

TOWN OF PETERBOROUGH, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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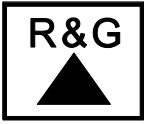
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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2022, and the respective changes in financial position thereof, and where applicable, cash flows, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Peterborough, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, any significant audit findings, and certain internal control-related matters that we identified during the audit.

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 related schedules on pages 4 – 11 and 54 – 57, respectively, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting

**Town of Peterborough
Independent Auditor's Report**

and other records used to prepare the basic financial statements. The 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, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023, on our consideration of the Town of Peterborough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the results of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Peterborough's internal control over financial reporting and compliance.

Roberts & Heene, PLLC

February 28, 2023

TOWN OF PETERBOROUGH'S MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The management discussion and analysis is intended to provide supplementary information in addition to the basic financial statements by the audit firm.

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

The statement of net position presents information on all the Town's assets, liabilities, deferred outflows of resources and deferred inflows of resources with the difference between these 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 government'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 flow in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other governmental units, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town are divided into two categories: governmental funds and fiduciary funds.

Governmental funds: Governmental fund 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 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 governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains ten individual governmental funds and six capital project funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund which includes the expendable trust funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-

major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of Town, including the capital reserve accounts for the school. Fiduciary funds and performance surety deposits held in escrow 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.

Exhibit 1 on pages 10 and 11 covers assets and liabilities

Current assets include cash, investments, taxes receivable and other receivables. Capital assets are buildings, building improvements, infrastructure and improvements, vehicles and equipment all net of depreciation. Land is included, yet not depreciated.

Long-term liabilities are bonds, notes and capital leases due in more than one year. The Town currently has 13 bonds that have payment schedules as far out as fiscal year 2039 totaling \$17,031,870. Additional bonds were approved: at 2019 Town Meeting for the Highway Garage for \$2,500,000; at 2022 Town Meeting for the Fire Station for \$1,300,000; and we are pulling those bonds in July 2022. The Town also has one long-term lease with one more year of payments totaling \$35,126 with Anderson for an Ambulance.

In addition to borrowing, long-term liabilities include OPEB (Other Post- Employment Benefits) liabilities and the compensated absences which are not expected to be paid within a year. Compensated absences are accumulated vacation and sick time which would be paid to employees upon separation from the Town. The Town does not contribute to retirees' health insurance cost but, since active employees and retirees are rated together the rates for active employees are higher. This creates an implicit rate subsidy on health insurance premiums. The other OPEB liability is the net pension liability, which is the reporting of the Town's proportionate share of the NH Retirement System's OPEB liability.

Also included in long-term liabilities are the accrued landfill post-closure care costs totaling \$2,537,500.

Net investment in capital assets are capital assets less accumulated depreciation and the debt outstanding on these assets. The restricted net position are the trust funds for perpetual care of cemetery plots, public library, and grant funds.

The change in net position is made up partially of changes in capital assets. This year infrastructure increased because the Town of Peterborough continues to perform scheduled road work. This past year road improvements were made to the Sand Hill Road, High Street, Hall Court, Whitten Road, Keenan Drive, Lounsbury Lane, Taylor Road, Taylor Court, Vine Street, East Hill Road, Arundel Drive, Lookout Hill, Kaufman Drive, Gulf Road, Old Greenfield Road,

and Nichols Road. In July 2021, Old Town Farm Road washed out due to extreme logging and stumping on private property which led to the wash out during a heavy rain storm. Old Town Farm Road has been reclaimed and rebuilt. Peterborough, as the Local Public Agency, also continues to work with the NH State DoT repairing the Main Street Bridge and the Route 202 Retaining Wall, which is alongside the bridge work. That work is predicted be completed in the Fall of 2022.

The Police Department purchased one cruiser and a truck. The Fire Department replaced defibrillators. The Recreation Department purchased a mower. The renovation of the Library was completed in FY22.

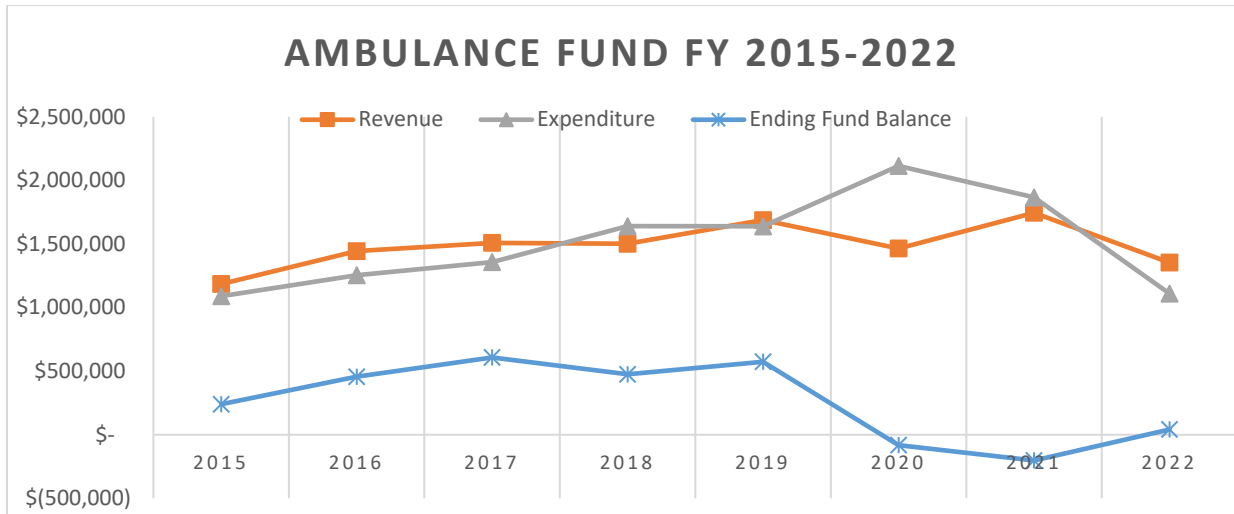
Exhibit 2 on page 12 covers statement of activities

The first section of the Statement of Activities shows the relationship between expenses and offsetting revenues for various areas of Town government. The highway block grant is included in the operating budget's revenues. The fees charged by various departments for services are included in the charges for services. The lower section shows the categories of general revenues.

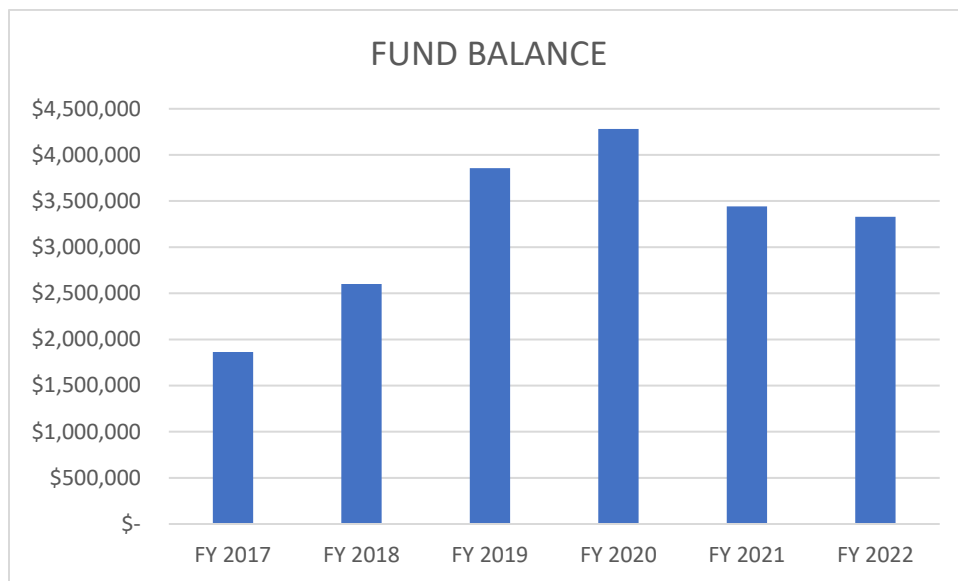
Taxes and motor vehicle registrations are just that. The largest components of licenses and other fees are building permits.

The fiscal year 2022 ended with an unassigned fund balance (non-GAAP budgetary basis) in the General Fund of \$3,329,023. The unassigned fund balance for the prior year was \$3,441,820. Fiscal year 2022 revenues were under estimates by \$208,639. The Town of Peterborough was granted an Emergency Expenditure allowance for \$1,753,479 by the DRA on September 29, 2021. This was done in response to the losses experienced due to the former Finance Director's and former Accountant's errors in changing two vendors ACH information without following the Finance Policies in place, which would have prevented their actions. Without the emergency expenditure allowance, the total overexpended in FY22 was \$132,620. Additionally, the Selectmen voted to encumber the \$206,138 road paving budget into FY23. For 2021 Tax Rate setting, no funds were used from fund balance to reduce taxes.

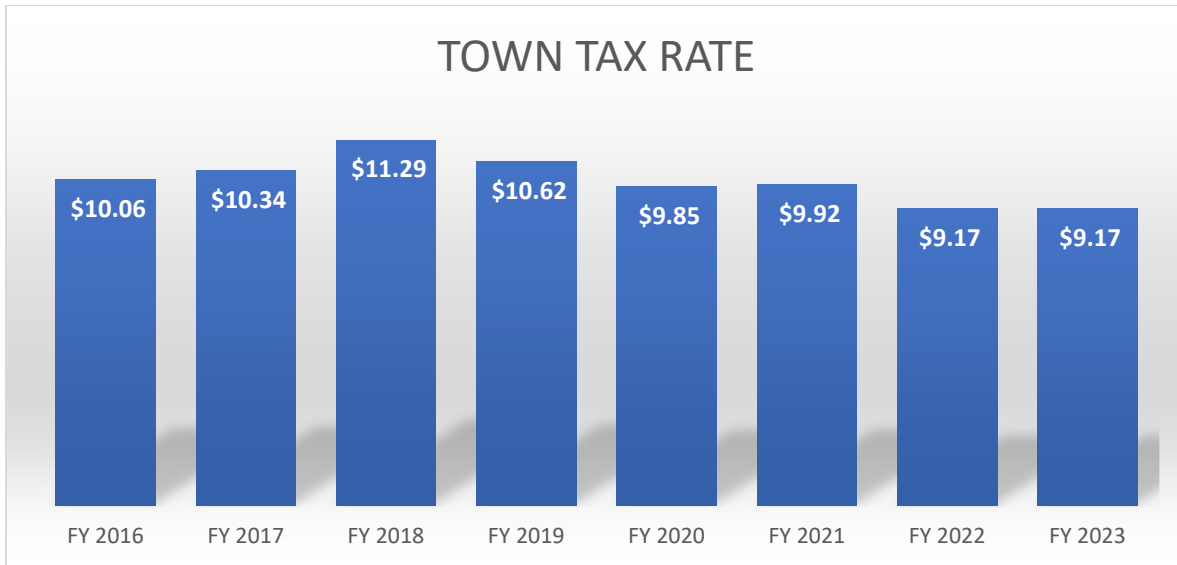
At the 2021 Annual Town Meeting, Warrant Article 7, \$400,000 of Fund Balance was voted to support the Ambulance Revolving Fund, which experienced a failure of revenues due primarily to COVID's effect on the use of the ambulance service, which saw a dramatic reduction in both 911 calls and hospital transports. This \$400,000 was moved before fiscal year 2021 ended.



