

TOWN OF PETERBOROUGH, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Peterborough as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Peterborough, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the major governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits schedule of funding progress, schedule of the Town's proportionate share of the net pension liability, and the schedule of the Town's pension contributions on pages 3-10 and 48-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Roberts & Heune, PLLC

Concord, New Hampshire
April 3, 2018

The Town of Peterborough, New Hampshire, offers visitors and the citizens of the Town a financial statement narrative overview. This is an analysis of the financial activities of the Town of Peterborough for the fiscal year starting July 1, 2016 and ending June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information located within the financial statements. All amounts, unless otherwise stated, are expressed in whole dollars.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

This report also contains other supplementary information in addition to the basic financial statements such as statistics detailing, general population fluctuations, infrastructure changes and overall economic condition indicators.

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

The statement of net position represents information on all assets including capital and both long and short-term liabilities. The difference between the assets and liabilities are reported as the net position. Increases or decreases in net position serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information which shows changes to the Town's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs; expenses are reported for some items which will only result in future fiscal period cash flows (e.g. uncollected taxes and earned but unused vacation leave).

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

Fund Financial Statements- The fund financial statements focus on current available resources and are organized and operated on a ***Fund Basis***. A fund is a grouping of related accounts which are used to maintain control over segregated resources for specific activities or objectives. Fund Accounting is used to ensure and demonstrate compliance with related legal requirements.

All funds are divided into three basic sub-categories:

- ☞ **Governmental Funds**
- ☞ **Proprietary Funds**
- ☞ **Fiduciary Funds**

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year, which is useful in evaluating a government's near-term financing requirements. Governmental fund statements show more detail than the government-wide financial statements and they are used to display comparisons presented for governmental funds with similar information or activities. This additional level of detail assists readers with a clear understanding of the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues/expenditures and any changes within fund balances provides a reconciliation to compare the governmental funds and governmental activities. A twelve-month appropriated budget is adopted for the General Fund and certain non-major governmental (special revenue) funds. Budgetary comparison statements are provided to show compliance with budgets for the General Fund.

Proprietary Funds - Proprietary funds are also known as enterprise funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements such as for water and sewer operations. Proprietary fund financial statements provide the same type of information as the business-type activities reported in the government-wide financial statements but in more detail directly related to the water and sewer, which are major funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds do not support the Town programs. The accounting used for fiduciary funds is much like that used for proprietary funds. These funds may flow through the General Ledger but only as In/Out transactions.

Notes to the Financial Statements- The notes provide additional information which are essential to having a complete understanding of the data provided in the government-wide and fund financial statements.

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

FINANCIAL HIGHLIGHTS

The assets of the Town of Peterborough exceeded its liabilities at the close of the most recent fiscal year by \$33,516,893 (i.e., net position), an increase of \$1,121,228 in comparison to the prior year restated net position. Of the net position amount, \$3,503,585 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. See Government-wide Financial Analysis for explanation.

At the close of the current fiscal year, the Town of Peterborough's governmental funds reported combined ending fund balances of \$11,204,375 an increase of \$2,005,829 in comparison with the prior year restated fund balances. Approximately \$9,341,167 is the reserve of fund balance; \$3,516,537 is the non-spendable fund balance; \$2,120,172 is the restricted fund balance; \$3,334,020 is the committed fund balance; and \$370,438 is the assigned fund balance. The remaining \$1,863,208 net unassigned fund balance is the General Fund unassigned fund balance, which is an increase of \$1,046,842 in comparison to the prior year.

*A complete breakdown of fund equity by fund and activity is detailed in the notes to the financial statements.

At the close of the current fiscal year, the Town's total long-term debt in governmental activities was \$9,109,857, which was a decrease of \$2,885,955 in comparison to the prior year. The key factor for the decrease is the net of the payments made on the Town's existing loans.

Due to the requirements of GASB 68, the Town is required to record the Town's proportionate share of the net New Hampshire Retirement System (NHRS) pension liability. The reported net pension liability for the Town is \$6,569,251. A detailed explanation is in the notes to the financial statements (IV.B).

The notable revenue receipts exceeding the budget were licenses, permits and fees \$69,652 and charge for services \$108,405. These two revenues offset the expenditures in highway and streets. The other revenue receipts exceeding the budget were taxes (\$7,643) and intergovernmental (\$6,612). Miscellaneous revenues did not meet the budget by \$(-11,467) and Other Financing Sources \$(-18,416).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: Total investment in capital assets for governmental and business-type activities at year-end amounted to \$39,267,436 (net of accumulated depreciation), an increase of \$674,499 from the prior year. The increase includes net of the depreciation and retirement of the capital assets and the addition of the Union Street Improvements Project. The Town of Peterborough's investment in capital assets for the current year was \$21,438,043 for governmental activities and \$17,829,393 for business activities. This investment in capital assets includes buildings, improvements, machinery, equipment, vehicles and infrastructures. Major capital asset events during the current fiscal year included the following:

Governmental Activities:

<u>Cost</u>	<u>Description</u>	<u>Department</u>
\$39,577.00	2016 RAM 3500-U2	Fire
\$10,727.00	Load N Go Short-Bed	Fire
\$83,837.00	Loader	Recycling
\$59,346.38	2016 Ford F-550 Dump Truck	Hwy
\$5,417.50	Boss Sander	Hwy
\$28,322.00	Police Interceptor (CIP)	Police
\$8,532.12	Autopulse Resuscitation	Ambulance
\$6,786.58	Rescue Kit	Fire
\$6,786.57	Rescue Kit	Fire
\$6,950.00	Ultrasound-Donation	Ambulance
\$6,950.00	Ultrasound-Donation	Ambulance
\$575,795.75	2017 KME Fire Pumper	Fire
\$23,374.00	Sidewalk - Main/Grove	Public Works
\$9,595.00	Storage Enclosure	Police
\$29,200.00	Land-Jaffrey Road	Conservation
\$95,471.17	Parking Lot Project	CIP
\$1,138,859.33	Union Street Bridge	CIP
\$1,836,430.75	New Union Street Bridge	CIP
\$30,800.00	North Village Dam	CIP
\$24,854.90	Main Street Bridge Construction	CIP

TOTAL: \$4,027,613.05

Business Activities:

<u>Cost</u>	<u>Description</u>	<u>Department</u>
\$48,864.00	2016 Ford F-250 Pickup	Water & Sewer
\$188,537.35	Summer Street Well	CIP
TOTAL:	\$237,401.35	

Long-term debt:

At the end of the current fiscal year, total long-term debt outstanding on bonds and notes payable was **\$14,329,723**, all of which was backed by the full faith and credit of the Town of Peterborough. Of the total outstanding long-term debt, the amount of **\$5,671,150** was for the governmental activities and the amount of **\$8,658,573** was for business activities. The total long-term debt outstanding for the pensions is **\$7,218,957**.

