Sewer Operations			<u>1,644,560</u>	<u>1,546,812</u>	<u>1,644,560</u>	<u>1,546,812</u>
Total Expenses	<u>11,455,914</u>	<u>12,805,689</u>	<u>2,622,042</u>	<u>2,380,615</u>	<u>14,077,956</u>	<u>15,186,304</u>
Change in net position	2,235,360	4,588,878	1,253	288,044	2,236,613	4,876,922
Net Position-Beginning of Year	<u>19,921,256</u>	<u>22,156,616</u>	<u>15,038,574</u>	<u>15,039,827</u>	<u>34,959,830</u>	<u>37,196,443</u>
Net Position-End of Year	<u>22,156,616</u>	<u>26,745,494</u>	<u>15,039,827</u>	<u>15,327,871</u>	<u>37,196,443</u>	<u>42,073,365</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 \$ 42,073,365, an increase of \$4,876,922 from the prior year restated net position.

The largest portion of the Town's net position, \$28,781,966 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, \$6,939,269 represents resources that are subject to external restrictions on how they may be used. \$3,363,278 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 \$6,335,455, consist of \$1,758,824 in the water fund, \$4,971,336 in the sewer fund and a deficit of \$(394,705) in governmental activities. In the governmental activities, there is \$1,253,860 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 \$4,588,878. Key elements of this increase are as follows.

Net Change in fund balances of governmental funds	\$1,932,080
Net of Capital Outlay and Depreciation Expenses (Capital Outlay exceeded Depreciation Expense for Current Fiscal Year)	1,953,353
Change in pre-paid principal and interest on debt	(221,374)
Revenues not considered available	223,334
Long-term debt which has no effect on net position	984,923
Expenses not required for use of current financial resources	(52,698)
Net of pension contributions and cost of pension benefits	<u>(230,740)</u>
Total	<u>\$ 4,588,878</u>

Business-Type Activities: Business-type activities for the year overall resulted in an increase in net position of \$287,937. The following is a summary of the increase in net position by fund:

Water	\$ 387,808
Sewer	<u>(99,764)</u>
Total	<u>\$ 288,044</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 \$14,482,628, an increase of \$1,932,080 in comparison with the 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 \$4,280,337, while total fund balance was \$6,319,251. 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>6/30/19</u>	<u>6/30/20</u>	<u>Change</u>
Unassigned Fund Balance	\$ 3,855,460	\$ 4,280,337	\$424,877
Total Fund Balance*	6,457,097	6,319,251	(137,846)

*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 greater than the Town of Peterborough's Fiscal Policy minimum of five (5) percent of gross appropriations including town, county, school, and state. At the time when the 2020 Tax Rate was being set it was 12.05%. The maximum recommended by the NH Dept. of Revenue is 17%. 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 \$6,746,835 an increase of \$376,522 in comparison with the prior year. The unrestricted net position is \$1,758,824 in the water fund and \$4,988,011 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following are the comparison highlights of the Original and Final Budget to the Actual Results. Components of the comparison can be found in the following Exhibits:

- Exhibit 20-Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis), Page 58.
- Exhibit 21-Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis), Pages 59-60.

• Adopted Budget-Appropriations	\$12,146,673
• Carryforward Encumbrances-Prior Yr.	<u>1,029,028</u>
• Total Amended Budget	<u><u>\$13,175,701</u></u>
• Actual Expenditures	\$10,522,582
• Carryforward Encumbrances-Current Yr.	<u>222,597</u>
• Total Expenditures	<u><u>\$10,745,179</u></u>
• Expenditure Surplus	<u><u>\$ 2,430,522</u></u>

- Expenditure Variance Surplus \$1,624,091
- Encumbrances Variance Surplus \$ 806,431

Various expenditure categories had positive expenditure variances, including General Government, Highways and Streets, Sanitation, Culture and Recreation, Conservation, Economic Development, Debt Service, Capital Outlay, and Other Financing Uses. These categories, in total had a positive expenditure of \$2,451,509.

• Adopted Budget-Revenues	\$11,346,373
• Use of Fund Balance	<u>800,000</u>
• Total Budget-Including Fund Balance	<u><u>\$12,146,673</u></u>
• Actual Revenues	\$10,507,908
• Deficit compared to Adopted Budget	<u><u>\$ (838,765)</u></u>

Various revenue categories had positive revenue variances, including, Licenses, Permits and Fees, Intergovernmental, Charges for Services, Miscellaneous and Transfer In-Expendable Trust Funds. These categories, in total had a positive revenue variance of \$761,781.

Nonmajor Funds had a revenue deficit variance of \$(1,526,804) due primarily to timing of various bond proceeds and capital lease payments. Debt Service has a positive expenditure variance of \$1,207,303.

Unassigned Fund Balance

- Beginning Balance \$4,256,805
- Use of Fund Balance to Reduce Tax Rate (800,000)

Budget Summary

- Revenue Deficit \$ (838,765)
- Unexpended Balance of Appropriations 2,430,522
- Budget Surplus 1,591,757
- Increase in Nonspendable Fund Balance (230,646)
- Decrease in Assigned Fund Balance 50,000

Unassigned Fund Balance, Ending \$4,867,916

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: Total investment in capital assets for governmental and business-type activities at year-end amounted to \$40,898,337 (net of accumulated depreciation), an increase of \$1,469,713 from the prior year. The Town of Peterborough's total of capital assets for the current year was \$45,454,763 for governmental activities and \$28,041,881 for business activities.

Major capital asset additions during the current fiscal year included the following:

Governmental Activities

- Main St. Bridge Project \$ 1,195,061
- Town House Rehab Project 490,517
- Library Renovation 312,800
- Ambulance 293,143
- Dump Truck & Plow 169,695
- Grove St. Parking Lot 117,601
- 2 Police Vehicles 81,226
- West Peterborough Sidewalks/Drainage 75,827
- Bucket Truck 43,594
- Pickup Truck 42,269
- Ventilators 32,278
- Nubanusit Bridge Improvements 11,752
- Utility Trailer 10,120
- Fly Pond Dam 9,360
- Office Copier 5,600
- \$ 2,890,843

Major capital asset disposals during the current fiscal year included the following:

- 3 Dump Trucks \$ 155,410
- 1 Pickup Truck 55,000
- 2 Lawn Mowers 19,798
- \$ 230,288

Major capital asset additions during the current fiscal year included the following:

Business-Type Activities

• Cheney Ave. Pump Station	\$ 82,342
• Cold Stone Springs Well Project	<u>46,744</u>
	\$ <u>129,986</u>

Major capital asset disposals during the current fiscal year included the following:

• Pickup Truck	\$ <u>48,684</u>
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Long-term debt: At the end of the current fiscal year, total long-term debt outstanding on bonds and notes payable was \$11,802,721, 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 \$4,302,277 was for the governmental activities and the amount of \$7,500,444 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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 17,272,259	\$ 3,556,504	\$ 20,828,763
Investments	6,481,441	91,648	6,573,089
Intergovernmental receivable	1,278,072	3,107,981	4,386,053
Other receivables, net of allowance for uncollectibles	3,245,096	656,233	3,901,329
Inventory	6,241	-	6,241
Prepaid items	59,766	2,294	62,060
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	3,027,880	546,826	3,574,706
Capital assets, net of accumulated depreciation:			
Land improvements	640,320	16,875	657,195
Buildings and building improvements	2,462,113	8,267,816	10,729,929
Machinery, vehicles and equipment	3,255,407	328,119	3,583,526
Infrastructure	12,372,604	6,823,849	19,196,453
Total assets	<u>53,348,120</u>	<u>23,571,530</u>	<u>76,919,650</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	932,839	85,650	1,018,489
Deferred amounts related to OPEB	73,801	6,505	80,306
Total deferred outflows of resources	<u>1,006,640</u>	<u>92,155</u>	<u>1,098,795</u>
LIABILITIES			
Internal balances	54,420	(54,420)	-
Accounts payable	998,877	52,670	1,051,547
Accrued payroll and benefits	245,661	23,373	269,034
Accrued interest payable	18,745	60,107	78,852
Intergovernmental payable	7,024,145	-	7,024,145
Retainage payable	14,594	-	14,594
Performance and escrow deposits	4,809	-	4,809
Bond anticipation note payable	1,431,500	-	1,431,500
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	366,182	289,894	656,076
Unamortized bond premium	16,006	-	16,006
Capital leases payable	106,643	-	106,643
Compensated absences payable	105,644	-	105,644
Accrued landfill postclosure care costs	56,500	-	56,500
Due in more than one year:			
Bonds and notes payable	3,628,224	7,210,550	10,838,774
Unamortized bond premium	222,254	-	222,254
Capital leases payable	201,228	-	201,228
Compensated absences payable	539,287	26,294	565,581
Accrued landfill postclosure care costs	1,638,500	-	1,638,500
Net pension liability	6,064,475	556,815	6,621,290
Total OPEB liability	761,107	67,086	828,193
Total liabilities	<u>23,498,801</u>	<u>8,232,369</u>	<u>31,731,170</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
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	3,849,690	79,683	3,929,373
Deferred amounts related to pensions	211,389	19,409	230,798
Deferred amounts related to OPEB	49,386	4,353	53,739
Total deferred inflows of resources	<u>4,110,465</u>	<u>103,445</u>	<u>4,213,910</u>
NET POSITION			
Net investment in capital assets	20,200,930	8,581,036	28,781,966
Restricted for:			
Endowments:			
Nonexpendable	3,363,278	-	3,363,278
Expendable	526,546	-	526,546
Other purposes	3,049,445	-	3,049,445
Unrestricted	(394,705)	6,746,835	6,352,130
Total net position	<u>\$ 26,745,494</u>	<u>\$ 15,327,871</u>	<u>\$ 42,073,365</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, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	2,706,095	\$ 6,531	\$ 181,629	\$ -	\$ (2,517,935)	\$ -	\$ (2,517,935)
Public safety	4,490,072	1,256,671	605,076	-	(2,628,325)	-	(2,628,325)
Highways and streets	2,599,164	-	-	277,393	(2,321,771)	-	(2,321,771)
Sanitation	496,074	117,436	-	-	(378,638)	-	(378,638)
Welfare	112,010	-	-	-	(112,010)	-	(112,010)
Culture and recreation	1,256,797	62,277	-	-	(1,194,520)	-	(1,194,520)
Conservation	8,138	-	-	-	(8,138)	-	(8,138)
Economic development	365,767	-	-	-	(365,767)	-	(365,767)
Interest on long-term debt	160,956	-	-	-	(160,956)	-	(160,956)
Capital outlay	610,616	-	-	4,384,263	3,773,647	-	3,773,647
Total governmental activities	12,805,689	1,442,915	786,705	4,661,656	(5,914,413)	-	(5,914,413)
Business-type activities:							
Water department fund	833,803	1,259,910	-	-	-	426,107	426,107
Sewer department fund	1,546,812	1,441,913	-	58,993	-	(45,906)	(45,906)
Total business-type activities	2,380,615	2,701,823	-	58,993	-	380,201	380,201
Total primary government	\$ 15,186,304	\$ 4,144,738	\$ 786,705	\$ 4,720,649	(5,914,413)	380,201	(5,534,212)
General revenues:							
Property taxes					7,490,494	-	7,490,494
Other taxes					212,408	-	212,408
Licenses and permits					1,238,757	-	1,238,757
Grants and contributions not restricted to specific programs					593,366	-	593,366
Miscellaneous					840,468	35,641	876,109
Transfers					127,798	(127,798)	-
Total general revenues and transfers					10,503,291	(92,157)	10,411,134
Change in net position					4,588,878	288,044	4,876,922
Net position, beginning, as restated, see Note III.D.3.					22,156,616	15,039,827	37,196,443
Net position, ending					\$ 26,745,494	\$ 15,327,871	\$ 42,073,365

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, 2020

	General	Ambulance	Main Street Bridge	Library Renovations	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 10,856,028	\$ 42,033	\$ -	\$ 2,860,803	\$ 752,287	\$ 2,761,108	\$ 17,272,259
Investments	3,193,109	-	-	-	3,154,537	133,795	6,481,441
Receivables, net of allowance for uncollectibles:							
Taxes	2,785,292	-	-	-	-	-	2,785,292
Accounts	230,294	134,742	-	-	-	74,896	439,932
Intergovernmental	235,282	15,529	1,027,261	-	-	-	1,278,072
Liens	19,872	-	-	-	-	-	19,872
Interfund receivable	520,829	-	-	-	-	459,769	980,598
Inventory	-	-	-	-	-	6,241	6,241
Prepaid items	248,679	26,961	-	-	-	5,500	281,140
Tax deemed property held for resale	263,778	-	-	-	-	-	263,778
Total assets	<u>\$ 18,353,163</u>	<u>\$ 219,265</u>	<u>\$ 1,027,261</u>	<u>\$ 2,860,803</u>	<u>\$ 3,906,824</u>	<u>\$ 3,441,309</u>	<u>\$ 29,808,625</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 234,850	\$ 16,111	\$ 324,751	\$ 220,332	\$ -	\$ 202,833	\$ 998,877
Accrued salaries and benefits	184,304	47,850	-	-	-	13,507	245,661
Intergovernmental payable	7,024,145	-	-	-	-	-	7,024,145
Interfund payable	493,299	200,323	182,355	-	18,770	140,271	1,035,018
Escrow and performance deposits	4,309	-	-	-	-	500	4,809
Bond anticipation note payable	-	-	800,000	-	-	631,500	1,431,500
Total liabilities	<u>7,940,907</u>	<u>264,284</u>	<u>1,307,106</u>	<u>234,926</u>	<u>18,770</u>	<u>988,611</u>	<u>10,754,604</u>
Deferred inflows of resources:							
Deferred revenue	<u>4,093,005</u>	<u>37,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,059</u>	<u>4,571,393</u>
Fund balances:							
Nonspendable	512,457	-	-	-	3,363,278	11,741	3,887,476
Restricted	-	-	-	2,625,877	524,776	418,068	3,568,721
Committed	1,253,860	-	-	-	-	2,099,406	3,353,266
Assigned	272,597	-	-	-	-	-	272,597
Unassigned	4,280,337	(82,348)	(279,845)	-	-	(517,576)	3,400,568
Total fund balances	<u>6,319,251</u>	<u>(82,348)</u>	<u>(279,845)</u>	<u>2,625,877</u>	<u>3,888,054</u>	<u>2,011,639</u>	<u>14,482,628</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,353,163</u>	<u>\$ 219,265</u>	<u>\$ 1,027,261</u>	<u>\$ 2,860,803</u>	<u>\$ 3,906,824</u>	<u>\$ 3,441,309</u>	<u>\$ 29,808,625</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, 2020

Total fund balances of governmental funds (Exhibit 3)		\$ 14,482,628
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	\$ 45,454,763	
Less accumulated depreciation	<u>(20,713,296)</u>	24,741,467
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Prepaid debt principal and interest		(221,374)
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (980,404)	
Payables	<u>980,404</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 587,576	
Unavailable ambulance revenue	37,329	
Unavailable liens	19,872	
Unavailable miscellaneous revenue	<u>76,926</u>	721,703
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(18,745)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 3,994,406	
Unamortized bond premium	238,260	
Capital leases outstanding	307,871	
Compensated absences payable	644,931	
Accrued landfill postclosure care costs	1,695,000	
Net pension liability	6,064,475	
Total OPEB liability	<u>761,107</u>	(13,706,050)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 932,839	
Deferred outflows of resources related to OPEB	73,801	
Deferred inflows of resources related to pensions	(211,389)	
Deferred inflows of resources related to OPEB	<u>(49,386)</u>	745,865
Total net position of governmental activities (Exhibit 1)		<u>\$ 26,745,494</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, 2020

	General	Ambulance	Main Street Bridge	Library Renovations	Permanent	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 6,716,356	\$ -	\$ -	\$ -	\$ -	\$ 830,160	\$ 7,546,516
Licenses, permits and fees	1,238,757	-	-	-	-	-	1,238,757
Intergovernmental	901,034	351,301	1,431,967	-	-	223,500	2,907,802
Charges for services	186,505	1,105,720	-	-	-	135,961	1,428,186
Miscellaneous	499,138	6,963	-	2,953,271	179,079	337,618	3,976,069
Total revenues	<u>9,541,790</u>	<u>1,463,984</u>	<u>1,431,967</u>	<u>2,953,271</u>	<u>179,079</u>	<u>1,527,239</u>	<u>17,097,330</u>
Expenditures:							
Current:							
General government	2,312,775	-	-	-	6,195	36,918	2,355,888
Public safety	2,535,030	1,668,248	-	-	-	-	4,203,278
Highways and streets	1,969,747	-	-	-	-	-	1,969,747
Sanitation	345,227	-	-	-	-	83,571	428,798
Welfare	112,010	-	-	-	-	-	112,010
Culture and recreation	986,277	-	-	-	-	139,682	1,125,959
Conservation	500	-	-	-	-	4,887	5,387
Economic development	365,767	-	-	-	-	-	365,767
Debt service:							
Principal	541,818	-	-	-	-	-	541,818
Interest	182,226	-	-	-	-	3,429	185,655
Capital leases	147,392	-	-	-	-	-	147,392
Capital outlay	757,824	445,150	1,711,812	327,394	-	609,169	3,851,349
Total expenditures	<u>10,256,593</u>	<u>2,113,398</u>	<u>1,711,812</u>	<u>327,394</u>	<u>6,195</u>	<u>877,656</u>	<u>15,293,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(714,803)</u>	<u>(649,414)</u>	<u>(279,845)</u>	<u>2,625,877</u>	<u>172,884</u>	<u>649,583</u>	<u>1,804,282</u>
Other financing sources (uses):							
Transfers in	593,739	-	-	-	2,550	67,446	663,735
Transfers out	(16,782)	(6,440)	-	-	(50,664)	(462,051)	(535,937)
Total other financing sources and uses	<u>576,957</u>	<u>(6,440)</u>	<u>-</u>	<u>-</u>	<u>(48,114)</u>	<u>(394,605)</u>	<u>127,798</u>
Net change in fund balances	(137,846)	(655,854)	(279,845)	2,625,877	124,770	254,978	1,932,080
Fund balances, beginning	6,457,097	573,506	-	-	3,763,284	1,756,661	12,550,548
Fund balances, ending	<u>\$ 6,319,251</u>	<u>\$ (82,348)</u>	<u>\$ (279,845)</u>	<u>\$ 2,625,877</u>	<u>\$ 3,888,054</u>	<u>\$ 2,011,639</u>	<u>\$ 14,482,628</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, 2020