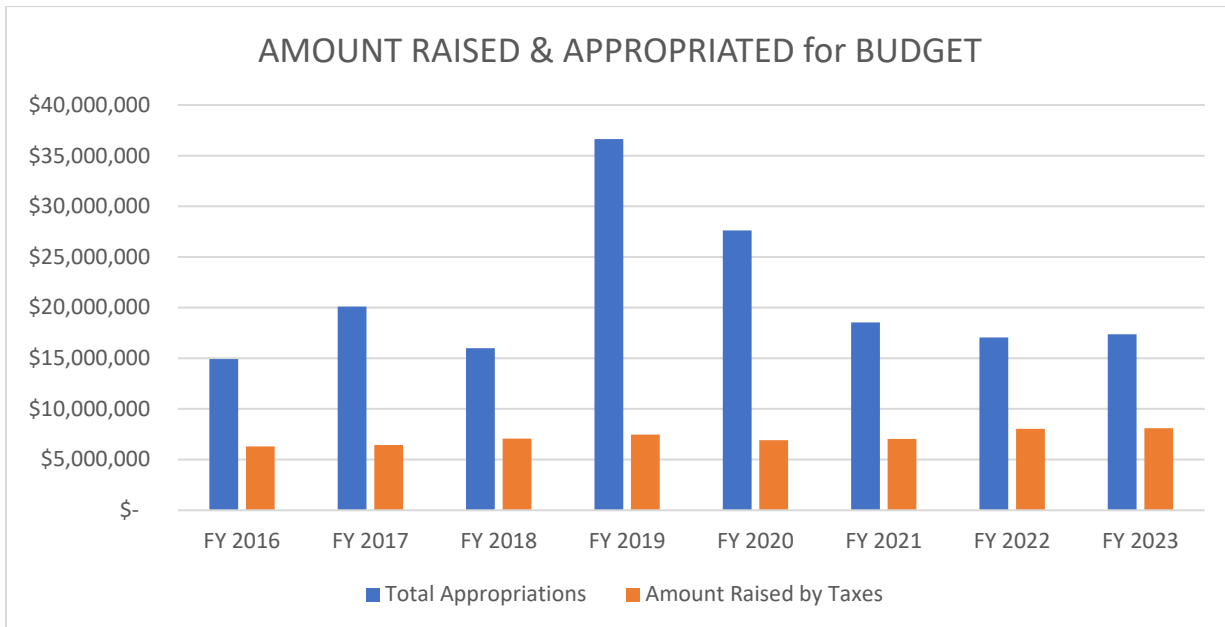
The Department of Revenue Administration and the Government Finance Officers Association recommend a retained fund balance of between 5% and 17% of the total of the town's appropriation, plus state and local education taxes, and county taxes. This total for tax year 2021 was \$22,507,584. Therefore, the recommended amount to be retained is between \$1,125,379 and \$3,826,289. The Town's retained fund balance of \$3,329,023 is 14.8%. The following chart shows the change in unassigned fund balance over the past seven years.



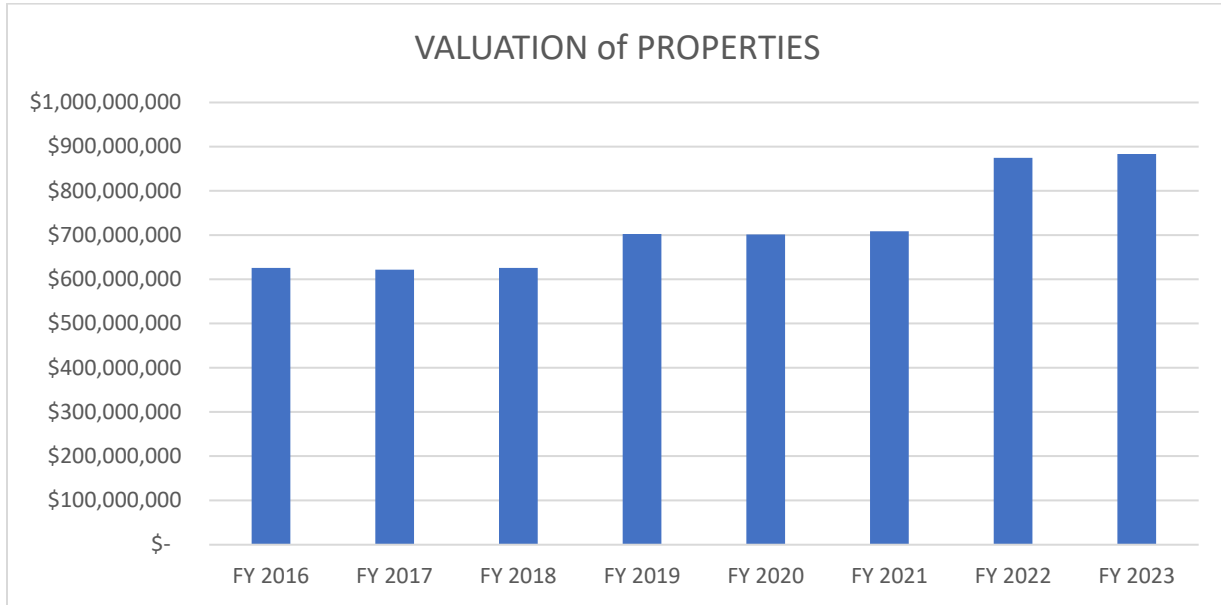
The following chart shows the Municipal tax rate set from 2015 to 2022.



For the same period the relationship between total budgeted appropriations and the amount to be raised by taxes is shown in the chart below.



In the past 7 years the total net assessed value of the Town of Peterborough has increased 41% from \$625,546,951 to \$883,270,701. The increase in value of the Town has an impact on stabilizing the tax rate each year. The 8 years of value is shown in the chart below.



For further information, please contact Lilli D. Gilligan, Finance Director, at 603-924-8000 x114.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 17,208,672	\$ 3,853,455	\$ 21,062,127
Investments	4,722,730	188,130	4,910,860
Intergovernmental receivable	1,835,150	3,195,286	5,030,436
Other receivables, net of allowance for uncollectibles	2,916,443	637,825	3,554,268
Inventory	18,169	-	18,169
Prepaid items	116,358	-	116,358
Tax deeded property held for resale	184,272	-	184,272
Capital assets, not being depreciated:			
Land	2,983,143	173,385	3,156,528
Construction in progress	8,947,205	2,194,595	11,141,800
Capital assets, net of accumulated depreciation:			
Land improvements	662,177	14,175	676,352
Buildings and building improvements	9,149,319	7,622,506	16,771,825
Machinery, vehicles and equipment	2,934,017	235,556	3,169,573
Infrastructure	12,515,366	6,297,504	18,812,870
Total assets	<u>64,193,021</u>	<u>24,412,417</u>	<u>88,605,438</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,463,894	142,297	1,606,191
Deferred amounts related to OPEB	186,595	19,492	206,087
Total deferred outflows of resources	<u>1,650,489</u>	<u>161,789</u>	<u>1,812,278</u>
LIABILITIES			
Accounts payable	959,479	33,466	992,945
Accrued payroll and benefits	106,395	11,689	118,084
Accrued interest payable	107,936	93,967	201,903
Intergovernmental payable	7,219,882	-	7,219,882
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	655,619	305,100	960,719
Unamortized bond premium	39,445	41,072	80,517
Capital leases payable	91,270	-	91,270
Compensated absences payable	3,041	-	3,041
Accrued landfill postclosure care costs	87,500	-	87,500
Due in more than one year:			
Bonds and notes payable	6,333,114	6,805,371	13,138,485
Unamortized bond premium	799,661	572,596	1,372,257
Compensated absences payable	620,687	37,881	658,568
Accrued landfill postclosure care costs	2,537,500	-	2,537,500
Net pension liability	5,383,920	523,343	5,907,263
Total OPEB liability	612,013	63,931	675,944
Total liabilities	<u>25,557,462</u>	<u>8,488,416</u>	<u>34,045,878</u>

(continued)

EXHIBIT 1 (continued)
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	4,925,496	68,466	4,993,962
Deferred amounts related to pensions	1,718,036	167,002	1,885,038
Deferred amounts related to OPEB	227,085	23,721	250,806
Total deferred inflows of resources	<u>6,870,617</u>	<u>259,189</u>	<u>7,129,806</u>
NET POSITION			
Net investment in capital assets	29,272,118	8,581,036	37,853,154
Restricted for:			
Endowments:			
Nonexpendable	3,256,224	-	3,256,224
Expendable	527,136	-	527,136
Other purposes	757,100	-	757,100
Unrestricted	(397,147)	7,245,565	6,848,418
Total net position	<u>\$ 33,415,431</u>	<u>\$ 15,826,601</u>	<u>\$ 49,242,032</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, 2022