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

ECONOMIC INDICATORS FOR NEXT YEAR

Employment:

The local area employment has shown small measures of growth but has predominantly remained flat to last year. The primary work force commutes out of the area as shown in the below statistics.

Commuting Statistics.....		
<i>Based on Workers 16 years and over</i>		
<i>Drove alone, car/truck/van</i>	>>>>>>>	79.4%
<i>Carpooled, car/truck/van</i>	>>>>>>>	8.7%
<i>Public Transportation</i>	>>>>>>>	0.0%
<i>Walked</i>	>>>>>>>	1.1%
<i>Other means</i>	>>>>>>>	1.5%
<i>Worked @ Home</i>	>>>>>>>	9.3%
Average Travel Time to Work.....	>>>>>>>	27.7 Minutes

The primary employers for the Town of Peterborough are shown below:

<u>Largest Businesses & Employers</u>	<u>Product or Service</u>	<u>Employees</u>	<u>Established</u>
Monadnock Community Hospital	Health Care Services	668	1919
NH Ball Bearings	Precision Bearings	550	1946
Peterborough Public School System	Education	272	1790
Rivermead	Retirement Community	160	1995
Pheasant Wood Health Care	Nursing Home	100	2003

A startling statistic was the large disparity in wage scales between men and women as shown below. The salaries for men vs. women is nearly double based upon this latest state report on this area.

GENDER, INCOME & POVERTY	
Per Capita Income	\$41,947
Median Family Income	\$90,321
Median Household Income	\$60,529
Median Earnings for Full-Time, Year-round Workers Aged 16+	
Male	\$66,282
Female	\$35,650
Individuals below the poverty level	5.8%

**Information taken from the Government Census Bureau*

The Town of Peterborough is a very lovely slightly upscale community with a variety of new projects coming over the next few years (Please see Capital Improvement Plan for details). The town will be undertaking a large-scale bridge reconstruction, an extensive Library project and several other bridges, road and building rehabilitation projects.

These projects will continue to aide in future economic development of this unique community.

The Tax Rate will be shifting higher as these projects mount over the course of the next (10) to (20) year period. The level of increase will depend upon various economic and project factors such as Bond Interest Rates, Dollar Value of the Notes, Term or Length of the Bonds, Completion of Project Timelines, which will directly impact each area. If a (2) year project does not complete for (3) years, then the scale and terms of these Bond Anticipation Notes (BANS) will inevitably change.

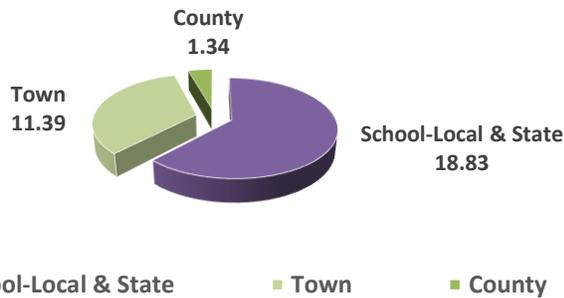
The Town will need to decide if they wish to continue maintaining several schools or consolidate in the years to come. Those decisions will have a large impact on the level of debt that the General Government will be able to manage. The increased costs associated with maintaining many aging buildings in the various communities will eventually take a toll on the various activities which can be afforded by the community. The future will bring some very difficult decisions yet to made in the near future with regards to educational costs as they do encompass more than 60% of your tax dollars.

2017 Tax Rate:

Managing the ongoing impact of the school budget, particularly in terms of public perception, continues to be a challenge. The school maintains the largest portion of the tax rate consistently. The tax levy has never been coupled to the school district's spending. However, the tax bills are issued and collected by the town, which is usually viewed by the public as being associated with increases to general municipal spending. This then leads Municipal officials to restrain spending increases more than they may have otherwise. If the school budget were to undergo the same scrutiny in future years as the General Government budget has currently, the town would most certainly be in a much stronger, more efficient position.

The existing outstanding Tax Revenue, which are the unpaid back taxes for the town are as follows: FY2016 uncollected Revenue is (\$241,841.44); FY2015 uncollected Revenue (\$149,820.10); FY2014 uncollected Revenue (\$66,049.32). The total outstanding prior tax year revenue is \$457,710.86.

2018 Tax Rate



<u>Rate Change Detail</u>	<u>2017 Tax Rate</u>	<u>2018 Tax Rate</u>	<u>% Change +/-</u>
School-Local & State	19.14	18.83	-1.62%
Town	10.34	11.39	10.15%
County	1.36	1.34	-1.47%
Totals >>>>	30.84	31.46	2.01%

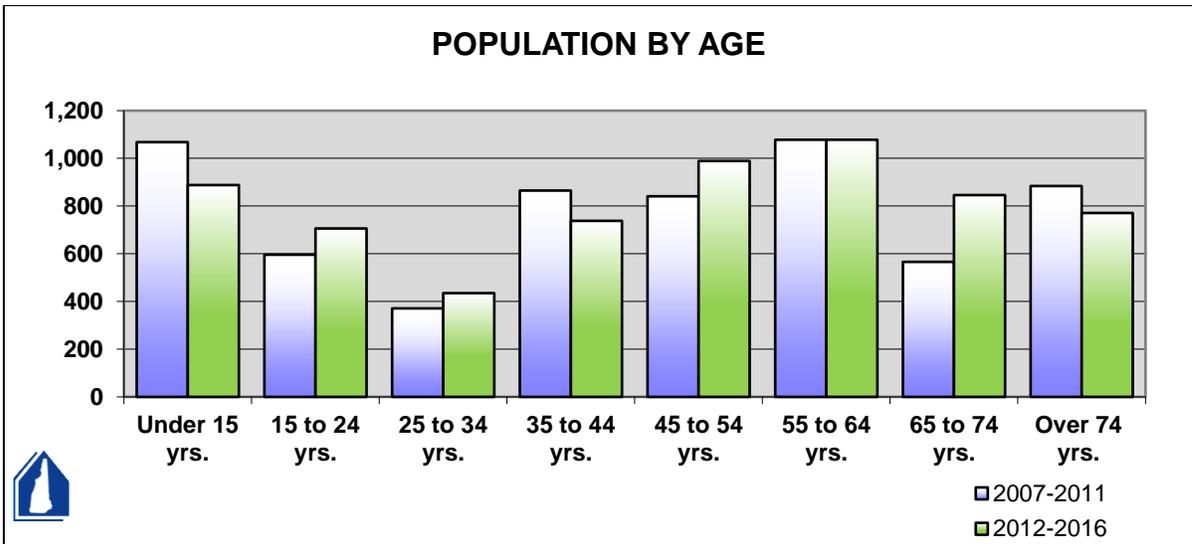
Additionally, there have been concurrent trends of an aging population and a diminishing school population. More households now qualify for elderly exemptions than ever before. This restructure increased the tax burden on the middle-class and thus created increased pressure on younger middle-income families to relocate outside of the Peterborough community. These issues have become more pressing with each year that passes.