Net change in fund balances of governmental funds (Exhibit 5)		\$ 1,932,080
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	\$ 3,137,302	
Depreciation expense	<u>(1,183,949)</u>	1,953,353
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Increase in prepaid debt principal and interest		(221,374)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (535,937)	
Transfers out	<u>535,937</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	\$ 143,553	
Change in unavailable ambulance revenue	11,007	
Change in unavailable elderly liens	3,796	
Change in unavailable miscellaneous revenue	<u>64,978</u>	223,334
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	\$ 721,818	
Amortization of bond premium	16,006	
Repayment of capital lease principal	<u>247,099</u>	984,923
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 53,791	
Increase in compensated absences payable	(57,726)	
Decrease in accrued landfill postclosure care costs	(45,000)	
Increase in OPEB related balances	<u>(3,763)</u>	(52,698)
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	\$ 554,198	
Cost of benefits earned, net of employee contributions	<u>(784,938)</u>	(230,740)
Change in net position of governmental activities (Exhibit 2)		<u>\$ 4,588,878</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, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 6,933,651	\$ 6,859,909	\$ (73,742)
Licenses, permits and fees	1,209,950	1,238,757	28,807
Intergovernmental	776,309	847,141	70,832
Charges for services	122,458	186,505	64,047
Miscellaneous	99,125	394,750	295,625
Total revenues	<u>9,141,493</u>	<u>9,527,062</u>	<u>385,569</u>
EXPENDITURES			
Current:			
General government	2,710,483	2,293,199	417,284
Public safety	2,403,101	2,424,088	(20,987)
Highways and streets	1,626,646	1,511,496	115,150
Sanitation	346,482	342,110	4,372
Welfare	126,178	112,010	14,168
Culture and recreation	1,163,574	978,526	185,048
Conservation	3,050	500	2,550
Economic development	369,690	290,059	79,631
Debt service:			
Principal	546,554	541,818	4,736
Interest	169,961	182,226	(12,265)
Capital lease payments	1,362,224	147,392	1,214,832
Capital outlay	506,500	322,845	183,655
Total expenditures	<u>11,334,443</u>	<u>9,146,269</u>	<u>2,188,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,192,950)</u>	<u>380,793</u>	<u>2,573,743</u>
Other financing sources (uses):			
Transfers in	2,205,180	980,846	(1,224,334)
Transfers out	(812,230)	(569,882)	242,348
Total other financing sources and uses	<u>1,392,950</u>	<u>410,964</u>	<u>(981,986)</u>
Net change in fund balance	<u>\$ (800,000)</u>	791,757	<u>\$ 1,591,757</u>
Increase in nonspendable fund balance		(230,646)	
Decrease in assigned fund balance		50,000	
Unassigned fund balance, beginning		4,256,805	
Unassigned fund balance, ending		<u>\$ 4,867,916</u>	

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

EXHIBIT 8
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Ambulance Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 174,136	\$ 351,301	\$ 177,165
Charges for services	1,552,097	1,105,720	(446,377)
Miscellaneous	15,675	6,963	(8,712)
Total revenues	<u>1,741,908</u>	<u>1,463,984</u>	<u>(277,924)</u>
EXPENDITURES			
Current:			
Public safety	1,520,401	1,668,248	(147,847)
Capital outlay	227,000	445,150	(218,150)
Total expenditures	<u>1,747,401</u>	<u>2,113,398</u>	<u>(365,997)</u>
Deficiency of revenues under expenditures	<u>(5,493)</u>	<u>(649,414)</u>	<u>(643,921)</u>
Other financing sources (uses):			
Transfers in	50,000	-	(50,000)
Transfers out	(44,507)	(6,440)	38,067
Total other financing sources and uses	<u>5,493</u>	<u>(6,440)</u>	<u>(11,933)</u>
Net change in fund balance	<u>\$ -</u>	<u>(655,854)</u>	<u>\$ (655,854)</u>
Fund balance, beginning		573,506	
Fund balance, ending		<u>\$ (82,348)</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, 2020

	Business-type Activities - Enterprise Funds		
	Water Department Fund	Sewer Department Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,706,869	\$ 1,849,635	\$ 3,556,504
Investments	66,903	24,745	91,648
Accounts receivable	320,752	335,481	656,233
Intergovernmental receivable	-	3,107,981	3,107,981
Interfund receivable	52,156	5,070	57,226
Prepaid items	2,294	-	2,294
Noncurrent assets:			
Capital assets, not being depreciated:			
Land	158,779	14,606	173,385
Construction in progress	464,484	82,342	546,826
Capital assets, net of accumulated depreciation:			
Land improvements	-	16,875	16,875
Buildings and building improvements	-	8,267,816	8,267,816
Machinery, vehicles and equipment	177,436	150,683	328,119
Infrastructure	5,431,118	1,392,731	6,823,849
Total assets	<u>8,380,791</u>	<u>15,247,965</u>	<u>23,628,756</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	41,689	43,961	85,650
Deferred amounts related to OPEB	2,487	4,018	6,505
Total deferred outflows of resources	<u>44,176</u>	<u>47,979</u>	<u>92,155</u>
LIABILITIES			
Current liabilities:			
Accounts payable	18,119	34,551	52,670
Accrued payroll and benefits	11,189	12,184	23,373
Accrued interest payable	3,117	56,990	60,107
Interfund payable	2,372	434	2,806
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	72,458	217,436	289,894
Due in more than one year:			
Bonds and notes payable	1,968,319	5,242,231	7,210,550
Compensated absences payable	12,066	14,228	26,294
Net pension liability	271,024	285,791	556,815
Other postemployment benefits liability	25,646	41,440	67,086
Total liabilities	<u>2,384,310</u>	<u>5,905,285</u>	<u>8,289,595</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	79,683	-	79,683
Deferred amounts related to pensions	9,447	9,962	19,409
Deferred amounts related to OPEB	1,664	2,689	4,353
Total deferred inflows of resources	<u>90,794</u>	<u>12,651</u>	<u>103,445</u>
NET POSITION			
Net investment in capital assets	4,191,039	4,389,997	8,581,036
Unrestricted	1,758,824	4,988,011	6,746,835
Total net position	<u>\$ 5,949,863</u>	<u>\$ 9,378,008</u>	<u>\$ 15,327,871</u>

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, 2020

	Business-type Activities - Enterprise Funds		
	Water Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 1,243,325	\$ 1,353,382	\$ 2,596,707
Miscellaneous	16,585	88,531	105,116
Total operating revenues	<u>1,259,910</u>	<u>1,441,913</u>	<u>2,701,823</u>
Operating expenses:			
Plant operation and maintenance	568,566	893,768	1,462,334
Depreciation expense	186,742	485,124	671,866
Total operating expenses	<u>755,308</u>	<u>1,378,892</u>	<u>2,134,200</u>
Operating income	<u>504,602</u>	<u>63,021</u>	<u>567,623</u>
Nonoperating revenue (expense):			
Intergovernmental	-	58,993	58,993
Interest income	18,187	17,454	35,641
Interest expense	(78,495)	(167,920)	(246,415)
Transfer to other funds	(56,486)	(71,312)	(127,798)
Total nonoperating revenue (expense)	<u>(116,794)</u>	<u>(162,785)</u>	<u>(279,579)</u>
Change in net position	387,808	(99,764)	288,044
Net position, beginning, as restated, see Note III.D.3.	5,562,055	9,477,772	15,039,827
Net position, ending	<u>\$ 5,949,863</u>	<u>\$ 9,378,008</u>	<u>\$ 15,327,871</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, 2020