	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	\$ 4,204,722	\$ 1,412,341	\$ (99,354)	\$ -	\$ (2,891,735)	\$ -	\$ (2,891,735)
Public safety	4,791,466	1,475,375	371,506	1,968	(2,942,617)	-	(2,942,617)
Highways and streets	2,270,091	53,653	34,022	4,766,469	2,584,053	-	2,584,053
Sanitation	1,227,823	232,034	42,993	-	(952,796)	-	(952,796)
Welfare	98,499	-	(29,817)	-	(128,316)	-	(128,316)
Culture and recreation	1,523,444	215,743	256,944	322,097	(728,660)	-	(728,660)
Conservation	8,068	-	2,018	-	(6,050)	-	(6,050)
Economic development	11,570	-	-	-	(11,570)	-	(11,570)
Interest on long-term debt	291,644	-	103,013	-	(188,631)	-	(188,631)
Capital outlay	1,629,689	-	-	-	(1,629,689)	-	(1,629,689)
Total governmental activities	<u>16,057,016</u>	<u>3,389,146</u>	<u>681,325</u>	<u>5,090,534</u>	<u>(6,896,011)</u>	<u>-</u>	<u>(6,896,011)</u>
Business-type activities:							
Water department	1,178,252	1,145,872	-	178,833	-	146,453	146,453
Sewer department	1,638,394	1,370,202	-	53,374	-	(214,818)	(214,818)
Total business-type activities	<u>2,816,646</u>	<u>2,516,074</u>	<u>-</u>	<u>232,207</u>	<u>-</u>	<u>(68,365)</u>	<u>(68,365)</u>
Total primary government	<u>\$ 18,873,662</u>	<u>\$ 5,905,220</u>	<u>\$ 681,325</u>	<u>\$ 5,322,741</u>	<u>(6,896,011)</u>	<u>(68,365)</u>	<u>(6,964,376)</u>
General revenues:							
Property taxes					8,741,543	-	8,741,543
Other taxes					224,484	-	224,484
Grants and contributions not restricted to specific programs					534,420	-	534,420
Miscellaneous					(37,494)	8,486	(29,008)
Transfers					84,524	(84,524)	-
Total general revenues and transfers					<u>9,547,477</u>	<u>(76,038)</u>	<u>9,471,439</u>
Change in net position					2,651,466	(144,403)	2,507,063
Net position, beginning, see Note III.D.3.					30,763,965	15,971,004	46,734,969
Net position, ending					<u>\$ 33,415,431</u>	<u>\$ 15,826,601</u>	<u>\$ 49,242,032</u>

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, 2022

	General	Ambulance	Main Street Bridge	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 13,560,963	\$ 127,474	\$ -	\$ 262,975	\$ 3,257,260	\$ 17,208,672
Investments	909,008	-	-	3,520,385	293,337	4,722,730
Receivables, net of allowance for uncollectibles:						
Taxes	2,558,903	-	-	-	-	2,558,903
Accounts	147,031	175,967	-	-	14,670	337,668
Intergovernmental	3,243	82,786	1,749,121	-	-	1,835,150
Liens	19,872	-	-	-	-	19,872
Interfund receivable	1,443,833	-	-	-	503,895	1,947,728
Inventory	-	-	-	-	18,169	18,169
Prepaid items	87,341	29,017	-	-	-	116,358
Tax deeded property held for resale	184,272	-	-	-	-	184,272
Total assets	<u>\$ 18,914,466</u>	<u>\$ 415,244</u>	<u>\$ 1,749,121</u>	<u>\$ 3,783,360</u>	<u>\$ 4,087,331</u>	<u>\$ 28,949,522</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 506,131	\$ 5,083	\$ 436,194	\$ -	\$ 12,071	\$ 959,479
Accrued salaries and benefits	76,959	16,995	-	-	12,441	106,395
Intergovernmental payable	7,219,882	-	-	-	-	7,219,882
Interfund payable	503,895	200,000	1,123,913	-	119,920	1,947,728
Total liabilities	<u>8,306,867</u>	<u>222,078</u>	<u>1,560,107</u>	<u>-</u>	<u>144,432</u>	<u>10,233,484</u>
Deferred inflows of resources:						
Deferred revenue	5,018,394	48,048	-	-	503,895	5,570,337
Fund balances:						
Nonspendable	271,613	29,017	-	3,256,224	18,169	3,575,023
Restricted	-	-	189,014	527,136	565,333	1,281,483
Committed	2,257,139	116,101	-	-	2,855,502	5,228,742
Assigned	261,138	-	-	-	-	261,138
Unassigned	2,799,315	-	-	-	-	2,799,315
Total fund balances	<u>5,589,205</u>	<u>145,118</u>	<u>189,014</u>	<u>3,783,360</u>	<u>3,439,004</u>	<u>13,145,701</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,914,466</u>	<u>\$ 415,244</u>	<u>\$ 1,749,121</u>	<u>\$ 3,783,360</u>	<u>\$ 4,087,331</u>	<u>\$ 28,949,522</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, 2022

Total fund balances of governmental funds (Exhibit 3)		\$ 13,145,701
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	\$ 59,512,832	
Less accumulated depreciation	<u>(22,321,605)</u>	37,191,227
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (1,947,728)	
Payables	<u>1,947,728</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 529,708	
Unavailable ambulance revenue	48,048	
Unavailable liens	19,872	
Unavailable miscellaneous revenue	<u>47,213</u>	644,841
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(107,936)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 6,988,733	
Unamortized bond premium	839,106	
Capital leases outstanding	91,270	
Compensated absences payable	623,728	
Accrued landfill postclosure care costs	2,625,000	
Net pension liability	5,383,920	
Total OPEB liability	<u>612,013</u>	(17,163,770)
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	\$ 1,463,894	
Deferred outflows of resources related to OPEB	186,595	
Deferred inflows of resources related to pensions	(1,718,036)	
Deferred inflows of resources related to OPEB	<u>(227,085)</u>	(294,632)
Total net position of governmental activities (Exhibit 1)		<u>\$ 33,415,431</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, 2022

	General	Ambulance	Main Street Bridge	Permanent	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 7,909,097	\$ -	\$ -	\$ -	\$ 1,044,774	\$ 8,953,871
Licenses, permits and fees	1,304,273	-	-	-	-	1,304,273
Intergovernmental	899,649	315,479	4,578,172	-	340,000	6,133,300
Charges for services	305,906	1,383,027	-	-	220,002	1,908,935
Miscellaneous	205,415	(6,009)	-	(353,741)	458,214	303,879
Total revenues	<u>10,624,340</u>	<u>1,692,497</u>	<u>4,578,172</u>	<u>(353,741)</u>	<u>2,062,990</u>	<u>18,604,258</u>
Expenditures:						
Current:						
General government	4,474,454	-	-	5,622	57,335	4,537,411
Public safety	2,658,569	1,777,887	-	-	-	4,436,456
Highways and streets	1,940,145	-	-	-	-	1,940,145
Sanitation	356,693	-	-	-	96,511	453,204
Welfare	98,499	-	-	-	-	98,499
Culture and recreation	1,119,750	-	-	-	153,581	1,273,331
Conservation	-	-	-	-	5,317	5,317
Economic development	11,570	-	-	-	-	11,570
Debt service:						
Principal	809,998	-	-	-	431,035	1,241,033
Interest	308,125	-	-	-	2,017	310,142
Capital leases	81,047	35,126	-	-	-	116,173
Capital outlay	158,727	10,158	4,947,497	-	1,723,551	6,839,933
Total expenditures	<u>12,017,577</u>	<u>1,823,171</u>	<u>4,947,497</u>	<u>5,622</u>	<u>2,469,347</u>	<u>21,263,214</u>
Deficiency of revenues under expenditures	<u>(1,393,237)</u>	<u>(130,674)</u>	<u>(369,325)</u>	<u>(359,363)</u>	<u>(406,357)</u>	<u>(2,658,956)</u>
Other financing sources (uses):						
Transfers in	636,119	50,000	-	2,550	311,714	1,000,383
Transfers out	(50,000)	(105,832)	-	(311,714)	(448,313)	(915,859)
Total other financing sources and uses	<u>586,119</u>	<u>(55,832)</u>	<u>-</u>	<u>(309,164)</u>	<u>(136,599)</u>	<u>84,524</u>
Net change in fund balances	(807,118)	(186,506)	(369,325)	(668,527)	(542,956)	(2,574,432)
Fund balances, beginning, as restated, see Note III.D.3.	6,396,323	331,624	558,339	4,451,887	3,981,960	15,720,133
Fund balances, ending	<u>\$ 5,589,205</u>	<u>\$ 145,118</u>	<u>\$ 189,014</u>	<u>\$ 3,783,360</u>	<u>\$ 3,439,004</u>	<u>\$ 13,145,701</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, 2022

Net change in fund balances of governmental funds (Exhibit 5)		\$ (2,574,432)
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	\$ 5,558,825	
Depreciation expense	<u>(1,359,905)</u>	4,198,920
The net effect of the disposal of capital assets is to decrease net position.		
		(13,743)
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Decrease in prepaid debt principal and interest		542,405
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (915,859)	
Transfers out	<u>915,859</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	\$ 12,296	
Change in unavailable ambulance revenue	(4,701)	
Change in unavailable miscellaneous revenue	<u>24,309</u>	31,904
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	\$ 793,897	
Amortization of bond premium	16,006	
Repayment of capital lease principal	<u>109,958</u>	919,861
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (86,562)	
Increase in compensated absences payable	(34,680)	
Increase in accrued landfill postclosure care costs	(750,000)	
Decrease in OPEB related balances	<u>70,067</u>	(801,175)
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	\$ 761,598	
Cost of benefits earned, net of employee contributions	<u>(413,872)</u>	347,726
Change in net position of governmental activities (Exhibit 2)		<u>\$ 2,651,466</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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 8,277,800	\$ 8,277,800	\$ 7,921,393	\$ (356,407)
Licenses, permits and fees	1,240,510	1,240,510	1,304,273	63,763
Intergovernmental	894,194	894,194	899,648	5,454
Charges for services	217,936	217,936	305,905	87,969
Miscellaneous	185,453	185,453	168,089	(17,364)
Total revenues	<u>10,815,893</u>	<u>10,815,893</u>	<u>10,599,309</u>	<u>(216,584)</u>
EXPENDITURES				
Current:				
General government	3,210,242	4,963,721	4,368,010	595,711
Public safety	2,604,454	2,604,454	2,638,048	(33,594)
Highways and streets	1,638,172	1,638,172	1,608,273	29,899
Sanitation	365,020	365,020	310,335	54,685
Welfare	134,881	134,881	97,279	37,602
Culture and recreation	1,204,068	1,204,068	1,089,103	114,966
Conservation	500	500	-	500
Economic development	24,000	24,000	11,570	12,430
Debt service:				
Principal	914,407	914,407	809,998	104,409
Interest	391,888	391,888	308,125	83,763
Capital lease payments	81,046	81,046	81,047	(1)
Capital outlay	262,288	262,288	(358,200)	620,488
Total expenditures	<u>10,830,966</u>	<u>12,584,445</u>	<u>10,963,586</u>	<u>1,620,859</u>
Deficiency of revenues under expenditures	<u>(15,073)</u>	<u>(1,768,552)</u>	<u>(364,277)</u>	<u>1,404,275</u>
Other financing sources (uses):				
Transfers in	628,173	628,173	636,118	7,945
Transfers out	(1,013,100)	(1,013,100)	(1,013,100)	-
Total other financing sources and uses	<u>(384,927)</u>	<u>(384,927)</u>	<u>(376,982)</u>	<u>7,945</u>
Net change in fund balance	<u>\$ (400,000)</u>	<u>\$ (2,153,479)</u>	(741,259)	<u>\$ 1,412,220</u>
Decrease in nonspendable fund balance			983,544	
Increase in committed fund balance			(350,082)	
Increase in assigned fund balance			(5,000)	
Unassigned fund balance, beginning, as restated			<u>3,441,820</u>	
Unassigned fund balance, ending			<u>\$ 3,329,023</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 (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 267,000	\$ 315,479	\$ 48,479
Charges for services	1,476,435	1,383,027	(93,408)
Miscellaneous	15,000	(6,009)	(21,009)
Total revenues	<u>1,758,435</u>	<u>1,692,497</u>	<u>(65,938)</u>
EXPENDITURES			
Current:			
Public safety	1,654,176	1,777,887	(123,711)
Debt service:			
Capital leases	52,689	35,126	17,563
Capital outlay	-	10,158	(10,158)
Total expenditures	<u>1,706,865</u>	<u>1,823,171</u>	<u>(116,306)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51,570</u>	<u>(130,674)</u>	<u>(182,244)</u>
Other financing sources (uses):			
Transfers in	50,000	450,000	400,000
Transfers out	(101,570)	(105,832)	(4,262)
Total other financing sources and uses	<u>(51,570)</u>	<u>344,168</u>	<u>395,738</u>
Net change in fund balance	<u>\$ -</u>	213,494	<u>\$ 213,494</u>
Fund balance, beginning		(68,376)	
Fund balance, ending		<u>\$ 145,118</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, 2022