Population by age.

The median age for residents is 51; the highest populations are school aged children between K-12 and adults beyond the age of (55) including retirement.

The age group 20-34 are the smallest population and this is more than likely attributed to employment, entertainment and housing options. The primary focus of this community continues to be attracting and retaining the skilled workforce that local employers need to maintain what has previously been established. Local businesses have been experiencing a somewhat steady trend of growth, but there is a delicate balance which continues to be an ongoing area of focus.

The existing school system was built for population trends of the past (10) years. The community now needs to reflect on having the ability to provide services that more accurately reflect current and future youth population and the aging demographics needs of the community (as noted below). If the schools are consolidated, more modern equipment, electronics and various other teaching tools will become available for the remaining existing younger population.

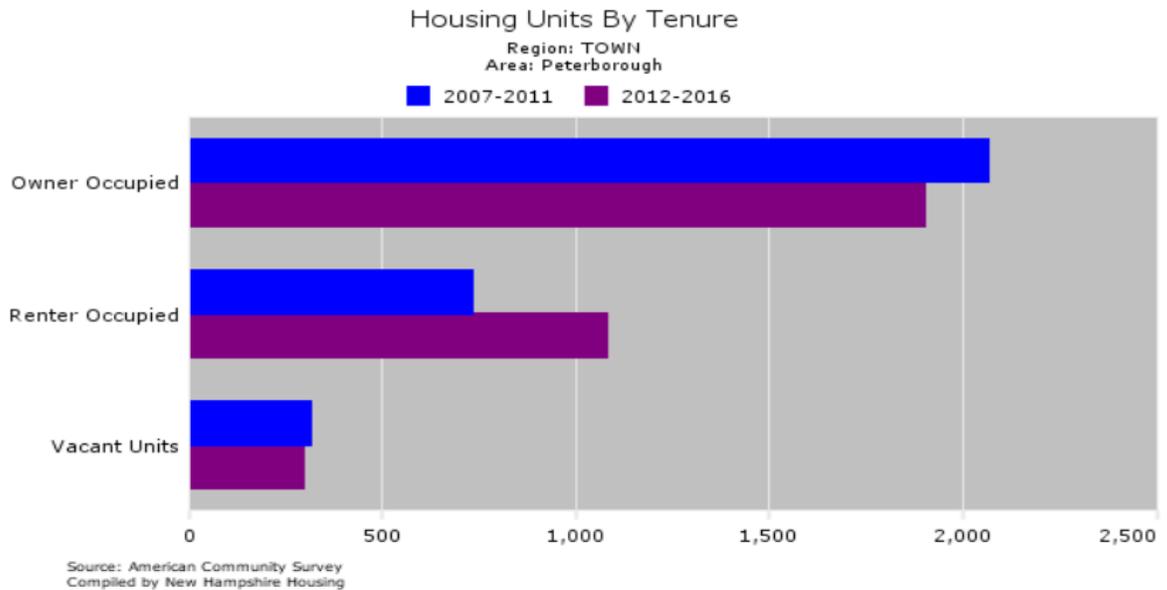


Data source United States Census Bureau

Municipal Indicators:

- **164** building permits were issued in 2017, relatively consistent with prior years. There were (11) new construction of Residential homes, (1) new construction of a Commercial building and (2) large scale retirement home projects There were (145) permits to perform Remodeling or Renovation of existing homes and commercial properties a very strong trend. The total estimated construction costs were \$ **22,555,503**.

Chart: Housing Units by Tenure



<http://www.nhfha.org/housing-data-demographics.cfm>

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Peterborough's finances for all those with an interest. The enclosed Audit should be utilized as your primary resource for the current financial condition of the town up through June 30, 2017.

If you have additional questions concerning any of the information provided in this report or if you have requests for financial information, please submit those in writing to the below listed address and we will do our best to accommodate all reasonable requests.

Brenda Fox-Howard, Director of Finance
Town of Peterborough
1 Grove Street
Peterborough, New Hampshire 03458

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,281,192	\$ 1,726,215	\$ 12,007,407
Investments	6,163,168	204,047	6,367,215
Intergovernmental receivable	720,826	585,059	1,305,885
Other receivables, net of allowance for uncollectibles	3,088,859	3,565,352	6,654,211
Inventory	6,929	-	6,929
Prepaid items	1,134,596	6,235	1,140,831
Tax dedeed property held for resale	284,801	-	284,801
Capital assets, not being depreciated:			
Land	2,902,243	173,385	3,075,628
Construction in progress	649,687	385,856	1,035,543
Capital assets, net of accumulated depreciation:			
Land improvements	794,008	-	794,008
Buildings and building improvements	2,856,374	9,235,781	12,092,155
Machinery, vehicles and equipment	2,660,763	362,553	3,023,316
Infrastructure	11,574,968	7,650,893	19,225,861
Improvements other than buildings	-	20,925	20,925
Total assets	<u>43,118,414</u>	<u>23,916,301</u>	<u>67,034,715</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	<u>1,999,348</u>	<u>199,110</u>	<u>2,198,458</u>
LIABILITIES			
Accounts payable	128,318	91,731	220,049
Accrued payroll and benefits	115,009	25,098	140,107
Contract payable	7,125	-	7,125
Accrued interest payable	26,378	85,697	112,075
Intergovernmental payable	556	-	556
Performance and escrow deposits	10,743	-	10,743
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	404,313	366,297	770,610
Unamortized bond premium	16,006	1,617	17,623
Capital leases payable	138,378	-	138,378
Compensated absences payable	9,811	-	9,811
Accrued landfill postclosure care costs	62,500	-	62,500
Due in more than one year:			
Bonds and notes payable	5,266,837	8,292,276	13,559,113
Unamortized bond premium	270,272	1,617	271,889
Capital leases payable	285,691	-	285,691
Compensated absences payable	542,993	42,483	585,476
Other postemployment benefits payable	300,556	41,900	342,456
Accrued landfill postclosure care costs	1,812,500	-	1,812,500
Net pension liability	6,569,251	649,706	7,218,957
Total liabilities	<u>15,967,237</u>	<u>9,598,422</u>	<u>25,565,659</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	240,999	91,791	332,790
Unearned revenue	9,793,995	23,836	9,817,831
Total deferred inflows of resources	<u>10,034,994</u>	<u>115,627</u>	<u>10,150,621</u>
NET POSITION			
Net investment in capital assets	15,821,821	9,103,875	24,925,696
Restricted for:			
Endowments:			
Nonexpendable	2,973,555	-	2,973,555
Expendable	415,884	-	415,884
Other purposes	1,698,173	-	1,698,173
Unrestricted	(1,793,902)	5,297,487	3,503,585
Total net position	<u>\$ 19,115,531</u>	<u>\$ 14,401,362</u>	<u>\$ 33,516,893</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, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,385,876	\$ 34,540	\$ 68,897	\$ -	\$ (2,282,439)	\$ -	\$ (2,282,439)
Public safety	4,049,269	1,560,584	517,630	-	(1,971,055)	-	(1,971,055)
Highways and streets	1,891,393	17,318	-	1,143,711	(730,364)	-	(730,364)
Sanitation	639,816	161,372	-	-	(478,444)	-	(478,444)
Welfare	119,929	-	-	-	(119,929)	-	(119,929)
Culture and recreation	1,649,200	176,409	66,860	-	(1,405,931)	-	(1,405,931)
Conservation	8,221	-	-	-	(8,221)	-	(8,221)
Economic development	11,913	-	-	-	(11,913)	-	(11,913)
Interest on long-term debt	225,999	-	-	-	(225,999)	-	(225,999)
Capital outlay	61,677	-	-	-	(61,677)	-	(61,677)
Total governmental activities	<u>11,043,293</u>	<u>1,950,223</u>	<u>653,387</u>	<u>1,143,711</u>	<u>(7,295,972)</u>	<u>-</u>	<u>(7,295,972)</u>
Business-type activities:							
Water department	999,381	1,028,679	-	-	-	29,298	29,298
Sewer department	1,680,021	1,088,606	67,420	-	-	(523,995)	(523,995)
Total business-type activities	<u>2,679,402</u>	<u>2,117,285</u>	<u>67,420</u>	<u>-</u>	<u>-</u>	<u>(494,697)</u>	<u>(494,697)</u>
Total primary government	<u>\$ 13,722,695</u>	<u>\$ 4,067,508</u>	<u>\$ 720,807</u>	<u>\$ 1,143,711</u>	<u>(7,295,972)</u>	<u>(494,697)</u>	<u>(7,790,669)</u>
General revenues:							
Property taxes					6,665,140	-	6,665,140
Other taxes					243,743	-	243,743
Licenses and permits					1,143,506	-	1,143,506
Grants and contributions not restricted to specific programs					333,603	-	333,603
Miscellaneous					518,550	7,355	525,905
Net transfers					17,408	(17,408)	-
Total general revenues and transfers					<u>8,921,950</u>	<u>(10,053)</u>	<u>8,911,897</u>
Change in net position					1,625,978	(504,750)	1,121,228
Net position, beginning, as restated, see Note III.D.					17,489,553	14,906,112	32,395,665
Net position, ending					<u>\$ 19,115,531</u>	<u>\$ 14,401,362</u>	<u>\$ 33,516,893</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, 2017