	Business -type Activities - Enterprise Funds		
	Water	Sewer	Total
	Department	Department	
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,251,672	\$ 1,465,515	\$ 2,717,187
Payments to suppliers and employees	(591,843)	(913,454)	(1,505,297)
Net cash provided by operating activities	<u>659,829</u>	<u>552,061</u>	<u>1,211,890</u>
Cash flows from non-capital financing activities:			
Transfer to other funds	<u>(106,270)</u>	<u>(75,948)</u>	<u>(182,218)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(76,314)	(111,912)	(188,226)
Proceeds from state grants	-	211,450	211,450
Principal paid on bonds and notes	(179,348)	(211,103)	(390,451)
Interest paid on bonds and notes	(104,772)	(170,123)	(274,895)
Net cash used in capital and related financing activities	<u>(360,434)</u>	<u>(281,688)</u>	<u>(642,122)</u>
Cash flows from investing activities:			
Interest and dividends received	18,187	17,454	35,641
Sale of investments	61,885	22,889	84,774
Net cash provided from investing activities	<u>80,072</u>	<u>40,343</u>	<u>120,415</u>
Increase in cash	273,197	234,768	507,965
Cash and cash equivalents, beginning	1,433,672	1,614,867	3,048,539
Cash and cash equivalents, ending	<u>\$ 1,706,869</u>	<u>\$ 1,849,635</u>	<u>\$ 3,556,504</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 504,602	\$ 63,021	\$ 567,623
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	186,742	485,124	671,866
(Increase) decrease in accounts receivable	(4,888)	23,602	18,714
Increase in prepaid items	(2,294)	-	(2,294)
Decrease in accounts payable	(10,456)	(32,149)	(42,605)
Increase (decrease) in accrued liabilities	(10,527)	12,463	1,936
Decrease in deferred revenue	(3,350)	-	(3,350)
Total adjustments	<u>155,227</u>	<u>489,040</u>	<u>644,267</u>
Net cash provided by operating activities	<u>\$ 659,829</u>	<u>\$ 552,061</u>	<u>\$ 1,211,890</u>

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, 2020

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 131,079	\$ 3,788,927
Investments	1,142,977	-
Total assets	1,274,056	3,788,927
Liabilities:		
Accounts payable	-	25,358
Due to other governmental units	-	3,522,227
Escrows and deposits	-	241,342
Total liabilities	-	3,788,927
Net position:		
Held in trust for specific purposes	\$ 1,274,056	\$ -

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, 2020

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest and dividends	\$ 30,779
Net change in fair value of investments	46,263
Total additions	77,042
Deductions:	
Trust distributions	2,825
Change in net position	74,217
Net position, beginning	1,199,839
Net position, ending	\$ 1,274,056

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, 2020

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of 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, 2020.

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
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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 the principal expenses are plant operation and maintenance 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 financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. 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
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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.

Main Street Bridge Fund – Reports as a capital project fund and is used to account for financial transactions of the Main Street bridge rehabilitation project.

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 twelve nonmajor governmental funds.

Proprietary Funds

The Town reports the following major enterprise funds:

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

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

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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Fiduciary Funds

The Town reports the following fiduciary funds:

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

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

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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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. However, prepaid debt payments reduce the related long-term liability in government-wide and proprietary fund financial statements.

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:

	Years
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

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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) carry over 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.

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, state laws, or by grantor and donor restrictions.
- 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.

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- 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 Ambulance Fund, and Main Street Bridge and Townhouse Rehabilitation Capital Project Funds.

I.D. Estimates

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

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Water Department, Sewer Department 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 2020, \$800,000 of the unassigned fund balance from 2019 was so used.

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
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JUNE 30, 2020**

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

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 10,507,908
Adjustments:	
Basis difference:	
Unavailable tax revenue deferred in the prior year	444,023
Unavailable tax revenue deferred in the current year	(587,576)
Perspective difference:	
Revenue from Capital Reserve Fund	70,085
Revenue from Town Expendable Trust Fund	5,812
Revenue from Isabelle Miller Fund	23,981
Revenue from Landfill Expendable Trust Fund	4,510
Transfers from Expendable Trust Fund	(387,107)
Per Exhibit 5 (GAAP basis)	<u>\$ 10,135,529</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 9,716,151
Adjustments:	
Basis difference:	
Encumbrances, beginning	1,029,028
Encumbrances, ending	(222,597)
Perspective difference:	
Expenditures of Capital Reserve Fund	250,000
Transfers to Expendable Trust Fund	(553,100)
Per Exhibit 5 (GAAP basis)	<u>\$ 10,273,375</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 4,867,916
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(587,576)
Rounding	(3)
Per Exhibit 3 (GAAP basis)	<u>\$ 4,280,337</u>

II.C. Deficit Fund Balances

The Ambulance Fund reports a deficit fund balance at year end of \$82,348. This is the result of a shortfall in revenues compared to the prior year of \$222,996 or 13.2%, which is primarily related to issues surrounding COVID-19, as well as reduced coverage amounts from insurance carriers. Expenditures increased compared to the prior year by \$475,321 or 29.0%. This is a direct result of an increase in capital outlay of \$417,246 for the purchase of a new ambulance and related equipment.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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The Main Street Bridge and Townhouse Rehabilitation Capital Project Funds report deficit fund balances at year-end of \$279,845 and \$517,576, respectively. This is the result of expenditures incurred for the projects that will be funded by future issuance of bonds or notes.

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of June 30, 2020, the Town’s reporting entity had the following investments:

US Treasury obligations	\$ 1,340,917
Municipal obligations	178,674
Fixed income funds	244,676
Common stock	2,386,507
Corporate bonds	744,910
New Hampshire Public Deposit Investment Pool	2,820,382
	<u>\$ 7,716,066</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 6,481,441
Proprietary funds - statement of net position (Exhibit 9)	91,648
Fiduciary funds - statement of fiduciary net position (Exhibit 12)	1,142,977
Total	<u>\$ 7,716,066</u>

This note continues on the following page.

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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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, 2020 is as follows:

	Fair Value
Aaa	\$ 1,389,606
Aa	158,929
A	434,944
Baa	238,721
Ba	42,300
N/A	244,677
Exempt from disclosure	5,206,889
	\$ 7,716,066

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'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
US Treasury obligations	\$ 1,340,917	\$ 202,672	\$ 895,224	\$ 243,021	\$ -
Municipal obligations	178,674	-	43,146	55,160	80,368
Corporate bonds	744,910	-	547,605	197,305	-
	\$ 2,264,501	\$ 202,672	\$ 1,485,975	\$ 495,486	\$ 80,368

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 \$7,716,066 of investments, \$2,631,183 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 8% per annum on all taxes not received by the due date. The spring billing is an estimate only based on half of the previous year's billing. The fall billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31),

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes levied prior to 2019, and 14% per annum on all later liens. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2019 property taxes on June 24th.

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, 2019, upon which the 2019 property tax levy was based was:

For the New Hampshire education tax	\$ 689,510,236
For all other taxes	\$ 701,401,036

The tax rates and amounts assessed for the year ended June 30, 2020 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$9.85	\$ 6,911,795
School portion:		
State of New Hampshire	\$2.09	1,439,904
Local	\$16.66	11,686,901
County portion	\$1.15	803,228
Total property taxes assessed		\$ 20,841,828

This note continues on the following page.

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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The following details the taxes receivable at year-end:

Property:	
Levy of 2020	\$ 1,942,203
Unredeemed (under tax lien):	
Levy of 2019	536,592
Levy of 2018	159,268
Levy of 2017	96,427
Levy of 2016	23,681
Land use change	12,900
Timber	12,180
Betterment assessment	2,041
Taxes receivable	<u><u>\$ 2,785,292</u></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	\$ 852,078	\$ 656,233
Intergovernmental	1,278,072	3,107,981
Liens	19,872	-
Less: allowance for uncollectible amounts	(412,146)	-
Net total receivables	<u><u>\$ 1,737,876</u></u>	<u><u>\$ 3,764,214</u></u>

Deferred Revenue

Deferred revenue of \$4,571,393 in the governmental funds at June 30, 2020 represents \$37,329 of ambulance service charges, \$587,576 of property taxes, and \$76,926 of miscellaneous receivables, and \$19,872 of elderly/disabled and welfare liens that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles; and \$3,816,625 of property taxes assessed for fiscal year 2021; \$25,517 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 \$3,849,690, representing the 2021 tax assessment, unapplied tax credits, the future sale of tax deeded property, and miscellaneous items are reported as unearned revenue.