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
	Department Fund	Department Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,722,288	\$ 2,131,167	\$ 3,853,455
Investments	111,879	76,251	188,130
Accounts receivable	298,779	339,046	637,825
Intergovernmental receivable	392,219	2,803,067	3,195,286
Noncurrent assets:			
Capital assets, not being depreciated:			
Land	158,779	14,606	173,385
Construction in progress	2,112,253	82,342	2,194,595
Capital assets, net of accumulated depreciation:			
Land improvements	-	14,175	14,175
Buildings and building improvements	-	7,622,506	7,622,506
Machinery, vehicles and equipment	146,353	89,203	235,556
Infrastructure	5,143,930	1,153,574	6,297,504
Total assets	<u>10,086,480</u>	<u>14,325,937</u>	<u>24,412,417</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	74,613	67,684	142,297
Deferred amounts related to OPEB	11,622	7,870	19,492
Total deferred outflows of resources	<u>86,235</u>	<u>75,554</u>	<u>161,789</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,593	25,873	33,466
Accrued payroll and benefits	5,584	6,105	11,689
Accrued interest payable	30,052	63,915	93,967
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	120,000	185,100	305,100
Unamortized bond premium	10,570	30,502	41,072
Due in more than one year:			
Bonds and notes payable	2,491,171	4,314,200	6,805,371
Unamortized bond premium	84,558	488,038	572,596
Compensated absences payable	17,963	19,918	37,881
Net pension liability	274,414	248,929	523,343
Other postemployment benefits liability	38,117	25,814	63,931
Total liabilities	<u>3,080,022</u>	<u>5,408,394</u>	<u>8,488,416</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	68,466	-	68,466
Deferred amounts related to pensions	87,567	79,435	167,002
Deferred amounts related to OPEB	14,143	9,578	23,721
Total deferred inflows of resources	<u>170,176</u>	<u>89,013</u>	<u>259,189</u>
NET POSITION			
Net investment in capital assets	4,191,039	4,389,997	8,581,036
Unrestricted	2,731,478	4,514,087	7,245,565
Total net position	<u>\$ 6,922,517</u>	<u>\$ 8,904,084</u>	<u>\$ 15,826,601</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, 2022

	Business-type Activities - Enterprise Funds		
	Water Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 1,142,018	\$ 1,297,557	\$ 2,439,575
Miscellaneous	3,854	72,645	76,499
Total operating revenues	<u>1,145,872</u>	<u>1,370,202</u>	<u>2,516,074</u>
Operating expenses:			
Plant operation and maintenance	949,078	993,133	1,942,211
Depreciation	164,251	479,231	643,482
Total operating expenses	<u>1,113,329</u>	<u>1,472,364</u>	<u>2,585,693</u>
Operating income (loss)	<u>32,543</u>	<u>(102,162)</u>	<u>(69,619)</u>
Nonoperating revenue (expense):			
Intergovernmental	178,833	53,374	232,207
Interest income	4,876	3,610	8,486
Interest expense	(64,923)	(166,030)	(230,953)
Transfer to other funds	(34,129)	(50,395)	(84,524)
Total nonoperating revenue (expense)	<u>84,657</u>	<u>(159,441)</u>	<u>(74,784)</u>
Change in net position	117,200	(261,603)	(144,403)
Net position, beginning	6,805,317	9,165,687	15,971,004
Net position, ending	<u>\$ 6,922,517</u>	<u>\$ 8,904,084</u>	<u>\$ 15,826,601</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, 2022

	Business -type Activities - Enterprise Funds		
	Water	Sewer	Total
	Department	Department	
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,169,511	\$ 1,376,708	\$ 2,546,219
Payments to suppliers and employees	(967,620)	(1,102,658)	(2,070,278)
Net cash provided by operating activities	<u>201,891</u>	<u>274,050</u>	<u>475,941</u>
Cash flows from non-capital financing activities:			
Transfer from other funds	(34,129)	(41,589)	(75,718)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(387,276)	-	(387,276)
Proceeds from state grants	98,757	205,831	304,588
Proceeds from bond premium	95,128	518,540	613,668
Principal paid on bonds and notes	(175,085)	(742,931)	(918,016)
Interest paid on bonds and notes	(37,733)	(156,835)	(194,568)
Net cash used in capital and related financing activities	<u>(406,209)</u>	<u>(175,395)</u>	<u>(581,604)</u>
Cash flows from investing activities:			
Interest and dividends received	3,528	6,693	10,221
Investments (purchased) and sold	16,994	(28,586)	(11,592)
Net cash provided by (used in) investing activities	<u>20,522</u>	<u>(21,893)</u>	<u>(1,371)</u>
Increase (decrease) in cash	(217,925)	35,173	(182,752)
Cash and cash equivalents, beginning	1,940,212	2,095,994	4,036,206
Cash and cash equivalents, ending	<u>\$ 1,722,287</u>	<u>\$ 2,131,167</u>	<u>\$ 3,853,454</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 32,543	\$ (102,162)	\$ (69,619)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	164,251	479,231	643,482
Decrease in accounts receivable	28,810	6,506	35,316
Decrease in prepaid items	797	-	797
Decrease in accounts payable	(24,906)	(48,937)	(73,843)
Increase (decrease) in accrued payroll and benefits	16,524	(58,437)	(41,913)
Decrease in interfund payable	(10,957)	(2,151)	(13,108)
Decrease in unearned revenue	(5,171)	-	(5,171)
Total adjustments	<u>169,348</u>	<u>376,212</u>	<u>545,560</u>
Net cash provided by operating activities	<u>\$ 201,891</u>	<u>\$ 274,050</u>	<u>\$ 475,941</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, 2022

	Private Purpose Trust	Custodial
Assets:		
Cash and cash equivalents	\$ 114,747	\$ 2,543,093
Investments	1,242,007	2,275,480
Total assets	<u>1,356,754</u>	<u>4,818,573</u>
Liabilities	<u>-</u>	<u>-</u>
Net position:		
Held in trust for specific purposes	1,356,754	-
Held for other governments	-	4,444,524
Held as escrow and performance deposits	-	374,049
Total net position	<u>\$ 1,356,754</u>	<u>\$ 4,818,573</u>

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

EXHIBIT 13
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022

	Private Purpose Trust	Custodial
Additions:		
Donations from outside organizations	\$ 26,500	\$ 7,866
Receipts from vendors	-	700,000
Escrow deposits	-	19,000
Investment earnings:		
Interest and dividends	21,739	7,834
Net change in fair value of investments	(146,488)	(110,588)
Total additions	<u>(98,249)</u>	<u>624,112</u>
Deductions:		
Trust distributions	36,200	-
Payments to vendors	-	17,999
Contribution to Town projects	-	13,551
Total deductions	<u>36,200</u>	<u>31,550</u>
Change in net position	(134,449)	592,562
Net position, beginning	1,491,203	4,226,011
Net position, ending	<u>\$ 1,356,754</u>	<u>\$ 4,818,573</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

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, 2022.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

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

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

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Individual funds are not displayed.

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

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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.

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.

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.

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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 – 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 fifteen 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.

Fiduciary Funds

The Town reports the following fiduciary funds:

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

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Custodial Fund – Accounts for fiduciary assets held by the Town in a custodial capacity on behalf of others. These assets are therefore not available to support the Town’s own programs. The Town’s custodial fund is used to account for amounts held by the trustees of trust funds that belong to the Contoocook Valley Regional School District, and escrow and performance deposits.

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

I.C.1. *Cash and Investments*

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

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

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

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

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

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

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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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 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.

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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 fund 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 the balances of inventory, prepaid items, tax-deeded property, and endowments.
- Restricted, which represents the balance of unspent bond proceeds or restricted donations in the various capital project funds; the expendable income from the permanent fund; and the library fund, whose use is limited by law; and balances for which the intended use has been established by enabling legislation by Town Meeting.
- 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, and unused overlay carried forward for uncollectible property taxes.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed and assigned balances.

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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, Ambulance, Water Department and Sewer Department Funds, as well as some of the nonmajor funds. Project length budgets are adopted for the Capital Project 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 2022, \$400,000 was appropriated from surplus. In addition, the Town received emergency approval to use an additional \$1,753,479 from surplus to cover fraudulent activity.

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

The notes continue on the following page.