	General	Ambulance	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,638,997	\$ 356,110	\$ 59,638	\$ 3,226,447	\$ 10,281,192
Investments	2,671,132	-	3,329,801	162,235	6,163,168
Receivables, net of allowance for uncollectibles:					
Taxes	2,583,457	-	-	-	2,583,457
Accounts	114,419	310,558	-	9,965	434,942
Intergovernmental	720,826	-	-	-	720,826
Liens	70,460	-	-	-	70,460
Interfund receivable	6,683	-	-	10,745	17,428
Inventory	-	-	-	6,929	6,929
Prepaid items	1,270,813	25,038	-	-	1,295,851
Tax deeded property held for resale	284,801	-	-	-	284,801
Total assets	<u>\$ 14,361,588</u>	<u>\$ 691,706</u>	<u>\$ 3,389,439</u>	<u>\$ 3,416,321</u>	<u>\$ 21,859,054</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 64,156	\$ 3,096	\$ -	\$ 61,066	\$ 128,318
Accrued salaries and benefits	56,868	33,204	-	24,937	115,009
Contracts payable	-	-	-	7,125	7,125
Intergovernmental payable	556	-	-	-	556
Interfund payable	10,745	-	-	6,683	17,428
Escrow and performance deposits	10,743	-	-	-	10,743
Total liabilities	<u>143,068</u>	<u>36,300</u>	<u>-</u>	<u>99,811</u>	<u>279,179</u>
Deferred inflows of resources:					
Deferred revenue	<u>10,111,103</u>	<u>47,702</u>	<u>-</u>	<u>216,695</u>	<u>10,375,500</u>
Fund balances:					
Nonspendable	549,098	-	2,967,439	-	3,516,537
Restricted	-	-	422,000	1,698,172	2,120,172
Committed	1,324,673	607,704	-	1,401,643	3,334,020
Assigned	370,438	-	-	-	370,438
Unassigned	1,863,208	-	-	-	1,863,208
Total fund balances	<u>4,107,417</u>	<u>607,704</u>	<u>3,389,439</u>	<u>3,099,815</u>	<u>11,204,375</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,361,588</u>	<u>\$ 691,706</u>	<u>\$ 3,389,439</u>	<u>\$ 3,416,321</u>	<u>\$ 21,859,054</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, 2017

Total fund balances of governmental funds (Exhibit 3)		\$ 11,204,375
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	\$ 39,681,125	
Less accumulated depreciation	<u>(18,243,082)</u>	21,438,043
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Prepaid principal and interest on debt		(161,255)
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (17,428)	
Payables	<u>17,428</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Deferred tax revenue	\$ 424,898	
Deferred ambulance revenue	47,702	
Deferred liens	70,460	
Deferred miscellaneous revenue	<u>38,445</u>	581,505
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(26,378)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 5,671,150	
Unamortized bond premium	286,278	
Capital leases outstanding	424,069	
Compensated absences payable	552,804	
Other postemployment benefits payable	300,556	
Accrued landfill postclosure care costs	1,875,000	
Net pension liability	<u>6,569,251</u>	(15,679,108)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 1,999,348	
Deferred inflows of resources related to pensions	<u>(240,999)</u>	1,758,349
Total net position of governmental activities (Exhibit 1)		<u>\$ 19,115,531</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, 2017