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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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	\$ 2,983,143	\$ -	\$ -	\$ 2,983,143
Construction in progress	877,921	2,149,959	-	3,027,880
Total capital assets not being depreciated	<u>3,861,064</u>	<u>2,149,959</u>	<u>-</u>	<u>6,011,023</u>
Being depreciated:				
Land improvements	1,365,144	7,750	-	1,372,894
Buildings and building improvements	5,149,957	-	-	5,149,957
Machinery, vehicles and equipment	7,585,360	584,806	(218,513)	7,951,653
Infrastructure	24,574,449	394,787	-	24,969,236
Total capital assets being depreciated	<u>38,674,910</u>	<u>987,343</u>	<u>(218,513)</u>	<u>39,443,740</u>
Total all capital assets	<u>42,535,974</u>	<u>3,137,302</u>	<u>(218,513)</u>	<u>45,454,763</u>
Less accumulated depreciation:				
Land improvements	(672,035)	(60,539)	-	(732,574)
Buildings and building improvements	(2,561,375)	(126,469)	-	(2,687,844)
Machinery, vehicles and equipment	(4,414,120)	(500,639)	218,513	(4,696,246)
Infrastructure	(12,100,330)	(496,302)	-	(12,596,632)
Total accumulated depreciation	<u>(19,747,860)</u>	<u>(1,183,949)</u>	<u>218,513</u>	<u>(20,713,296)</u>
Net book value, capital assets being depreciated	<u>18,927,050</u>	<u>(196,606)</u>	<u>-</u>	<u>18,730,444</u>
Net book value, all capital assets	<u>\$ 22,788,114</u>	<u>\$ 1,953,353</u>	<u>\$ -</u>	<u>\$ 24,741,467</u>

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	Balance, beginning	Additions	Deletions	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 173,385	\$ -	\$ -	\$ 173,385
Construction in progress	417,740	129,086	-	546,826
Total capital assets not being depreciated	<u>591,125</u>	<u>129,086</u>	<u>-</u>	<u>720,211</u>
Being depreciated:				
Land improvements	27,000	-	-	27,000
Buildings and building improvements	10,687,727	-	-	10,687,727
Machinery, vehicles and equipment	1,071,286	59,140	(48,684)	1,081,742
Infrastructure	15,525,202	-	-	15,525,202
Total capital assets being depreciated	<u>27,311,215</u>	<u>59,140</u>	<u>(48,684)</u>	<u>27,321,671</u>
Total all capital assets	<u>27,902,340</u>	<u>188,226</u>	<u>(48,684)</u>	<u>28,041,882</u>
Less accumulated depreciation:				
Land improvements	(8,775)	(1,350)	-	(10,125)
Buildings and building improvements	(2,097,256)	(322,655)	-	(2,419,911)
Machinery, vehicles and equipment	(741,308)	(60,999)	48,684	(753,623)
Infrastructure	(8,414,491)	(286,862)	-	(8,701,353)
Total accumulated depreciation	<u>(11,261,830)</u>	<u>(671,866)</u>	<u>48,684</u>	<u>(11,885,012)</u>
Net book value, capital assets being depreciated	<u>16,049,385</u>	<u>(612,726)</u>	<u>-</u>	<u>15,436,659</u>
Net book value, all capital assets	<u>\$ 16,640,510</u>	<u>\$ (483,640)</u>	<u>\$ -</u>	<u>\$ 16,156,870</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 57,416
Public safety	340,687
Highways and streets	651,694
Culture and recreation	131,401
Conservation	2,751
Total depreciation expense	<u>\$ 1,183,949</u>
Business-type activities:	
Sanitation	\$ 485,124
Water distribution and treatment	186,742
Total depreciation expense	<u>\$ 671,866</u>

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III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments of \$7,024,145 at June 30, 2020 consists of portions of the June property tax levy due to the Contoocook Valley Regional School District in the amount of \$6,611,737 and to Hillsborough County in the amount of \$406,274; and \$6,134 due to the State of New Hampshire for miscellaneous fees.

III.B.2. Long-Term Debt

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 06/30/2020	Current Portion
Governmental activities:						
General obligation bonds/notes payable:						
West Peterborough TIF	\$ 2,500,000	2010	2024	4.48	\$ 689,656	\$ 172,414
Connector Road	\$ 1,000,000	2010	2023	4.57	235,985	92,936
Adams Pool renovation	\$ 1,200,000	2013	2027	2.44	493,820	80,000
Union Street infrastructure	\$ 2,435,000	2015	2036	5.1	1,685,000	-
Robbe Farm Rd. - Legacy Lane	\$ 190,578	2016	2026	3.5	59,945	20,832
GAR Hall parking lot	\$ 1,049,100	2017	2037	2.02-5.02	830,000	-
					<u>3,994,406</u>	<u>366,182</u>
Unamortized bond premium					<u>238,260</u>	<u>16,006</u>
Capital leases payable:						
Ambulance	\$ 160,000	2018	2023	3.19	98,998	31,968
Breathing apparatus	\$ 270,000	2018	2023	2.99	166,747	53,953
Sidewalk tractor	\$ 103,719	2018	2023	3.29	42,126	20,722
					<u>307,871</u>	<u>106,643</u>
Compensated absences payable:						
Vested sick leave					152,934	17,271
Accrued vacation leave					491,997	88,373
					<u>644,931</u>	<u>105,644</u>
Accrued landfill postclosure care costs					<u>1,695,000</u>	<u>56,500</u>
Net pension liability					<u>6,064,475</u>	<u>-</u>
Total OPEB liability					<u>761,107</u>	<u>-</u>
					<u>\$ 13,706,050</u>	<u>\$ 650,975</u>

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Business-type activities:

General obligation bonds/notes payable:

Treatment plant	\$ 6,986,000	2012	2039	4.48	\$ 5,459,667	\$ 217,436
Water refunding bond	\$ 1,557,200	2009	2037	2.0-5.0	1,146,000	-
NHSRF note	\$ 579,500	2012	2031	3.1	375,610	29,170
Water bond	\$ 700,000	2016	2031	2.75	519,167	43,288
					<u>7,500,444</u>	<u>289,894</u>

Compensated absences payable:

Vested sick leave					8,658	-
Accrued vacation leave					17,636	-
					<u>26,294</u>	<u>-</u>

Net pension liability

Total OPEB liability

556,815	<u>67,086</u>	<u>\$ 8,150,639</u>	<u>\$ 289,894</u>
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Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	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	\$ 4,716,224	\$ 254,266	\$ 554,970	\$ 587,205	\$ 1,650,000	\$ 6,100,944	\$ 775,454	\$ 14,639,063
Additions	-	-	-	57,726	45,000	-	-	102,726
Reductions	(721,818)	(16,006)	(247,099)	-	-	(36,469)	(14,347)	(1,035,739)
Balance, ending	<u>\$ 3,994,406</u>	<u>\$ 238,260</u>	<u>\$ 307,871</u>	<u>\$ 644,931</u>	<u>\$ 1,695,000</u>	<u>\$ 6,064,475</u>	<u>\$ 761,107</u>	<u>\$ 13,706,050</u>

	General Obligation Bonds and Notes Payable	Compensated Absences Payable	Net Pension Liability	Total OPEB Liability	Total
Business-type activities:					
Balance, beginning	\$ 7,890,895	\$ 22,834	\$ 552,220	\$ 107,162	\$ 8,573,111
Additions	-	3,460	4,595	-	8,055
Reductions	(390,451)	-	-	(40,076)	(430,527)
Balance, ending	<u>\$ 7,500,444</u>	<u>\$ 26,294</u>	<u>\$ 556,815</u>	<u>\$ 67,086</u>	<u>\$ 8,150,639</u>

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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
2021	\$ 366,182	\$ 103,844	\$ 470,026
2022	550,885	135,728	686,613
2023	491,105	112,841	603,946
2024	427,414	91,467	518,881
2025	255,000	75,392	330,392
2026-2030	953,820	258,985	1,212,805
2031-2035	850,000	96,475	946,475
2036-2037	100,000	3,020	103,020
Totals	<u>\$ 3,994,406</u>	<u>\$ 877,752</u>	<u>\$ 4,872,158</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2021	\$ 289,894	\$ 216,162	\$ 506,056
2022	355,522	233,122	588,644
2023	365,405	221,939	587,344
2024	376,527	210,157	586,684
2025	387,975	196,040	584,015
2026-2030	2,130,300	784,173	2,914,473
2031-2035	2,008,227	443,650	2,451,877
2036-2039	1,586,594	118,799	1,705,393
Totals	<u>\$ 7,500,444</u>	<u>\$ 2,424,042</u>	<u>\$ 9,924,486</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 106,643	\$ 9,530	\$ 116,173
2022	109,958	6,215	116,173
2023	91,270	2,797	94,067
Totals	<u>\$ 307,871</u>	<u>\$ 18,542</u>	<u>\$ 326,413</u>

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Debt Authorized – Unissued

Bonds and notes authorized and unissued as of June 30, 2020 were as follow:

<u>Authorized Debt</u>	<u>Article</u>	<u>Authorized Amount</u>	<u>Unissued</u>	<u>Subsequently Issued</u>
Townhouse Improvements	FY18 WA 12	1,000,000	1,000,000	
Transcript Dam	FY18 WA 15	300,000	300,000	
Library Renovations	FY19 WA 12	3,000,000	3,000,000	July 14, 2020
Main Street Bridge	FY19 WA 14	1,320,000	1,320,000	July 14, 2020
Water Supply Acquisition & Infrastructure	FY20 WA 15	4,047,400	4,047,400	
Public Works Facility	FY20 WA 16	2,500,000	2,500,000	
Main Street Bridge	2020 Special Meeting	280,000	280,000	July 14, 2020

Accrued Landfill Postclosure Care Costs

Federal and State laws and regulations require that the Town continue to perform certain maintenance and monitoring functions at the landfill site. A liability is being recognized based on the estimated postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$1,695,000 as of June 30, 2020, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2020. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. The Town annually appropriates an amount for postclosure care costs.