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

General Fund:

Per Exhibit 7 (budgetary basis)	\$ 11,235,428
Adjustments:	
Basis difference:	
Unavailable tax revenue deferred in the prior year	517,412
Unavailable tax revenue deferred in the current year	(529,708)
Perspective difference:	
Revenue from Capital Reserve Fund	24,811
Revenue from Town Expendable Trust Fund	(6,029)
Revenue from Isabelle Miller Fund	20,576
Revenue from Landfill Expendable Trust Fund	(2,031)
Per Exhibit 5 (GAAP basis)	<u>\$ 11,260,459</u>
Per Exhibit 7 (budgetary basis)	\$ 11,976,687
Adjustments:	
Basis difference:	
Encumbrances, beginning	771,001
Encumbrances, ending	(206,138)
Transfer to Ambulance Fund	(400,000)
Perspective difference:	
Expenditures of Capital Reserve Fund	413,361
Expenditures of Town Expendable Trust Fund	29,407
Expenditures of Landfill Expendable Trust Fund	46,359
Transfers to Expendable Trust Fund	(563,100)
Per Exhibit 5 (GAAP basis)	<u>\$ 12,067,577</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 3,329,023
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(529,708)
Per Exhibit 3 (GAAP basis)	<u>\$ 2,799,315</u>

Ambulance Fund:

Revenues and other financing sources:	
Per Exhibit 8 (budgetary basis)	\$ 2,142,497
Adjustment:	
Basis difference:	
Transfer to Ambulance Fund	(400,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 1,742,497</u>

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III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of June 30, 2022, the Town’s reporting entity had the following investments:

US government agencies	\$ 986,412
US treasury obligations	3,260,952
Municipal obligations	97,279
Fixed income funds	3,924
Common stock	3,162,873
Corporate bonds	916,907
	<u>\$ 8,428,347</u>

The investments appear in the financial statements as follow:

Governmental funds - balance sheet (Exhibit 3)	\$ 4,722,730
Proprietary funds - statement of net position (Exhibit 9)	188,130
Fiduciary funds - statement of fiduciary net position (Exhibit 12)	3,517,487
Total	<u>\$ 8,428,347</u>

Fair Value Measurement

The Town categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Town classifies its investments into Level 1, which refers to investments traded in an active market. The levels relate to valuation only and do not necessarily indicate a measure of risk.

The notes continue on the following page.

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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, 2022 is as follows:

	Fair Value
Aaa	\$ 4,266,139
Aa	260,744
A	380,968
Baa	168,076
Ba	47,973
N/A	39,275
Not rated	98,377
Exempt from disclosure	3,166,795
	\$ 8,428,347

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
US government agencies	\$ 986,413	\$ 96,971	\$ 861,899	\$ 27,543
US treasury obligations	3,260,952	111,024	2,868,555	281,373
Municipal obligations	97,279	5,000	19,944	72,335
Corporate bonds	916,908	227,124	639,970	49,814
	\$ 5,261,552	\$ 440,119	\$ 4,390,368	\$ 431,065

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Of the Town's \$8,428,347 of investments, \$3,166,795 has exposure to custodial credit risk because the related securities are uninsured and uncollateralized.

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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), 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 others. 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 2021 property taxes on June 6th.

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, 2021, upon which the 2021 property tax levy was based was:

For the New Hampshire education tax	\$ 861,485,413
For all other taxes	\$ 874,585,813

The tax rates and amounts assessed for the year ended June 30, 2022 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$9.17	\$ 8,021,266
School portion:		
State of New Hampshire	\$1.66	1,433,218
Local	\$13.96	12,207,636
County portion	\$0.97	845,464
Total property taxes assessed		\$ 22,507,584

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The following details the taxes receivable at year-end:

Property:	
Levy of 2022	\$ 1,939,515
Unredeemed (under tax lien):	
Levy of 2021	326,177
Levy of 2020	183,589
Levy of 2019	92,578
Levy of 2018	1,787
Timber	14,090
Betterment assessment	1,167
Total taxes receivable	<u><u>\$ 2,558,903</u></u>

Other Receivables and Uncollectible Accounts

Other significant receivables include charges for ambulance services and water and sewer charges. These statements 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	\$ 761,481	\$ 637,825
Intergovernmental	1,865,879	3,195,286
Liens	19,872	-
Less: allowance for uncollectible amounts	(454,542)	-
Net total receivables	<u><u>\$ 2,192,690</u></u>	<u><u>\$ 3,833,111</u></u>

Deferred Revenue

Deferred revenue of \$5,570,337 in the governmental funds at June 30, 2022 represents \$48,048 of ambulance service charges, \$529,708 of property taxes, \$47,213 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 \$4,529,323 of property taxes assessed for fiscal year 2023; \$38,603 in unapplied tax credits to be applied to future levies; \$7,488 received for the future sale of tax deeded property; and \$350,082 in unspent American Rescue Plan Act funds. In the governmental activities, \$4,925,496 consisting of the 2023 tax assessment, unapplied tax credits, the future sale of tax deeded property, ARPA funds and miscellaneous items are reported as unearned revenue.

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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	11,443,819	2,666,596	(5,163,210)	8,947,205
Total capital assets not being depreciated	<u>14,426,962</u>	<u>2,666,596</u>	<u>(5,163,210)</u>	<u>11,930,348</u>
Being depreciated:				
Land improvements	1,506,320	15,687	(45,000)	1,477,007
Buildings and building improvements	5,149,957	7,052,717	(288,627)	11,914,047
Machinery, vehicles and equipment	8,236,789	291,135	(73,129)	8,454,795
Infrastructure	25,430,006	695,900	(389,271)	25,736,635
Total capital assets being depreciated	<u>40,323,072</u>	<u>8,055,439</u>	<u>(796,027)</u>	<u>47,582,484</u>
Total all capital assets	<u>54,750,034</u>	<u>10,722,035</u>	<u>(5,959,237)</u>	<u>59,512,832</u>
Less accumulated depreciation:				
Land improvements	(795,233)	(64,597)	45,000	(814,830)
Buildings and building improvements	(2,813,231)	(226,381)	274,884	(2,764,728)
Machinery, vehicles and equipment	(5,076,821)	(517,086)	73,129	(5,520,778)
Infrastructure	(13,058,699)	(551,841)	389,271	(13,221,269)
Total accumulated depreciation	<u>(21,743,984)</u>	<u>(1,359,905)</u>	<u>782,284</u>	<u>(22,321,605)</u>
Net book value, capital assets being depreciated	<u>18,579,088</u>	<u>6,695,534</u>	<u>(13,743)</u>	<u>25,260,879</u>
Net book value, all capital assets	<u>\$ 33,006,050</u>	<u>\$ 9,362,130</u>	<u>\$ (5,176,953)</u>	<u>\$ 37,191,227</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	1,807,320	387,275	-	2,194,595
Total capital assets not being depreciated	<u>1,980,705</u>	<u>387,275</u>	<u>-</u>	<u>2,367,980</u>
Being depreciated:				
Land improvements	27,000	-	-	27,000
Buildings and building improvements	10,687,727	-	-	10,687,727
Machinery, vehicles and equipment	1,115,409	-	(25,374)	1,090,035
Infrastructure	15,525,202	-	-	15,525,202
Total capital assets being depreciated	<u>27,355,338</u>	<u>-</u>	<u>(25,374)</u>	<u>27,329,964</u>
Total all capital assets	<u>29,336,043</u>	<u>387,275</u>	<u>(25,374)</u>	<u>29,697,944</u>
Less accumulated depreciation:				
Land improvements	(11,475)	(1,350)	-	(12,825)
Buildings and building improvements	(2,742,566)	(322,655)	-	(3,065,221)
Machinery, vehicles and equipment	(818,988)	(60,865)	25,374	(854,479)
Infrastructure	(8,969,086)	(258,612)	-	(9,227,698)
Total accumulated depreciation	<u>(12,542,115)</u>	<u>(643,482)</u>	<u>25,374</u>	<u>(13,160,223)</u>
Net book value, capital assets being depreciated	<u>14,813,223</u>	<u>(643,482)</u>	<u>-</u>	<u>14,169,741</u>
Net book value, all capital assets	<u>\$ 16,793,928</u>	<u>\$ (256,207)</u>	<u>\$ -</u>	<u>\$ 16,537,721</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 2,572
Public safety	355,010
Highways and streets	750,383
Culture and recreation	249,189
Conservation	2,751
Total depreciation expense	<u>\$ 1,359,905</u>
Business-type activities:	
Sanitation	\$ 479,231
Water distribution and treatment	164,251
Total depreciation expense	<u>\$ 643,482</u>

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments of \$7,219,882 at June 30, 2022 consists of portions of the June property tax levy due to the Contoocook Valley Regional School District in the amount of \$6,792,910 and to Hillsborough County in the amount of \$422,098; and \$4,874 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 06/30/2022	Current Portion
Governmental activities:						
General obligation bonds/notes payable:						
Connector Road	\$ 1,000,000	2010	2023	4.57	\$ 44,917	\$ 44,917
Adams Pool renovation	\$ 1,200,000	2013	2027	2.44	333,820	80,000
Union Street infrastructure	\$ 2,435,000	2015	2036	5.1	1,560,000	120,000
Robbe Farm Rd. - Legacy Lane	\$ 190,578	2016	2026	3.5	17,924	17,924
GAR Hall parking lot	\$ 1,049,100	2017	2037	2.02-5.02	775,000	55,000
Main St. bridge	\$ 3,000,000	2021	2036	2.1-5.1	2,374,900	170,000
Library renovations	\$ 1,600,000	2021	2036	2.1-5.1	1,259,950	90,000
Townhouse rehabilitation	\$ 700,000	2021	2036	2.1-5.1	622,222	77,778
					<u>6,988,733</u>	<u>655,619</u>
Unamortized bond premium					<u>839,106</u>	<u>39,445</u>
Capital leases payable:						
Ambulance	\$ 160,000	2018	2023	3.19	34,042	34,042
Breathing apparatus	\$ 270,000	2018	2023	2.99	57,228	57,228
					<u>91,270</u>	<u>91,270</u>
Compensated absences payable:						
Vested sick leave					146,700	-
Accrued vacation leave					477,028	3,041
					<u>623,728</u>	<u>3,041</u>
Accrued landfill postclosure care costs					<u>2,625,000</u>	<u>87,500</u>
Net pension liability					<u>5,383,920</u>	<u>-</u>
Total OPEB liability					<u>612,013</u>	<u>-</u>
					<u>\$ 17,163,770</u>	<u>\$ 876,875</u>

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Business-type activities:

General obligation bonds/notes payable:

Treatment plant	\$ 6,986,000	2012	2039	4.48	\$ 4,499,300	\$ 185,100
Water refunding bond	\$ 1,557,200	2009	2037	2.0-5.0	1,089,000	58,000
NHSRF note	\$ 579,500	2012	2031	3.1	272,000	25,000
Water bond	\$ 700,000	2016	2031	2.75	375,200	37,000
State revolving fund loan drawdowns					<u>874,971</u>	<u>-</u>
					<u>7,110,471</u>	<u>305,100</u>
Unamortized bond premium					<u>613,668</u>	<u>41,072</u>
Compensated absences payable:						
Vested sick leave					13,930	-
Accrued vacation leave					<u>23,951</u>	<u>-</u>
					<u>37,881</u>	<u>-</u>
Net pension liability					<u>523,343</u>	<u>-</u>
Total OPEB liability					<u>63,931</u>	<u>-</u>
					<u>\$ 8,349,294</u>	<u>\$ 346,172</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	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	\$ 7,782,630	\$ 855,112	\$ 201,228	\$ 589,048	\$ 1,875,000	\$ 7,923,732	\$ 754,824	\$ 19,981,574
Additions	-	-	-	34,680	750,000	-	-	784,680
Reductions	(793,897)	(16,006)	(109,958)	-	-	(2,539,812)	(142,811)	(3,602,484)
Balance, ending	<u>\$ 6,988,733</u>	<u>\$ 839,106</u>	<u>\$ 91,270</u>	<u>\$ 623,728</u>	<u>\$ 2,625,000</u>	<u>\$ 5,383,920</u>	<u>\$ 612,013</u>	<u>\$ 17,163,770</u>