	General	Ambulance	Permanent	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,541,613	\$ -	\$ -	\$ 443,015	\$ 6,984,628
Licenses, permits and fees	1,143,506	-	-	-	1,143,506
Intergovernmental	1,884,103	50,000	-	-	1,934,103
Charges for services	275,374	1,437,950	-	222,557	1,935,881
Miscellaneous	370,509	19,758	196,598	102,548	689,413
Total revenues	<u>10,215,105</u>	<u>1,507,708</u>	<u>196,598</u>	<u>768,120</u>	<u>12,687,531</u>
Expenditures:					
Current:					
General government	2,139,012	-	5,379	98,744	2,243,135
Public safety	2,313,314	1,357,273	-	-	3,670,587
Highways and streets	1,417,714	-	-	-	1,417,714
Sanitation	365,446	-	-	73,493	438,939
Welfare	119,169	-	-	-	119,169
Culture and recreation	530,093	-	-	914,995	1,445,088
Conservation	2,271	-	-	3,199	5,470
Economic development	11,913	-	-	-	11,913
Debt service:					
Principal	524,846	-	-	-	524,846
Interest	243,632	-	-	-	243,632
Capital leases	164,293	-	-	-	164,293
Capital outlay	2,014,090	-	-	111,409	2,125,499
Total expenditures	<u>9,845,793</u>	<u>1,357,273</u>	<u>5,379</u>	<u>1,201,840</u>	<u>12,410,285</u>
Excess (deficiency) of revenues over (under) expenditures	<u>369,312</u>	<u>150,435</u>	<u>191,219</u>	<u>(433,720)</u>	<u>277,246</u>
Other financing sources (uses):					
Transfers in	388,584	1,849	2,250	693,589	1,086,272
Transfers out	(653,462)	-	(42,720)	(372,682)	(1,068,864)
Long-term debt issued	-	-	-	1,049,100	1,049,100
Premium received on long-term debt	-	-	-	94,462	94,462
Inception of capital leases	567,613	-	-	-	567,613
Total other financing sources and uses	<u>302,735</u>	<u>1,849</u>	<u>(40,470)</u>	<u>1,464,469</u>	<u>1,728,583</u>
Net change in fund balances	672,047	152,284	150,749	1,030,749	2,005,829
Fund balances, beginning, as restated, see Note III.D.	<u>3,435,370</u>	<u>455,420</u>	<u>3,238,690</u>	<u>2,069,066</u>	<u>9,198,546</u>
Fund balances, ending	<u>\$ 4,107,417</u>	<u>\$ 607,704</u>	<u>\$ 3,389,439</u>	<u>\$ 3,099,815</u>	<u>\$ 11,204,375</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, 2017

Net change in fund balances of governmental funds (Exhibit 5)		\$ 2,005,829
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.</p>		
Capitalized capital outlay	\$ 2,184,682	
Depreciation expense	<u>(1,069,460)</u>	1,115,222
The net effect of the disposal of capital assets is to decrease net position.		(1,847)
<p>Transfers in and out between governmental funds are eliminated on the operating statement.</p>		
Transfers in	\$ (1,068,864)	
Transfers out	<u>1,068,864</u>	-
<p>Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.</p>		
Change in deferred tax revenue	\$ (78,048)	
Change in deferred ambulance revenue	13,861	
Change in other deferred revenue	<u>1,166</u>	(63,021)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Issuance of bonds	\$ (1,049,100)	
Premium on bonds issued	(94,462)	
Inception of capital lease	(567,613)	
Repayment of bond and note principal	528,068	
Amortization of bond premium	4,954	
Repayment of capital lease principal	<u>201,492</u>	(976,661)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in accrued interest expense	\$ (27,742)	
Increase in compensated absences payable	(1,240)	
Increase in other postemployment benefits payable	(27,855)	
Increase in accrued landfill postclosure care costs	<u>(169,500)</u>	(226,337)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.</p>		
Town pension contributions	\$ 496,386	
Cost of benefits earned, net of employee contributions	<u>(723,593)</u>	(227,207)
Change in net position of governmental activities (Exhibit 2)		<u>\$ 1,625,978</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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 6,397,813	\$ 6,397,813	\$ 6,457,444	\$ 59,631
Licenses, permits and fees	1,038,500	1,038,500	1,121,562	83,062
Intergovernmental	1,007,449	1,929,746	1,884,103	(45,643)
Charges for services	287,534	287,534	271,130	(16,404)
Miscellaneous	181,371	181,371	218,882	37,511
Total revenues	<u>8,912,667</u>	<u>9,834,964</u>	<u>9,953,121</u>	<u>118,157</u>
EXPENDITURES				
Current:				
General government	2,096,487	2,096,487	2,102,691	(6,204)
Public safety	2,450,373	2,450,373	2,311,565	138,808
Highways and streets	1,653,759	1,653,759	1,444,414	209,345
Sanitation	385,236	385,236	358,126	27,110
Welfare	126,712	126,712	119,169	7,543
Culture and recreation	597,829	597,829	537,552	60,277
Conservation	3,050	3,050	2,271	779
Economic development	98,522	98,522	18,613	79,909
Debt service:				
Principal	524,164	524,164	524,846	(682)
Interest	248,558	248,558	243,632	4,926
Capital leases	172,621	172,621	164,293	8,328
Capital outlay	648,000	1,821,226	1,446,477	374,749
Total expenditures	<u>9,005,311</u>	<u>10,178,537</u>	<u>9,273,649</u>	<u>904,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(92,644)</u>	<u>(343,573)</u>	<u>679,472</u>	<u>1,023,045</u>
Other financing sources (uses):				
Transfers in	1,089,481	1,340,410	780,963	(559,447)
Transfers out	(1,096,837)	(1,096,837)	(761,575)	335,262
Total other financing sources and uses	<u>(7,356)</u>	<u>243,573</u>	<u>19,388</u>	<u>(224,185)</u>
Net change in fund balance	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	698,860	<u>\$ 798,860</u>
Increase in nonspendable fund balance			(43,037)	
Unassigned fund balance, beginning			1,632,282	
Unassigned fund balance, ending			<u>\$ 2,288,105</u>	

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

EXHIBIT 8
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Ambulance Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 50,000	\$ 50,000
Charges for services	1,486,623	1,437,950	(48,673)
Miscellaneous	-	19,758	19,758
Total revenues	<u>1,486,623</u>	<u>1,507,708</u>	<u>21,085</u>
EXPENDITURES			
Current:			
Public safety	<u>1,486,623</u>	<u>1,357,273</u>	<u>129,350</u>
Excess of revenues over expenditures	-	150,435	150,435
Other financing sources:			
Transfers in	<u>-</u>	<u>1,849</u>	<u>1,849</u>
Net change in fund balance	<u>\$ -</u>	<u>152,284</u>	<u>\$ 152,284</u>
Fund balance, beginning		<u>455,420</u>	
Fund balance, ending		<u>\$ 607,704</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, 2017

	Business-type Activities - Enterprise Funds		
	Water Department	Sewer Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,047,761	\$ 678,454	\$ 1,726,215
Investments	148,954	55,093	204,047
Accounts receivable	299,743	285,316	585,059
Intergovernmental receivable	-	3,565,352	3,565,352
Prepaid items	6,235	-	6,235
Noncurrent assets:			
Capital assets:			
Land	158,779	14,606	173,385
Construction in progress	385,856	-	385,856
Buildings and building improvements	-	10,687,727	10,687,727
Machinery and equipment	444,939	629,704	1,074,643
Infrastructure	9,047,900	6,441,689	15,489,589
Improvements other than buildings	-	27,000	27,000
Less accumulated depreciation	(3,425,218)	(6,583,589)	(10,008,807)
Total assets	<u>8,114,949</u>	<u>15,801,352</u>	<u>23,916,301</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	<u>99,061</u>	<u>100,049</u>	<u>199,110</u>
LIABILITIES			
Current liabilities:			
Accounts payable	35,700	56,031	91,731
Accrued salaries and benefits	13,101	11,997	25,098
Accrued interest payable	22,287	63,410	85,697
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	167,312	198,985	366,297
Unamortized bond premium	1,617	-	1,617
Due in more than one year:			
Bonds and notes payable	2,416,552	5,875,724	8,292,276
Unamortized bond premium	1,617	-	1,617
Compensated absences payable	22,568	19,915	42,483
Other postemployment benefits payable	21,306	20,594	41,900
Net pension liability	324,853	324,853	649,706
Total liabilities	<u>3,026,913</u>	<u>6,571,509</u>	<u>9,598,422</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	11,918	11,918	23,836
Unearned revenue	<u>91,791</u>	<u>-</u>	<u>91,791</u>
Total deferred inflows of resources	<u>103,709</u>	<u>11,918</u>	<u>115,627</u>
NET POSITION			
Net investment in capital assets	3,961,446	5,142,429	9,103,875
Unrestricted	<u>1,121,942</u>	<u>4,175,545</u>	<u>5,297,487</u>
Total net position	<u>\$ 5,083,388</u>	<u>\$ 9,317,974</u>	<u>\$ 14,401,362</u>