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

III.C.1. *Receivables and Payables*

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Ambulance	\$ 200,323
General	Main Street bridge	182,355
General	Nonmajor	138,151
Nonmajor	General	440,999
Nonmajor	Permanent	18,770
Water department	General	50,773
Sewer department	General	1,527
Water department	Nonmajor	949
Sewer department	Nonmajor	1,171
Water department	Sewer department	434
Sewer department	Water department	2,372
		<u>\$ 1,032,898</u>

The amount due to the General Fund from the Ambulance Fund represents a loan for the purchase of an ambulance. The amounts due to the General Fund from the Main Street Bridge and Nonmajor Funds represent overdrafts of pooled cash. 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. The amounts due to the Water and Sewer Funds from the General and Nonmajor Funds represent reimbursement of benefit expenses.

III.C.2. Transfers

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

The following schedule reports transfers within the reporting entity:

	<u>Transfers In:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Permanent Fund</u>	<u>Nonmajor Funds</u>	
Transfers out:				
General fund	\$ -	\$ -	\$ 16,782	\$ 16,782
Ambulance fund	6,440	-	-	6,440
Permanent fund	-	-	50,664	50,664
Nonmajor funds	459,501	2,550	-	462,051
Water department fund	56,486	-	-	56,486
Sewer department fund	71,312	-	-	71,312
	<u>\$ 593,739</u>	<u>\$ 2,550</u>	<u>\$ 67,446</u>	<u>\$ 663,735</u>

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The amount transferred from the Ambulance Fund to the General Fund represents voted appropriations. The amounts transferred from the Nonmajor Funds to the General Fund represent \$332,325 from the West Peterborough TIF District for the annual debt payment, \$116,895 from the Downtown TIF District for sanitation expenditures, \$10,000 from the South Peterborough TIF District for general government expenditures, and \$281 to the PEG Fund for operating support. The amount transferred from the General Fund to the Nonmajor Funds represents \$16,782 to the Recreation Revolving Fund for voted appropriations. The amount transferred from the Permanent Fund to the Nonmajor Funds of \$50,664 represents \$31,894 to the Library Fund, and \$18,770 to the Cemetery Maintenance Fund for investment income earned. The amount transferred from the Nonmajor Funds to the Permanent Fund represents cemetery lot sales. The amounts transferred from the Water and Sewer Funds to the General Fund represent the allocation of benefits.

III.D. Fund Equity

III.D.1. 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	Main Street Bridge Fund	Library Renovations Fund	Permanent Fund	Nonmajor Funds
Nonspendable:						
Endowments	\$ -	\$ -	\$ -	\$ -	\$ 3,363,278	\$ -
Inventory	-	-	-	-	-	6,241
Prepaid items	248,679	-	-	-	-	5,500
Tax deeded property	263,778	-	-	-	-	-
Total nonspendable	<u>512,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,363,278</u>	<u>11,741</u>
Restricted:						
General government	-	-	-	-	346,037	-
Culture and recreation	-	-	-	-	178,739	384,586
Capital outlay	-	-	-	2,625,877	-	33,482
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,625,877</u>	<u>524,776</u>	<u>418,068</u>
Committed:						
General government	-	-	-	-	-	105,626
Sanitation	-	-	-	-	-	50,195
Culture and recreation	-	-	-	-	-	209,101
Conservation	-	-	-	-	-	113,930
Capital outlay	1,253,860	-	-	-	-	1,620,554
Total committed	<u>1,253,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,099,406</u>
Assigned:						
General government	56,870	-	-	-	-	-
Public safety	6,300	-	-	-	-	-
Highways and streets	176,416	-	-	-	-	-
Economic development	17,990	-	-	-	-	-
Capital outlay	15,021	-	-	-	-	-
Total assigned	<u>272,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned						
	4,280,337	(82,348)	(279,845)	-	-	(517,576)
Total fund balance	<u>\$ 6,319,251</u>	<u>\$ (82,348)</u>	<u>\$ (279,845)</u>	<u>\$ 2,625,877</u>	<u>\$ 3,888,054</u>	<u>\$ 2,011,639</u>

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III.D.2. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$3,889,824 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures and \$3,049,445 restricted by bond covenants, grantors and contributors, or State statutes.

III.D.3. Restatement of Beginning Net Position

Net position at July 1, 2019 was restated to reflect the following adjustment:

	Business-type Activities	Sewer Fund
To record cash account	\$ 16,568	\$ 16,568
Net position, as previously reported	15,023,259	9,461,204
Net position, as restated	\$ 15,039,827	\$ 9,477,772

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 2020 for property/liability insurance to be recorded as an insurance expenditure/expense totaled \$117,081. There were no unpaid contributions for the year ended June 30, 2020. The Town also paid \$98,579 for workers’ compensation for the fiscal year. The agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

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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 or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police, 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 28.43% for police, 30.09% for fire personnel, and 11.17% for other employees. Employer contributions from the Town during the fiscal years 2018, 2019 and 2020 were \$620,501, \$652,614, and \$654,111 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, 2020, the Town reported a liability of \$6,621,290 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2018 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2019. The roll-forward of the total pension liability from June 30, 2018 to June 30, 2019 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, 2020, the Town's proportion reported was 0.1376%, which was a decrease of 0.0006% from its proportion reported as of June 30, 2019.

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For the year ended June 30, 2020, the Town recognized pension expense of \$784,938 in the governmental activities and \$78,727 in the business-type activities. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 139,228	\$ 34,335
Net differences between projected and actual earnings on pension plan investments	-	54,086
Changes in assumptions	237,569	-
Differences between expected and actual experience	36,610	142,377
Town contributions subsequent to the measurement date	605,082	-
	<u>\$ 1,018,489</u>	<u>\$ 230,798</u>

The Town reported \$605,082 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, 2021.

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

<u>Year Ending June 30,</u>	
2021	\$ 279,766
2022	(102,148)
2023	(5,571)
2024	10,562
	<u>\$ 182,609</u>

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Actuarial Assumptions

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

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

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	\$ 8,866,181	\$ 6,621,290	\$ 4,765,907

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

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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, 2019, there were sixteen inactive employees receiving benefits, and fifty-five 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+.
- 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

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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 2019-June 2020

	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
CIGNA Green Open Access	\$ 11,820.00	\$ 23,640.00	\$ 31,914.00
CIGNA Red Open Access	\$ 10,932.00	\$ 21,864.00	\$ 29,514.00
Allegiant Care Union	\$ 10,320.00	\$ 22,080.00	\$ 27,684.00
CIGNA 65+ w/Rx	\$ 5,094.84	\$ 10,189.68	
CIGNA 65+ No Rx	\$ 2,328.00	\$ 4,656.00	

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

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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 \$828,193 consists of \$331,296 for the implicit rate subsidy determined by an actuarial valuation as of June 30, 2020 and \$496,897 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2019 with roll-forward procedures used to determine the liability as of June 30, 2020. The roll-forward of the total OPEB liability from June 30, 2019 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

Methods and Assumptions

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

Implicit Rate Subsidy		
Payroll Growth	2.50%	
Discount Rate	2.21%	
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	7.50%
	2020	7.00%
	2021	6.50%
	2022	6.00%
	2023	5.50%
	2024	5.00%
	2025+	4.50%

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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
	(1.21%)	(2.21%)	(3.21%)
Town's total OPEB liability	<u>\$ 366,707</u>	<u>\$ 331,296</u>	<u>\$ 299,272</u>
Medical subsidy:		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	(6.25%)	(7.25%)	(8.25%)
Town's total OPEB liability	<u>\$ 538,961</u>	<u>\$ 496,897</u>	<u>\$ 460,347</u>

The following presents the total OPEB liability calculated using the current healthcare trend rate of 7.5%, 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:

		Current	
		Healthcare	
		Cost	
	1%	Trend	1%
	Decrease	Rate	Increase
	(6.50%)	(7.50%)	(8.50%)
Town's total OPEB liability	<u>\$ 282,615</u>	<u>\$ 331,296</u>	<u>\$ 390,711</u>