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Compensated Absences Payable	Net Pension Liability	Total OPEB Liability	Total
Business-type activities:						
Balance, beginning	\$ 7,824,004	\$ -	\$ 29,253	\$ 787,024	\$ 63,527	\$ 8,703,808
Additions	5,350,983	613,668	8,628	-	404	5,973,683
Reductions	(6,064,516)	-	-	(263,681)	-	(6,328,197)
Balance, ending	<u>\$ 7,110,471</u>	<u>\$ 613,668</u>	<u>\$ 37,881</u>	<u>\$ 523,343</u>	<u>\$ 63,931</u>	<u>\$ 8,349,294</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
2023	\$ 655,619	\$ 266,366	\$ 921,985
2024	592,628	236,936	829,564
2025	592,778	210,915	803,693
2026	592,778	185,733	778,511
2027	526,598	161,516	688,114
2028-2032	2,383,332	482,180	2,865,512
2033-2037	1,645,000	85,627	1,730,627
Totals	<u>\$ 6,988,733</u>	<u>\$ 1,629,273</u>	<u>\$ 8,618,006</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2023	\$ 305,100	\$ 256,292	\$ 561,392
2024	315,500	245,120	560,620
2025	330,300	227,420	557,720
2026	346,700	210,860	557,560
2027	362,700	193,518	556,218
2028-2032	1,954,300	695,787	2,650,087
2033-2037	1,940,200	305,131	2,245,331
2038-2039	680,700	31,784	712,484
State revolving fund loan drawdowns*	874,971	-	874,971
Totals	<u>\$ 7,110,471</u>	<u>\$ 2,165,912</u>	<u>\$ 9,276,383</u>

* Terms of payment will be determined when drawdowns are complete, and the loan is finalized.

The final lease payments of \$91,270 in principal and \$2,797 in interest are due in fiscal year 2023.

Subsequent Event

On July 13, 2022, the Town issued a general obligation bond to the New Hampshire Municipal Bond Bank with the total gross proceeds of \$3,800,000. The total proceeds consist of \$3,444,500 in principal and \$355,500 of bond premium. Principal payments will be \$317,900 for the first five years, and \$77,300 annually for the remaining term. The bond will be paid in semi-annual payments at a variable interest rate that ranges between 4.10% and 5.10% over 30 years. The bond premium will be amortized over the same period using the straight-line method.

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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 \$2,625,000 as of June 30, 2022, 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, 2022. 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.”

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

Receivable Fund	Payable Fund	Amount
General	Ambulance	\$ 200,000
General	Main Street bridge	1,123,913
General	Nonmajor	119,920
Nonmajor	General	503,895
		\$ 1,947,728

The amount due to the General Fund from the Ambulance Fund represents a loan for equipment purchase, the amount due to the General Fund from the Main Street Bridge Fund represents an overdraft of pooled cash, and the amount due to the General Fund from the Nonmajor Funds is due from the Library Fund for the renovation project. The amount due to the Nonmajor Funds from the General Fund represents reimbursement of expenditures.

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.

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The following schedule reports transfers within the reporting entity:

	Transfers In:				Total
	General Fund	Ambulance Fund	Permanent Fund	Nonmajor Funds	
Transfers out:					
General fund	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Ambulance fund	105,832	-	-	-	105,832
Permanent fund	-	-	-	311,714	311,714
Nonmajor funds	445,763	-	2,550	-	448,313
Water department fund	34,129	-	-	-	34,129
Sewer department fund	50,395	-	-	-	50,395
	<u>\$ 636,119</u>	<u>\$ 50,000</u>	<u>\$ 2,550</u>	<u>\$ 311,714</u>	<u>\$ 1,000,383</u>

The amounts transferred from the Ambulance Fund to the General Fund represents health insurance costs; and the amount transferred from the Nonmajor Funds to the General Fund represents \$339,115 from the West Peterborough TIF District for the annual debt payment, \$96,648 from the Downtown TIF District for sanitation expenditures, and \$10,000 from the South Peterborough TIF District for general government expenditures. The amounts transferred from the Water and Sewer Department Funds to the General Fund represent the allocation of benefits. The amount transferred from the General Fund to the Ambulance Fund represents a voted transfer. The amount transferred from the Nonmajor Funds to the Permanent Fund represents cemetery lot sales. The amount transferred from the Permanent Fund to the Nonmajor Funds represents \$280,000 to the Library renovations project, and \$14,714 to the Library Fund and \$17,000 to the Cemetery Maintenance Fund for investment income earned.

The notes continue on the following page.

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III.D. 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	Permanent Fund	Nonmajor Funds
Nonspendable:					
Endowments	\$ -	\$ -	\$ -	\$ 3,256,224	\$ -
Inventory	-	-	-	-	18,169
Prepaid items	87,341	29,017	-	-	-
Tax deeded property	184,272	-	-	-	-
Total nonspendable	<u>271,613</u>	<u>29,017</u>	<u>-</u>	<u>3,256,224</u>	<u>18,169</u>
Restricted:					
General government	-	-	-	300,841	191,145
Culture and recreation	-	-	-	1,664	374,188
Capital outlay	-	-	189,104	224,631	-
Total restricted	<u>-</u>	<u>-</u>	<u>189,104</u>	<u>527,136</u>	<u>565,333</u>
Committed:					
General government	-	-	-	-	167,240
Public safety	-	116,101	-	-	-
Sanitation	-	-	-	-	33,233
Culture and recreation	-	-	-	-	236,317
Conservation	-	-	-	-	134,420
Capital outlay	2,257,139	-	-	-	2,284,292
Total committed	<u>2,257,139</u>	<u>116,101</u>	<u>-</u>	<u>-</u>	<u>2,855,502</u>
Assigned:					
Highways and streets	206,138	-	-	-	-
Capital outlay	55,000	-	-	-	-
Total assigned	<u>261,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned					
	2,799,315	-	-	-	-
Total fund balance	<u>\$ 5,589,205</u>	<u>\$ 145,118</u>	<u>\$ 189,104</u>	<u>\$ 3,783,360</u>	<u>\$ 3,439,004</u>

III.D.2. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$3,783,360 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures and \$757,100 restricted by bond covenants, grantors, donors, or State statutes.

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III.D.3. Restatement of Beginning Equity Balances

Equity balances at July 1, 2021 were restated to reflect the following adjustments:

	Governmental Activities	General Fund	Nonmajor Governmental Funds
To remove customer deposits	\$ 4,188	\$ 3,688	\$ 500
To correct pooled cash	-	7,540	(7,540)
To correct accounts payable	(18,070)	(18,070)	-
To reclassify Ambulance Fund	-	-	(331,624)
To reclassify Library Renovations Fund	-	-	759,123
Net position/fund balances, as previously reported	<u>30,777,847</u>	<u>6,403,165</u>	<u>3,561,501</u>
Net position/fund balances, as restated	<u>\$ 30,763,965</u>	<u>\$ 6,396,323</u>	<u>\$ 3,981,960</u>

IV. Other Information

IV.A. Risk Management

The Town’s risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) 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 2022 for property/liability insurance to be recorded as an insurance expenditure/expense totaled \$93,944. There were no unpaid contributions for the year ended June 30, 2022. The Town also paid \$73,170 for workers’ compensation for the fiscal year. The member 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 33.88% for police, 32.99% for fire personnel, and 14.06% for other employees. Employer contributions from the Town during the fiscal years 2020, 2021, and 2022 were \$654,111, \$661,836, and \$807,193 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, 2022, the Town reported a liability of \$5,907,263 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2020 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2021. The roll-forward of the total pension liability from June 30, 2020 to June 30, 2021 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, 2022, the Town's proportion reported was 0.1332%, which was a decrease of 0.0028% from its proportion reported as of June 30, 2021.

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For the year ended June 30, 2022, the Town recognized pension expense of \$364,270 in the governmental activities and \$48,704 in the business-type activities. At June 30, 2022, 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	\$ 165,411	\$ 171,067
Net differences between projected and actual earnings on pension plan investments	-	1,652,126
Changes in assumptions	616,980	-
Differences between expected and actual experience	16,607	61,845
Town contributions subsequent to the measurement date	807,193	-
	<u>\$ 1,606,191</u>	<u>\$ 1,885,038</u>

The Town reported \$807,193 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, 2022.

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>	
2023	\$ (175,125)
2024	(159,987)
2025	(186,612)
2026	(564,316)
	<u>\$ (1,086,040)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, 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

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Remaining Amortization Period	18 years beginning July 1, 2021
Asset Valuation Method	5-year smoothed market for funding purposes; 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the 2010-2015 experience study

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$ 8,448,062	\$ 5,907,263	\$ 3,787,822

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

IV.C. Contingent Liabilities

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

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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, 2021, there were twelve inactive employees receiving benefits, and fifty-seven 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
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

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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 2021-June 2022

	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
CIGNA Green Open Access	\$ 12,114.00	\$ 24,228.00	\$ 32,706.00
CIGNA Red Open Access	\$ 11,202.00	\$ 18,804.00	\$ 30,246.00
CIGNA Yellow Open Access with Choice Fund	\$ 10,596.00	\$ 21,192.00	\$ 28,608.00
CIGNA Yellow Open Access no Choice Fund	\$ 9,288.00	\$ 18,576.00	\$ 25,080.00
CIGNA Orange Open Access	\$ 8,172.00	\$ 16,344.00	\$ 22,062.00

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.