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

EXHIBIT 10
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds		
	Water Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 1,022,595	\$ 980,779	\$ 2,003,374
Miscellaneous	6,084	107,827	113,911
Total operating revenues	<u>1,028,679</u>	<u>1,088,606</u>	<u>2,117,285</u>
Operating expenses:			
Plant operation and maintenance	715,596	999,639	1,715,235
Depreciation expense	181,915	494,362	676,277
Total operating expenses	<u>897,511</u>	<u>1,494,001</u>	<u>2,391,512</u>
Operating income (loss)	<u>131,168</u>	<u>(405,395)</u>	<u>(274,227)</u>
Non-operating revenue (expense):			
Intergovernmental	-	67,420	67,420
Interest income	4,599	2,756	7,355
Interest expense	(101,870)	(186,020)	(287,890)
Transfer from other funds	372	372	744
Transfer to other funds	(9,076)	(9,076)	(18,152)
Total nonoperating income (expense)	<u>(105,975)</u>	<u>(124,548)</u>	<u>(297,943)</u>
Net change in fund balances	25,193	(529,943)	(504,750)
Net position, beginning, as restated, see Note III.D.1.	5,058,195	9,847,917	14,906,112
Net position, ending	<u>\$ 5,083,388</u>	<u>\$ 9,317,974</u>	<u>\$ 14,401,362</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, 2017

	Business -type Activities - Enterprise Funds		
	Water Department	Sewer Department	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,031,842	\$ 1,054,517	\$ 2,086,359
Payments to suppliers and employees	(620,314)	(915,911)	(1,536,225)
Net cash provided by operating activities	<u>411,528</u>	<u>138,606</u>	<u>550,134</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	372	372	744
Transfers to other funds	(9,076)	(9,076)	(18,152)
Net cash used by non-capital financing activities:	<u>(8,704)</u>	<u>(8,704)</u>	<u>(17,408)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(212,970)	(24,432)	(237,402)
Proceeds from state grants	-	219,877	219,877
Principal paid on bonds and notes	(164,848)	(193,189)	(358,037)
Interest paid on bonds and notes	(94,849)	(188,037)	(282,886)
Net cash used in capital and related financing activities	<u>(472,667)</u>	<u>(185,781)</u>	<u>(658,448)</u>
Cash flows from investing activities:			
Interest and dividends received	4,599	2,756	7,355
Purchases of investments	(84,681)	(31,312)	(115,993)
Net cash provided from investing activities	<u>(80,082)</u>	<u>(28,556)</u>	<u>(108,638)</u>
Decrease in cash	(149,925)	(84,435)	(234,360)
Cash and cash equivalents, beginning	1,197,686	762,889	1,960,575
Cash and cash equivalents, ending	<u>\$ 1,047,761</u>	<u>\$ 678,454</u>	<u>\$ 1,726,215</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 131,168	\$ (405,395)	\$ (274,227)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	181,915	494,362	676,277
(increase) decrease in accounts receivable	10,777	(34,089)	(23,312)
Decrease in prepaid items	19,090	11,974	31,064
Increase in accounts payable	20,091	20,289	40,380
Increase in accrued liabilities	56,101	51,465	107,566
Decrease in deferred revenue	(7,614)	-	(7,614)
Total adjustments	<u>280,360</u>	<u>544,001</u>	<u>824,361</u>
Net cash provided by operating activities	<u>\$ 411,528</u>	<u>\$ 138,606</u>	<u>\$ 550,134</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, 2017

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 20,863	\$ 2,214,811
Investments	1,038,086	-
Total assets	<u>1,058,949</u>	<u>2,214,811</u>
Liabilities:		
Accounts payable	-	15,866
Due to other governmental units	-	1,971,408
Due to developers	-	227,537
Total liabilities	<u>-</u>	<u>2,214,811</u>
Net position:		
Held in trust for specific purposes	<u>\$ 1,058,949</u>	<u>\$ -</u>

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

EXHIBIT 13
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest and dividends	\$ 44,157
Net change in fair value of investments	31,608
Miscellaneous	75
Total additions	75,840
 Deductions:	
Trust distributions	3,275
 Change in net position	72,565
Net position, beginning	986,384
Net position, ending	\$ 1,058,949

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, 2017

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, 2017.

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.

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

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual, governmental funds and major, individual enterprise funds are reported in separate columns in the basic fund financial statements with composite columns for nonmajor funds.

I.B.3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. As well, the proprietary funds apply all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued in or before 1989, unless those pronouncements conflict with or contradict the GASB.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met. The agency funds are custodial in nature and do not measure results of operations.

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

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

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

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

I.B.4. Fund Types and Major Funds

Governmental Funds

The Town reports the following major governmental funds:

General Fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

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

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

The Town also reports eleven nonmajor governmental funds.

Proprietary Funds

The Town reports the following major enterprise funds:

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

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

Fiduciary Funds

The Town reports the following fiduciary funds:

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

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

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

I.C.1. *Cash and Investments*

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

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

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

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

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

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

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

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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
Sewer system	10-50
Water system	20-75
Machinery, vehicles and equipment	5-15
Infrastructure	40

I.C.4. Long-Term Debt

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

I.C.5. Compensated Absences

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

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

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

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combined accumulated PDOs and sick leave, with the payment made first from the PDO bank and then from the accumulated sick leave.

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

I.C.6. Equity

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

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

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of inventory, prepaid items, and endowments.
- Restricted, which represents the expendable income from permanent funds and the library fund, whose use is limited by law; and balances for which the intended use has been established by enabling legislation through Town Meeting vote.
- Committed, which consists of balances for which the intended use has been established by Town Meeting, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of encumbrances.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed and assigned balances.

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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, Water, Sewer and Ambulance Funds, as well as the nonmajor Cemetery, Recreation, Pay As You Throw, and PEG Funds. Project length budgets are adopted for the Capital Projects Funds. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In fiscal year 2017, the Town used \$100,000 of the unassigned fund balance from 2016 for this purpose.