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OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$838,739; and reported deferred outflows of resources of \$80,306 and deferred inflows of resources of \$53,739, as shown below. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 3,894
Net differences between projected and actual earnings on OPEB plan investments	-	558
Changes in assumptions	31,278	4,333
Differences between expected and actual experience	-	44,954
Town contributions subsequent to the measurement date	49,028	-
	\$ 80,306	\$ 53,739

The Town reported \$49,028 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the fiscal year 2021. Other amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follow:

Year Ending June 30,	
2021	\$ (7,521)
2022	(2,762)
2023	(2,354)
2024	(2,247)
2025	(1,890)
Thereafter	(5,687)
	\$ (22,461)

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

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Town's proportion of net pension liability	0.1376%	0.1382%	0.1359%	0.1358%	0.1270%	0.1315%	0.1342%
Town's proportionate share of the net pension liability	\$ 6,621,290	\$ 6,653,164	\$ 6,683,437	\$ 7,218,957	\$ 5,031,870	\$ 4,936,991	\$ 5,775,826
Town's covered-employee payroll	\$ 4,148,391	\$ 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	159.61%	164.12%	175.45%	205.02%	146.61%	153.53%	185.98%
Plan fiduciary position as a percentage of the total pension liability	65.59%	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

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Contractually required contribution	\$ 654,111	\$ 652,614	\$ 620,501	\$ 546,852	\$ 528,446	\$ 490,587	\$ 470,043
Contribution in relation to the contractually required contribution	<u>(654,111)</u>	<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>	<u>\$ -</u>
Town's covered-employee payroll	\$ 4,148,391	\$ 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	15.77%	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

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:				
Service cost	\$ 23,769	\$ 20,191	\$ 19,527	\$ 64,147
Interest	48,685	53,722	11,057	12,372
Investment plan income	(2,245)	(3,796)	-	-
Changes of assumptions and difference between expected and actual experience	(30,774)	188,583	(7,234)	(16,950)
Plan administrative costs and other expenses	322	92	-	-
Benefit payments	(59,998)	(78,055)	(16,376)	(26,408)
Change in proportion of medical subsidy	(34,182)	49,394	-	-
Net change in total OPEB liability	(54,423)	230,131	6,974	33,161
Total OPEB liability, beginning	882,616	652,485	297,437	264,276
Restatement to include medical subsidy	-	-	348,074	-
Total OPEB liability, ending	<u>\$ 828,193</u>	<u>\$ 882,616</u>	<u>\$ 652,485</u>	<u>\$ 297,437</u>
Covered-employee payroll	\$ 4,148,391	\$ 4,053,924	\$ 3,809,405	\$ 3,521,094
Total OPEB liability as a percentage of covered-employee payroll	19.96%	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

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 62,461	\$ 82,716	\$ 29,617	\$ 57,969
Contributions in relation to the actuarially determined contribution	(43,797)	(71,965)	(16,376)	(19,023)
Contribution deficiency	<u>\$ 18,664</u>	<u>\$ 10,751</u>	<u>\$ 13,241</u>	<u>\$ 38,946</u>
 Covered-employee payroll	 \$ 4,053,924	 \$ 4,053,924	 \$ 3,809,405	 \$ 3,521,094
 Contributions as a percentage of covered-employee payroll	 1.54%	 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
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The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the sixth year that the Town has reported pension schedules, and the fourth year for the OPEB information, (first year including the medical subsidy), only six years and four 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, 2020

	Special Revenue Funds								
	PEG	Recreation Revolving	Library	Conservation Commission	Cemetery Maintenance	Downtown TIF	West Peterborough TIF	South Peterborough TIF	Pay As You Throw
ASSETS									
Cash and cash equivalents	\$ 71,696	\$ 145,868	\$ 437,239	\$ 113,930	\$ 79,837	\$ 312,156	\$ 884,768	\$ 423,630	\$ 55,351
Investments	-	-	105,884	-	27,911	-	-	-	-
Accounts receivable, net of allowance for uncollectibles	-	-	-	-	180	-	-	-	11,216
Interfund receivable	-	-	-	-	18,770	68,585	175,274	197,140	-
Inventory	-	-	-	-	-	-	-	-	6,241
Prepaid items	-	-	5,500	-	-	-	-	-	-
Total assets	\$ 71,696	\$ 145,868	\$ 548,623	\$ 113,930	\$ 126,698	\$ 380,741	\$ 1,060,042	\$ 620,770	\$ 72,808
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 150	\$ 6,440	8,190	\$ -	\$ 18,954	\$ -	\$ -	\$ -	\$ 16,372
Accrued salaries and benefits	693	306	11,898	-	610	-	-	-	-
Interfund payable	-	374	138,449	-	1,448	-	-	-	-
Escrow and performance deposits	-	500	-	-	-	-	-	-	-
Bond anticipation note payable	-	-	-	-	-	-	-	-	-
Total liabilities	843	7,620	158,537	-	21,012	-	-	-	16,372
Deferred inflows of resources:									
Deferred revenue	-	-	-	-	60	68,585	175,274	197,140	-
Fund balances:									
Nonspendable	-	-	5,500	-	-	-	-	-	6,241
Restricted	-	-	384,586	-	-	-	-	-	-
Committed	70,853	138,248	-	113,930	105,626	312,156	884,768	423,630	50,195
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	70,853	138,248	390,086	113,930	105,626	312,156	884,768	423,630	56,436
Total liabilities, deferred inflows of resources, and fund balances	\$ 71,696	\$ 145,868	\$ 548,623	\$ 113,930	\$ 126,698	\$ 380,741	\$ 1,060,042	\$ 620,770	\$ 72,808

EXHIBIT 18 (Continued)
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Capital Project Funds			Total
	GAR Hall Parking Lot	Townhouse Rehabilitation	Community Center Renovations	
ASSETS				
Cash and cash equivalents	\$ 47,475	\$ 188,608	\$ 550	\$ 2,761,108
Investments	-	-	-	133,795
Accounts receivable, net of allowance for uncollectibles	63,500	-	-	74,896
Interfund receivable	-	-	-	459,769
Inventory	-	-	-	6,241
Prepaid items	-	-	-	5,500
Total assets	<u>\$ 110,975</u>	<u>\$ 188,608</u>	<u>\$ 550</u>	<u>\$ 3,441,309</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 78,043	\$ 74,684	\$ -	\$ 202,833
Accrued salaries and benefits	-	-	-	13,507
Interfund payable	-	-	-	140,271
Escrow and performance deposits	-	-	-	500
Bond anticipation note payable	-	631,500	-	631,500
Total liabilities	<u>78,043</u>	<u>706,184</u>	<u>-</u>	<u>988,611</u>
Deferred inflows of resources:				
Deferred revenue	-	-	-	441,059
Fund balances:				
Nonspendable	-	-	-	11,741
Restricted	32,932	-	550	418,068
Committed	-	-	-	2,099,406
Unassigned	-	(517,576)	-	(517,576)
Total fund balances	<u>32,932</u>	<u>(517,576)</u>	<u>550</u>	<u>2,011,639</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 110,975</u>	<u>\$ 188,608</u>	<u>\$ 550</u>	<u>\$ 3,441,309</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, 2020

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,155	\$ 350,660	\$ 343,345	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	45,045	2,788	-	-	-	-	-	88,128
Miscellaneous	29,370	26,775	33,483	2,772	15,942	2,739	7,303	2,461	430
Total revenues	<u>29,370</u>	<u>71,820</u>	<u>36,271</u>	<u>2,772</u>	<u>15,942</u>	<u>138,894</u>	<u>357,963</u>	<u>345,806</u>	<u>88,558</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	28,711	4,680	3,527	-	-
Sanitation	-	-	-	-	-	-	-	-	83,571
Culture and recreation	17,766	105,777	16,139	-	-	-	-	-	-
Conservation	-	-	-	4,887	-	-	-	-	-
Debt service:									
Interest on long-term debt	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	<u>17,766</u>	<u>105,777</u>	<u>16,139</u>	<u>4,887</u>	<u>28,711</u>	<u>4,680</u>	<u>3,527</u>	<u>-</u>	<u>83,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,604</u>	<u>(33,957)</u>	<u>20,132</u>	<u>(2,115)</u>	<u>(12,769)</u>	<u>134,214</u>	<u>354,436</u>	<u>345,806</u>	<u>4,987</u>
Other financing sources (uses):									
Transfers in	-	16,782	31,894	-	18,770	-	-	-	-
Transfers out	(281)	-	-	-	(2,550)	(116,895)	(332,325)	(10,000)	-
Total other financing sources and uses	<u>(281)</u>	<u>16,782</u>	<u>31,894</u>	<u>-</u>	<u>16,220</u>	<u>(116,895)</u>	<u>(332,325)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	11,323	(17,175)	52,026	(2,115)	3,451	17,319	22,111	335,806	4,987
Fund balances, beginning	59,530	155,423	338,060	116,045	102,175	294,837	862,657	87,824	51,449
Fund balances, ending	<u>\$ 70,853</u>	<u>\$ 138,248</u>	<u>\$ 390,086</u>	<u>\$ 113,930</u>	<u>\$ 105,626</u>	<u>\$ 312,156</u>	<u>\$ 884,768</u>	<u>\$ 423,630</u>	<u>\$ 56,436</u>