Medical Insurance Subsidy

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

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

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Total OPEB Liability

The Town’s total OPEB liability of \$675,944 consists of \$265,880 for the implicit rate subsidy determined by an actuarial valuation as of June 30, 2022 and \$410,064 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2020 with roll-forward procedures used to determine the liability as of June 30, 2021. The roll-forward of the total OPEB liability from June 30, 2020 to June 30, 2021 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	3.50%
Discount Rate	3.54%
Inflation	2.50%
Mortality	SOA RP-2014 Total Dataset Mortality Table fully generational using Scale MP-2020
Healthcare Cost Trend Rates	2022 6.0%
	2023 5.5%
	2024 5.0%
	2025+ 4.5%

Medical Insurance Subsidy

Payroll Growth	3.25%
Municipal Bond Rate	1.45%
Discount Rate	6.75%
Inflation	2.5%
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Tables 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

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Sensitivity of Total OPEB Liability

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

Implicit rate subsidy:	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Town's total OPEB liability	<u>\$ 286,745</u>	<u>\$ 265,880</u>	<u>\$ 247,111</u>
Medical subsidy:	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's total OPEB liability	<u>\$ 445,772</u>	<u>\$ 410,064</u>	<u>\$ 378,996</u>

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate of 4.50%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage point lower or 1-percentage point higher:

	1% Decrease (5.50% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (6.50% decreasing to 4.50%)	1% Increase (7.50% decreasing to 5.50%)
Town's total OPEB liability	<u>\$240,613</u>	<u>\$265,880</u>	<u>\$296,052</u>

This note continues on the following page.

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$13,725; and reported deferred outflows of resources of \$206,087 and deferred inflows of resources of \$250,806, 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	\$ -	\$ 87
Net differences between projected and actual earnings on OPEB plan investments	-	5,122
Changes in assumptions	158,777	245,511
Differences between expected and actual experience	-	86
Town contributions subsequent to the measurement date	47,310	-
	<u>\$ 206,087</u>	<u>\$ 250,806</u>

The Town reported \$47,310 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 2023. Other amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follow:

Year Ending June 30,	
<u>2023</u>	\$ (13,365)
2024	(13,097)
2025	(12,725)
2026	(13,761)
2027	(12,406)
Thereafter	(26,675)
	<u>\$ (92,029)</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year 2022	Fiscal Year 2021	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	0.1333%	0.1361%	0.1376%	0.1382%	0.1359%	0.1358%	0.1270%	0.1315%	0.1342%
Town's proportionate share of the net pension liability	\$ 5,907,263	\$ 8,710,756	\$ 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	\$ 4,456,037	\$ 4,211,900	\$ 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	132.57%	206.81%	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	72.22%	58.72%	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 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Contractually required contribution	\$ 807,193	\$ 661,836	\$ 654,111	\$ 652,614	\$ 620,501	\$ 546,852	\$ 528,446	\$ 490,587	\$ 470,043
Contribution in relation to the contractually required contribution	(807,193)	(661,836)	(654,111)	(652,614)	(620,501)	(546,852)	(528,446)	(490,587)	(470,043)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 4,456,037	\$ 4,211,900	\$ 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	18.11%	15.71%	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 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:						
Service cost	\$ 15,389	\$ 30,720	\$ 23,769	\$ 20,191	\$ 19,527	\$ 64,147
Interest	37,799	42,216	48,685	53,722	11,057	12,372
Difference between expected and actual experience	(60,399)	-	-	-	-	-
Investment plan income	(10,960)	(417)	(2,245)	(3,796)	-	-
Changes of assumptions and difference between expected and actual experience	1,843	25,605	(30,774)	188,583	(7,234)	(16,950)
Plan administrative costs and other expenses	179	136	322	92	-	-
Benefit payments	(58,612)	(60,340)	(59,998)	(78,055)	(16,376)	(26,408)
Change in proportion of medical subsidy	(67,646)	(47,762)	(34,182)	49,394	-	-
Net change in total OPEB liability	(142,407)	(9,842)	(54,423)	230,131	6,974	33,161
Total OPEB liability, beginning	818,351	828,193	882,616	652,485	297,437	264,276
Restatement to include medical subsidy	-	-	-	-	348,074	-
Total OPEB liability, ending	<u>\$ 675,944</u>	<u>\$ 818,351</u>	<u>\$ 828,193</u>	<u>\$ 882,616</u>	<u>\$ 652,485</u>	<u>\$ 297,437</u>
Covered-employee payroll	\$ 4,456,037	\$ 4,211,900	\$ 4,148,391	\$ 4,053,924	\$ 3,809,405	\$ 3,521,094
Total OPEB liability as a percentage of covered-employee payroll	15.17%	19.43%	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 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 63,848	\$ 78,586	\$ 74,522	\$ 82,716	\$ 29,617	\$ 57,969
Contributions in relation to the actuarially determined contribution	(78,574)	(59,922)	(57,548)	(71,965)	(16,376)	(19,023)
Contribution deficiency	<u>\$ (14,726)</u>	<u>\$ 18,664</u>	<u>\$ 16,974</u>	<u>\$ 10,751</u>	<u>\$ 13,241</u>	<u>\$ 38,946</u>
Covered-employee payroll	\$ 4,456,037	\$ 4,211,900	\$ 4,148,391	\$ 4,053,924	\$ 3,809,405	\$ 3,521,094
Contributions as a percentage of covered-employee payroll	1.43%	1.87%	1.80%	2.04%	0.78%	1.65%

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

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the eighth year that the Town has reported pension schedules, and the fifth year for the OPEB information, only nine years and six 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, 2022

	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	\$ 57,879	\$ 238,632	\$ 261,911	\$ 134,420	\$ 60,036	\$ 376,198	\$ 542,756	\$ 1,365,338	\$ 21,587
Investments	-	-	243,857	-	49,480	-	-	-	-
Accounts receivable	-	3,024	-	-	-	-	-	-	11,646
Interfund receivable	-	-	-	-	-	32,232	182,211	289,452	-
Inventory	-	-	-	-	-	-	-	-	18,169
Total assets	<u>\$ 57,879</u>	<u>\$ 241,656</u>	<u>\$ 505,768</u>	<u>\$ 134,420</u>	<u>\$ 109,516</u>	<u>\$ 408,430</u>	<u>\$ 724,967</u>	<u>\$ 1,654,790</u>	<u>\$ 51,402</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ 932	6,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	155	4,407	7,879	-	-	-	-	-	-
Interfund payable	-	-	119,920	-	-	-	-	-	-
Total liabilities	<u>155</u>	<u>5,339</u>	<u>134,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:									
Deferred revenue	-	-	-	-	-	32,232	182,211	289,452	-
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	18,169
Restricted	-	-	371,064	-	-	-	-	-	-
Committed	57,724	236,317	-	134,420	109,516	376,198	542,756	1,365,338	33,233
Total fund balances	<u>57,724</u>	<u>236,317</u>	<u>371,064</u>	<u>134,420</u>	<u>109,516</u>	<u>376,198</u>	<u>542,756</u>	<u>1,365,338</u>	<u>51,402</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,879</u>	<u>\$ 241,656</u>	<u>\$ 505,768</u>	<u>\$ 134,420</u>	<u>\$ 109,516</u>	<u>\$ 408,430</u>	<u>\$ 724,967</u>	<u>\$ 1,654,790</u>	<u>\$ 51,402</u>

EXHIBIT 18 (Continued)
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Capital Project Funds				Total
	GAR Hall Parking Lot	Townhouse Rehabilitation	Municipal Campus	Library Renovations	
ASSETS					
Cash and cash equivalents	\$ 30,444	\$ 163,454	\$ (216)	\$ 4,821	\$ 3,257,260
Investments	-	-	-	-	293,337
Accounts receivable	-	-	-	-	14,670
Interfund receivable	-	-	-	-	503,895
Inventory	-	-	-	-	18,169
Total assets	<u>\$ 30,444</u>	<u>\$ 163,454</u>	<u>\$ (216)</u>	<u>\$ 4,821</u>	<u>\$ 4,087,331</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 2,537	\$ 1,697	\$ 12,071
Accrued salaries and benefits	-	-	-	-	12,441
Interfund payable	-	-	-	-	119,920
Total liabilities	<u>-</u>	<u>-</u>	<u>2,537</u>	<u>1,697</u>	<u>144,432</u>
Deferred inflows of resources:					
Deferred revenue	-	-	-	-	503,895
Fund balances:					
Nonspendable	-	-	-	-	18,169
Restricted	30,444	163,454	(2,753)	3,124	565,333
Committed	-	-	-	-	2,855,502
Total fund balances	<u>30,444</u>	<u>163,454</u>	<u>(2,753)</u>	<u>3,124</u>	<u>3,439,004</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,444</u>	<u>\$ 163,454</u>	<u>\$ (216)</u>	<u>\$ 4,821</u>	<u>\$ 4,087,331</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, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,995	\$ 368,311	\$ 550,468	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	121,964	6,221	-	-	-	-	-	91,817
Miscellaneous	30,131	40,571	18,473	1,668	29,106	319	754	880	-
Total revenues	<u>30,131</u>	<u>162,535</u>	<u>24,694</u>	<u>1,668</u>	<u>29,106</u>	<u>126,314</u>	<u>369,065</u>	<u>551,348</u>	<u>91,817</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	44,844	10,844	1,252	395	-
Sanitation	-	-	-	-	-	-	-	-	96,511
Culture and recreation	12,961	81,544	58,526	-	-	-	-	-	-
Conservation	-	-	-	5,317	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	431,035	-	-
Interest	-	-	-	-	-	-	2,017	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	<u>12,961</u>	<u>81,544</u>	<u>58,526</u>	<u>5,317</u>	<u>44,844</u>	<u>10,844</u>	<u>434,304</u>	<u>395</u>	<u>96,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,170</u>	<u>80,991</u>	<u>(33,832)</u>	<u>(3,649)</u>	<u>(15,738)</u>	<u>115,470</u>	<u>(65,239)</u>	<u>550,953</u>	<u>(4,694)</u>
Other financing sources (uses):									
Transfers in	-	-	14,714	-	17,000	-	-	-	-
Transfers out	-	-	-	-	(2,550)	(96,648)	(339,115)	(10,000)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>14,714</u>	<u>-</u>	<u>14,450</u>	<u>(96,648)</u>	<u>(339,115)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	17,170	80,991	(19,118)	(3,649)	(1,288)	18,822	(404,354)	540,953	(4,694)
Fund balances, beginning, as restated	40,554	155,326	390,182	138,069	110,804	357,376	947,110	824,385	56,096
Fund balances, ending	<u>\$ 57,724</u>	<u>\$ 236,317</u>	<u>\$ 371,064</u>	<u>\$ 134,420</u>	<u>\$ 109,516</u>	<u>\$ 376,198</u>	<u>\$ 542,756</u>	<u>\$ 1,365,338</u>	<u>\$ 51,402</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, 2022