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.

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

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 10,734,084
Adjustments:	
Basis difference:	
Capital lease inception	567,613
Tax revenue deferred in the prior year	502,946
Tax revenue deferred in the current year	(424,897)
Other revenue deferred in prior year	37,279
Perspective difference:	
Revenue from Capital Reserve Fund	21,268
Revenue from Town Expendable Trust Fund	103,096
Revenue from isabelle Miller Fund	22,066
Revenue from Landfill Expendable Trust Fund	226
Transfer from Expendable Trust Fund	(392,379)
Per Exhibit 5 (GAAP basis)	<u>\$ 11,171,302</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 10,035,224
Adjustments:	
Basis difference:	
Encumbrances, beginning	274,969
Encumbrances, ending	(270,438)
Capital lease inception	567,613
Perspective difference:	
Transfers to Expendable Trust Funds	(108,113)
Per Exhibit 5 (GAAP basis)	<u>\$ 10,499,255</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 2,288,105
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(424,897)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,863,208</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, 2017, the Town's reporting entity had the following investments:

Municipal obligations	\$ 310,503
US Treasury obligations	1,312,224
Common stock	2,822,002
Corporate bonds	939,381
New Hampshire Public Deposit Investment Pool	2,021,191
	<u>\$ 7,405,301</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 6,163,168
Proprietary funds - statement of net position (Exhibit 9)	204,047
Fiduciary funds - statement of fiduciary net position (Exhibit 12)	1,038,086
Total	<u>\$ 7,405,301</u>

Investment Risks

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town does not have an investment policy that places any further restrictions on its investment choices. The Town's credit rating quality of investments as of June 30, 2017 is as follows:

	Fair Value
Aaa	\$ 1,387,866
Aa	121,378
A	638,660
Baa	253,817
N/A	135,145
Not rated	25,242
Exempt from disclosure	4,843,193
	<u>\$ 7,405,301</u>

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town does not have an investment policy that addresses limiting interest rate risk. The

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

	Fair Value	Investment maturities (in years)				
		Less than 1	1 to 5	5 to 10	10 to 15	15 to 20
US Treasury obligations	\$ 1,312,224	\$ 410,445	\$ 767,171	\$ 134,608	\$ -	\$ -
Municipal obligations	310,503	-	-	121,379	53,979	135,145
Corporate bonds	939,381	50,030	354,899	534,452	-	-
	<u>\$ 2,562,108</u>	<u>\$ 460,475</u>	<u>\$ 1,122,070</u>	<u>\$ 790,439</u>	<u>\$ 53,979</u>	<u>\$ 135,145</u>

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Of the Town's \$7,405,301 of investments, \$3,761,383 has exposure to custodial credit risk because the related securities are uninsured and uncollateralized.

III.A.2. Receivables, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2016 property taxes on April 17th.

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, 2016, upon which the 2016 property tax levy was based was:

For the New Hampshire education tax	\$ 612,238,495
For all other taxes	\$ 621,738,895

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The tax rates and amounts assessed for the year ended June 30, 2017 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$10.34	\$ 6,427,104
School portion:		
State of New Hampshire	\$2.49	1,524,124
Local	\$16.65	10,353,288
County portion	\$1.36	846,256
Total property taxes assessed		<u>\$ 19,150,772</u>

The following details the taxes receivable at year-end:

Property:		
Levy of 2017		\$ 2,119,618
Unredeemed (under tax lien):		
Levy of 2016		241,842
Levy of 2015		149,820
Levy of 2014		66,049
Timber		3,500
Betterment assessments		2,628
Net taxes receivable		<u>\$ 2,583,457</u>

Other Receivables and Uncollectible Accounts

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

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Accounts	\$ 622,746	\$ 585,059
Intergovernmental	720,826	3,565,352
Liens	70,460	-
Less: allowance for uncollectible amounts	(187,804)	-
Net total receivables	<u>\$ 1,226,228</u>	<u>\$ 4,150,411</u>

Deferred Revenue

Deferred revenue of \$10,375,500 in the governmental funds at June 30, 2017 represents \$47,702 of ambulance service charges, \$38,445 of miscellaneous receivables and \$641,033 of property taxes

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receivable that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles; \$9,559,839 of property taxes assessed for fiscal year 2018; \$70,460 of elderly/disabled and welfare liens not redeemed within 60 days; \$9,973 in unapplied tax and accounts receivable credits to be applied to future levies; \$7,488 received for the future sale of tax deeded property; and \$560 in miscellaneous items. In the governmental activities, only \$9,793,995 is reported as unearned revenue.

III.A.3. Capital Assets

Changes in Capital Assets

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

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 2,874,320	\$ 29,200	\$ (1,277)	\$ 2,902,243
Construction in progress	1,167,811	179,448	(697,572)	649,687
Total capital assets not being depreciated	<u>4,042,131</u>	<u>208,648</u>	<u>(698,849)</u>	<u>3,551,930</u>
Being depreciated:				
Land improvements	1,364,508	-	-	1,364,508
Buildings and building improvements	5,144,782	9,595	(4,420)	5,149,957
Machinery, vehicles and equipment	6,337,578	810,706	(364,643)	6,783,641
Infrastructure	20,979,766	1,859,805	(8,482)	22,831,089
Total capital assets being depreciated	<u>33,826,634</u>	<u>2,680,106</u>	<u>(377,545)</u>	<u>36,129,195</u>
Total all capital assets	<u>37,868,765</u>	<u>2,888,754</u>	<u>(1,076,394)</u>	<u>39,681,125</u>
Less accumulated depreciation:				
Land improvements	(508,157)	(62,343)	-	(570,500)
Buildings and building improvements	(2,161,196)	(136,807)	4,420	(2,293,583)
Machinery, vehicles and equipment	(3,992,259)	(488,192)	357,573	(4,122,878)
Infrastructure	(10,882,485)	(382,118)	8,482	(11,256,121)
Total accumulated depreciation	<u>(17,544,097)</u>	<u>(1,069,460)</u>	<u>370,475</u>	<u>(18,243,082)</u>
Net book value, capital assets being depreciated	<u>16,282,537</u>	<u>1,610,646</u>	<u>(7,070)</u>	<u>17,886,113</u>
Net book value, all capital assets	<u>\$ 20,324,668</u>	<u>\$ 1,819,294</u>	<u>\$ (705,919)</u>	<u>\$ 21,438,043</u>