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, 2020

	Capital Project Funds			Total
	GAR Hall Parking Lot	Townhouse Rehabilitation	Community Center Renovations	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 830,160
Intergovernmental	63,500	160,000	-	223,500
Charges for services	-	-	-	135,961
Miscellaneous	216,223	120	-	337,618
Total revenues	<u>279,723</u>	<u>160,120</u>	<u>-</u>	<u>1,527,239</u>
EXPENDITURES				
Current:				
General government	-	-	-	36,918
Sanitation	-	-	-	83,571
Culture and recreation	-	-	-	139,682
Conservation	-	-	-	4,887
Debt service:				
Interest on long-term debt	-	3,429	-	3,429
Capital outlay	118,652	490,517	-	609,169
Total expenditures	<u>118,652</u>	<u>493,946</u>	<u>-</u>	<u>877,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>161,071</u>	<u>(333,826)</u>	<u>-</u>	<u>649,583</u>
Other financing sources (uses):				
Transfers in	-	-	-	67,446
Transfers out	-	-	-	(462,051)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(394,605)</u>
Net change in fund balances	161,071	(333,826)	-	254,978
Fund balances, beginning	(128,139)	(183,750)	550	1,756,661
Fund balances, ending	<u>\$ 32,932</u>	<u>\$ (517,576)</u>	<u>\$ 550</u>	<u>\$ 2,011,639</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, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 6,708,697	\$ 6,664,127	\$ (44,570)
Land use change	5,000	12,900	7,900
Timber	30,000	19,947	(10,053)
Excavation	500	240	(260)
Betterment assessment	-	18,410	18,410
Payments in lieu of taxes	69,454	49,218	(20,236)
Interest and penalties on delinquent taxes	120,000	95,067	(24,933)
Total taxes	<u>6,933,651</u>	<u>6,859,909</u>	<u>(73,742)</u>
Licenses, permits and fees:			
Business licenses and permits	1,500	1,830	330
Motor vehicle permits	1,153,700	1,166,462	12,762
Building permits	26,650	46,112	19,462
Other	28,100	24,353	(3,747)
Total licenses, permits and fees	<u>1,209,950</u>	<u>1,238,757</u>	<u>28,807</u>
Intergovernmental:			
State sources:			
Municipal aid	-	19,353	19,353
Meals and rooms distributions	340,206	340,206	-
Highway block grant	200,519	200,497	(22)
State and federal forest land	370	371	1
Flood control reimbursement	34,965	32,939	(2,026)
Miller Park	3,525	-	(3,525)
Federal sources:			
GOEFRF	-	34,225	34,225
FEMA	1,800	1,581	(219)
COVID First Responders	-	46,986	46,986
Other government sources:			
Town of Sharon	194,924	170,983	(23,941)
Total intergovernmental	<u>776,309</u>	<u>847,141</u>	<u>70,832</u>
Charges for services:			
Income from departments	122,458	186,505	64,047
Miscellaneous:			
Sale of property	5,000	19,060	14,060
Interest on investments	21,000	100,750	79,750
Rent of property	-	13,595	13,595
Fines and forfeits	-	3,886	3,886
Insurance dividends and reimbursements	-	21,194	21,194
Contributions and donations	-	139,351	139,351
Other	73,125	96,914	23,789
Total miscellaneous	<u>99,125</u>	<u>394,750</u>	<u>295,625</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	55,516	387,107	331,591
Nonmajor funds	2,149,664	593,739	(1,555,925)
Total other financing sources	<u>2,205,180</u>	<u>980,846</u>	<u>(1,224,334)</u>
Total revenues and other financing sources	11,346,673	<u>\$ 10,507,908</u>	<u>\$ (838,765)</u>
Use of fund balance	800,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 12,146,673</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, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 273,728	\$ 232,260	\$ 6,870	\$ 34,598
Election and registration	-	199,900	155,553	-	44,347
Financial administration	3,000	634,641	338,610	-	299,031
Legal	-	75,000	69,423	-	5,577
Personnel administration	-	31,721	30,114	-	1,607
Planning and zoning	1,700	5,000	22,075	-	(15,375)
General government buildings	498	230,392	254,642	-	(23,752)
Cemeteries	-	53,582	22,522	-	31,060
Insurance, not otherwise allocated	-	60,630	48,509	-	12,121
Other	21,248	1,145,889	1,139,067	-	28,070
Total general government	<u>26,446</u>	<u>2,710,483</u>	<u>2,312,775</u>	<u>6,870</u>	<u>417,284</u>
Public safety:					
Police	61,665	1,705,401	1,716,924	6,300	43,842
Ambulance	-	50,000	50,000	-	-
Fire	1,684	625,525	666,293	-	(39,084)
Emergency management	-	22,175	47,920	-	(25,745)
Total public safety	<u>63,349</u>	<u>2,403,101</u>	<u>2,481,137</u>	<u>6,300</u>	<u>(20,987)</u>
Highways and streets:					
Highways and streets	634,667	1,601,146	1,943,669	176,416	115,728
Street lighting	-	25,500	26,078	-	(578)
Total highways and streets	<u>634,667</u>	<u>1,626,646</u>	<u>1,969,747</u>	<u>176,416</u>	<u>115,150</u>
Sanitation:					
Solid waste disposal	-	72,540	80,270	-	(7,730)
Solid waste clean-up	3,117	50,000	64,630	-	(11,513)
Recycling	-	223,942	200,327	-	23,615
Total sanitation	<u>3,117</u>	<u>346,482</u>	<u>345,227</u>	<u>-</u>	<u>4,372</u>
Welfare:					
Administration and direct assistance	-	126,178	112,010	-	14,168
Culture and recreation:					
Parks and recreation	7,751	573,422	427,573	-	153,600
Public library	-	579,152	535,362	-	43,790
Patriotic purposes	-	10,000	21,434	-	(11,434)
Other	-	1,000	1,908	-	(908)
Total culture and recreation	<u>7,751</u>	<u>1,163,574</u>	<u>986,277</u>	<u>-</u>	<u>185,048</u>
Conservation	-	3,050	500	-	2,550
Economic development	93,698	369,690	365,767	17,990	79,631

(continued)

EXHIBIT 21 (continued)
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	546,554	541,818	-	4,736
Interest	-	169,961	182,226	-	(12,265)
Capital leases	-	1,362,224	147,392	-	1,214,832
Total debt service	<u>-</u>	<u>2,078,739</u>	<u>871,436</u>	<u>-</u>	<u>1,207,303</u>
Capital outlay:					
Machinery, vehicles and equipment	-	112,000	336,617	-	(224,617)
Buildings	200,000	100,000	5,000	-	295,000
Improvements other than buildings	-	294,500	166,207	15,021	113,272
Total capital outlay	<u>200,000</u>	<u>506,500</u>	<u>507,824</u>	<u>15,021</u>	<u>183,655</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	553,100	553,100	-	-
Nonmajor funds	-	259,130	16,782	-	242,348
Total other financing uses	<u>-</u>	<u>812,230</u>	<u>569,882</u>	<u>-</u>	<u>242,348</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 1,029,028</u>	<u>\$ 12,146,673</u>	<u>\$ 10,522,582</u>	<u>\$ 222,597</u>	<u>\$ 2,430,522</u>

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, 2020

Unassigned fund balance, beginning		\$ 4,256,805
Changes:		
Unassigned fund balance used to reduce tax rate		(800,000)
Budget summary:		
Revenue shortfall (Exhibit 20)	\$ (838,765)	
Unexpended balance of appropriations (Exhibit 21)	<u>2,430,522</u>	
Budget surplus		1,591,757
Increase in nonspendable fund balance		(230,646)
Decrease in assigned fund balance		<u>50,000</u>
Unassigned fund balance, ending		<u><u>\$ 4,867,916</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, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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 and, therefore, material weaknesses may exist that were not identified.

We would also like to discuss the following other matters:

Town Code – Treasurer Functions

We recommend the Town review and update its Town Code, Chapter 194: Treasurer Duties and Responsibilities. The code limits the delegation of Treasurer functions to the TD Banknorth Web Express System, which is not the Town's current banking service provider.

Use of Purchase Orders

Out of a random sample of 15 disbursements tested, we noted two that were supported by purchase orders that were created after the date the goods and services were received, but prior to payment. A purchase order system is not an effective control in those instances. We recommend that a purchase order be issued prior to ordering goods and services. In the cases where goods or services need to be made and the cost is not be known, effort should be made to estimate the costs and continue to follow the Town's purchasing policy.

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.

March 5, 2021

Roberts & Greene, PLLC