	Capital Project Funds					Total
	GAR Hall Parking Lot	Townhouse Rehabilitation	Community Center Renovations	Municipal Campus	Library Renovations	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,044,774
Intergovernmental	-	40,000	-	-	300,000	340,000
Charges for services	-	-	-	-	-	220,002
Miscellaneous	-	13,551	-	-	322,761	458,214
Total revenues	<u>-</u>	<u>53,551</u>	<u>-</u>	<u>-</u>	<u>622,761</u>	<u>2,062,990</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	57,335
Sanitation	-	-	-	-	-	96,511
Culture and recreation	-	-	550	-	-	153,581
Conservation	-	-	-	-	-	5,317
Debt service:						
Principal	-	-	-	-	-	431,035
Interest	-	-	-	-	-	2,017
Capital outlay	2,411	59,627	-	2,753	1,658,760	1,723,551
Total expenditures	<u>2,411</u>	<u>59,627</u>	<u>550</u>	<u>2,753</u>	<u>1,658,760</u>	<u>2,469,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,411)</u>	<u>(6,076)</u>	<u>(550)</u>	<u>(2,753)</u>	<u>(1,035,999)</u>	<u>(406,357)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	280,000	311,714
Transfers out	-	-	-	-	-	(448,313)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,000</u>	<u>(136,599)</u>
Net change in fund balances	(2,411)	(6,076)	(550)	(2,753)	(755,999)	(542,956)
Fund balances, beginning	32,855	169,530	550	-	759,123	3,981,960
Fund balances, ending	<u>\$ 30,444</u>	<u>\$ 163,454</u>	<u>\$ -</u>	<u>\$ (2,753)</u>	<u>\$ 3,124</u>	<u>\$ 3,439,004</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, 2022

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 7,847,837	\$ 7,696,769	\$ (151,068)
Land use change	15,650	-	(15,650)
Timber	18,300	34,199	15,899
Excavation	-	5,756	5,756
Betterment assessment	235,159	18,706	(216,453)
Payments in lieu of taxes	65,854	72,578	6,724
Interest and penalties on delinquent taxes	95,000	93,385	(1,615)
Total taxes	8,277,800	7,921,393	(356,407)
Licenses, permits and fees:			
Business licenses and permits	1,910	2,400	490
Motor vehicle permits	1,177,300	1,208,653	31,353
Building permits	35,000	58,929	23,929
Other	26,300	34,291	7,991
Total licenses, permits and fees	1,240,510	1,304,273	63,763
Intergovernmental:			
State sources:			
Meals and rooms distributions	494,420	494,420	-
Highway block grant	189,045	188,297	(748)
State and federal forest land	363	350	(13)
Flood control reimbursement	36,121	34,022	(2,099)
Federal sources:			
FEMA	-	1,968	1,968
Other government sources:			
Town of Sharon	174,245	180,592	6,347
Total intergovernmental	894,194	899,649	5,455
Charges for services:			
Income from departments	217,936	305,906	87,970
Miscellaneous:			
Sale of property	5,000	8,778	3,778
Interest on investments	12,000	9,868	(2,132)
Rent of property	7,100	11,467	4,367
Fines and forfeits	2,200	5,240	3,040
Insurance dividends and reimbursements	-	1,000	1,000
Contributions and donations	144,654	103,634	(41,020)
Other	14,499	28,101	13,602
Total miscellaneous	185,453	168,088	(17,365)
Other financing sources:			
Transfers in:			
Expendable trust fund	5,200	-	(5,200)
Nonmajor funds	622,973	636,119	13,146
Total other financing sources	628,173	636,119	7,946
Total revenues and other financing sources	11,444,066	\$ 11,235,428	\$ (208,638)
Use of fund balance	2,153,479		
Total revenues, other financing sources and use of fund balance	\$ 13,597,545		

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, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 248,244	\$ 231,270	\$ -	\$ 16,974
Election and registration	13,000	173,656	158,625	-	28,031
Financial administration	-	2,094,880	2,023,655	-	71,225
Revaluation of property	31,000	107,994	136,960	-	2,034
Legal	-	75,000	60,383	-	14,617
Personnel administration	-	33,363	35,748	-	(2,385)
Planning and zoning	-	315,405	278,981	-	36,424
General government buildings	14,235	220,335	192,442	-	42,128
Cemeteries	-	6,146	31	-	6,115
Insurance, not otherwise allocated	-	48,040	38,738	-	9,302
Other	48,000	1,640,658	1,317,412	-	371,246
Total general government	106,235	4,963,721	4,474,245	-	595,711
Public safety:					
Police	1,875	1,903,953	1,893,265	-	12,563
Fire	18,650	680,077	736,448	-	(37,721)
Emergency management	-	20,424	28,860	-	(8,436)
Total public safety	20,525	2,604,454	2,658,573	-	(33,594)
Highways and streets:					
Highways and streets	187,070	1,589,852	1,547,559	206,138	23,225
Street lighting	-	48,320	41,646	-	6,674
Total highways and streets	187,070	1,638,172	1,589,205	206,138	29,899
Sanitation:					
Solid waste clean-up	-	56,500	30,081	-	26,419
Recycling	-	308,520	280,254	-	28,266
Total sanitation	-	365,020	310,335	-	54,685
Welfare:					
Administration and direct assistance	1,220	134,881	98,499	-	37,602
Culture and recreation:					
Parks and recreation	1,240	645,020	532,557	-	113,703
Public library	-	549,423	549,423	-	-
Patriotic purposes	-	6,000	6,525	-	(525)
Other	-	3,625	1,838	-	1,787
Total culture and recreation	1,240	1,204,068	1,090,343	-	114,966
Conservation	-	500	-	-	500
Economic development	-	24,000	11,570	-	12,430

(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, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	914,407	809,998	-	104,409
Interest	-	391,888	308,125	-	83,763
Capital leases	-	81,046	81,047	-	(1)
Total debt service	<u>-</u>	<u>1,387,341</u>	<u>1,199,170</u>	<u>-</u>	<u>188,171</u>
Capital outlay:					
Buildings	184,711	-	96,511	-	88,200
Improvements other than buildings	270,000	262,288	-	-	532,288
Total capital outlay	<u>454,711</u>	<u>262,288</u>	<u>96,511</u>	<u>-</u>	<u>620,488</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	563,100	563,100	-	-
Ambulance fund	-	450,000	450,000	-	-
Total other financing uses	<u>-</u>	<u>1,013,100</u>	<u>1,013,100</u>	<u>-</u>	<u>-</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 771,001</u>	<u>\$ 13,597,545</u>	<u>\$ 12,541,549</u>	<u>\$ 206,138</u>	<u>\$ 1,620,859</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, 2022

Unassigned fund balance, beginning		\$ 3,441,820
Changes:		
Unassigned fund balance appropriated		(2,153,479)
Budget summary:		
Revenue shortfall (Exhibit 20)	\$ (208,638)	
Unexpended balance of appropriations (Exhibit 21)	<u>1,620,858</u>	
Budget surplus		1,412,220
Decrease in nonspendable fund balance		983,544
Increase in committed fund balance		(350,082)
Increase in assigned fund balance		<u>(5,000)</u>
Unassigned fund balance, ending		<u>\$ 3,329,023</u>

SINGLE AUDIT INFORMATION

EXHIBIT 23
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	Assistance Listing Number	Grantor's/ Pass Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the State of New Hampshire Department of Transportatoin			
Highway Planning and Construction	20.205	14933/14772A	<u>\$ 2,324,651</u>
U.S. DEPARTMENT OF TREASURY			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.017	N/A	<u>350,082</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Passed through the State of New Hampshire Department of Environmental Services			
Capitalization Grants for Drinking Water State Revolving Fund	66.468	1871010-02	<u>204,483</u>
GRAND TOTAL			<u><u>\$ 2,879,216</u></u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

1. Basis of Presentation

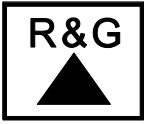
The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Peterborough under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position or changes in net position of the Town of Peterborough.

2. Summary of Significant Accounting Policies

Expenditures included on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The Town of Peterborough has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Peterborough's basic financial statements, and have issued our report thereon dated February 28, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the 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 of Peterborough'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Peterborough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 28, 2023

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Town of Peterborough's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town of Peterborough's major federal program for the year ended June 30, 2022. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Peterborough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Peterborough and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town of Peterborough's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Peterborough's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Peterborough's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted accounting standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Peterborough's compliance with the requirements of the major federal program as a whole.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

In performing and audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Peterborough's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Peterborough's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Peterborough's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

February 28, 2023

Roberts & Heene, PLLC

EXHIBIT 24
TOWN OF PETERBOROUGH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

U.S. Department of Transportation Passed Through the State of New Hampshire Department of Transportation: CFDA #20.205 Highway Planning and Construction

2021-001 Criteria: The Uniform Guidance requires nonfederal entities that receive federal awards to establish written policies, procedures, or standards of conduct as described in the following sections:

- Financial management (2 CFR 200.302)
- Payment (2 CFR 200.305)
- General procurement standards (2 CFR 200.318)
- Competition (2 CFR 200.319)
- Methods of procurement to be followed (2 CFR 200.320)
- Compensation – personal services (2 CFR 200.430)
- Compensation – fringe benefits (2 CFR 200.431)
- Transportation costs (2 CFR 200.474)

Condition: The Town did not have written policies, procedures, and standards of conduct relative to federal awards as required by the Uniform Guidance.

Cause: The Town was not aware of these requirements.

Effect: The Town is not in compliance with the Uniform Guidance with respect to these written policies.

Recommendation: We recommend that the Town update its policies and procedures to comply with the Uniform Guidance requirements mentioned above.

Management's Response: We agree that our existing policies do not explicitly address federal award compliance requirements. We will be updating the Town's code book and policies to incorporate the requirements of Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Status of Corrective Action: Corrective action was taken.

**EXHIBIT 25
TOWN OF PETERBOROUGH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

1. The auditor’s report issued contained an unmodified opinion on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.
2. There were no material weaknesses identified in the internal control over financial reporting.
3. There were no significant deficiencies identified in the internal control over financial reporting that were not considered to be material weaknesses.
4. There were no instances of noncompliance material to the financial statements noted.

Federal Awards

1. There were no material weaknesses identified in the internal control over the major program.
2. There were no significant deficiencies identified in the internal control over the major program that were not considered to be material weaknesses.
3. The auditor’s report issued on compliance for the major program contained an unqualified opinion.
4. There are no audit findings required to be reported in accordance with the Uniform Guidance.
5. The program tested as a major program was CFDA No. 20.205: Highway Planning and Construction.
6. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
7. The Town of Peterborough did not qualify as a low-risk auditee.

Section II – Financial Statement Findings

No Findings

Section III – Federal Award Findings and Questioned Costs

No Findings