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	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
Business-type activities:			
At cost:			
Not being depreciated:			
Land	\$ 173,385	\$ -	\$ 173,385
Construction in progress	197,319	188,537	385,856
Total capital assets not being depreciated	<u>370,704</u>	<u>188,537</u>	<u>559,241</u>
Being depreciated:			
Buildings and building improvements	10,687,727	-	10,687,727
Machinery, vehicles and equipment	1,025,779	48,864	1,074,643
Infrastructure	15,489,589	-	15,489,589
Other improvements	27,000	-	27,000
Total capital assets being depreciated	<u>27,230,095</u>	<u>48,864</u>	<u>27,278,959</u>
Total all capital assets	<u>27,600,799</u>	<u>237,401</u>	<u>27,838,200</u>
Less accumulated depreciation:			
Buildings and building improvements	(1,129,292)	(322,654)	(1,451,946)
Machinery, vehicles and equipment	(647,976)	(64,114)	(712,090)
Infrastructure	(7,550,537)	(288,159)	(7,838,696)
Other improvements	(4,725)	(1,350)	(6,075)
Total accumulated depreciation	<u>(9,332,530)</u>	<u>(676,277)</u>	<u>(10,008,807)</u>
Net book value, capital assets being depreciated	<u>17,897,565</u>	<u>(627,413)</u>	<u>17,270,152</u>
Net book value, all capital assets	<u>\$ 18,268,269</u>	<u>\$ (438,876)</u>	<u>\$ 17,829,393</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 87,705
Public safety	282,569
Highways and streets	496,078
Sanitation	24,221
Culture and recreation	176,136
Conservation	2,751
Total depreciation expense	<u>\$ 1,069,460</u>
Business-type activities:	
Sanitation	\$ 494,362
Water distribution and treatment	181,915
Total depreciation expense	<u>\$ 676,277</u>

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III.B. Liabilities

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

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 6/30/2017	Current Portion
Governmental activities:						
General obligation bonds/notes payable:						
West Peterborough TIF	\$ 2,500,000	2010	2024	4.48	\$ 1,206,898	\$ 172,414
Connector Road	\$ 1,000,000	2010	2023	4.57	491,968	81,004
Adams Pool renovation	\$ 1,200,000	2013	2027	2.44	733,820	80,000
Union Street infrastructure	\$ 2,435,000	2015	2036	5.10	2,060,000	-
Robbe Farm Rd. - Legacy Lane	\$ 190,578	2016	2026	3.50	129,364	16,795
GAR Hall parking lot	\$ 1,049,100	2017	2037	2.02-5.02	1,049,100	54,100
					<u>5,671,150</u>	<u>404,313</u>
Unamortized bond premium					<u>286,278</u>	<u>16,006</u>
Capital leases payable:						
Recreation copier	\$ 7,706	2016	2019	4.00	3,847	1,870
Fire pumper	\$ 567,613	2017	2020	2.59	420,222	136,508
					<u>424,069</u>	<u>138,378</u>
Compensated absences payable:						
Vested sick leave					162,715	5,079
Accrued vacation leave					390,089	4,732
					<u>552,804</u>	<u>9,811</u>
Other postemployment benefits payable					300,556	-
Accrued landfill postclosure care costs					<u>1,875,000</u>	<u>62,500</u>
Net pension liability					<u>6,569,251</u>	<u>-</u>
					<u>\$ 15,679,108</u>	<u>\$ 631,008</u>
Business-type activities:						
General obligation bonds/notes payable:						
Treatment plant	\$ 6,986,000	2012	2039	4.48	\$ 6,074,709	\$ 198,985
Water-Hunt Well bond	\$ 1,500,000	1999	2019	4.57	150,000	75,000
Water Refunding bond	\$ 1,557,200	2009	2037	2.0-5.0	1,308,000	-
NHSRF note	\$ 579,500	2012	2031	3.10	483,769	52,428
Water bond 2016	\$ 700,000	2016	2031	2.75	642,095	39,884
					<u>8,658,573</u>	<u>366,297</u>
Unamortized bond premium					<u>3,234</u>	<u>-</u>
Compensated absences payable:						
Vested sick leave					20,550	-
Accrued vacation leave					21,933	-
					<u>42,483</u>	<u>-</u>
Other postemployment benefits payable					<u>41,900</u>	<u>-</u>
Net pension liability					<u>649,706</u>	<u>-</u>
					<u>\$ 9,395,896</u>	<u>\$ 366,297</u>

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Other Postemployment Benefits Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	Total
Governmental activities:								
Balance, beginning	\$ 5,150,118	\$ 196,770	\$ 57,948	\$ 551,564	\$ 272,701	\$ 1,705,500	\$ 4,626,938	\$ 12,561,539
Additions	1,049,100	94,462	567,613	1,240	27,855	169,500	1,942,313	3,852,083
Reductions	(528,068)	(4,954)	(201,492)	-	-	-	-	(734,514)
Balance, ending	<u>\$ 5,671,150</u>	<u>\$ 286,278</u>	<u>\$ 424,069</u>	<u>\$ 552,804</u>	<u>\$ 300,556</u>	<u>\$ 1,875,000</u>	<u>\$ 6,569,251</u>	<u>\$ 15,679,108</u>

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Compensated Absences Payable	Other Postemployment Benefits Payable	Net Pension Liability	Total
Business-type activities:						
Balance, beginning	\$ 9,016,611	\$ 4,851	\$ 35,024	\$ 36,595	\$ 404,932	\$ 9,498,013
Additions	-	-	7,459	5,305	244,774	257,538
Reductions	(358,038)	(1,617)	-	-	-	(359,655)
Balance, ending	<u>\$ 8,658,573</u>	<u>\$ 3,234</u>	<u>\$ 42,483</u>	<u>\$ 41,900</u>	<u>\$ 649,706</u>	<u>\$ 9,395,896</u>

Debt Service Requirements to Maturity

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

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 404,313	\$ 231,626	\$ 635,939
2019	534,603	208,445	743,048
2020	539,155	185,081	724,236
2021	543,987	161,438	705,425
2022	549,001	137,612	686,613
2023-2027	1,640,091	406,429	2,046,520
2028-2032	850,000	193,830	1,043,830
2033-2037	610,000	41,015	651,015
Totals	<u>\$ 5,671,150</u>	<u>\$ 1,565,476</u>	<u>\$ 7,236,626</u>

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Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2018	\$ 366,297	\$ 280,354	\$ 646,651
2019	401,382	267,077	668,459
2020	335,477	254,047	589,524
2021	344,894	243,990	588,884
2022	355,522	233,122	588,644
2023-2027	1,943,250	982,091	2,925,341
2028-2032	2,136,942	645,909	2,782,851
2033-2037	2,046,894	313,892	2,360,786
2038-2039	727,915	32,893	760,808
Totals	<u>\$ 8,658,573</u>	<u>\$ 3,253,375</u>	<u>\$ 11,911,948</u>

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 138,378	\$ 11,103	\$ 149,481
2019	142,020	7,460	149,480
2020	143,671	3,721	147,392
Totals	<u>\$ 424,069</u>	<u>\$ 22,284</u>	<u>\$ 446,353</u>

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

III.C.1. *Receivables and Payables*

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

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 6,683
Nonmajor governmental	General	10,745
		<u>\$ 17,428</u>

The amount due to the General Fund from the Nonmajor Funds represents a reimbursement of costs related to the Union Street Bridge Project. The amount due to the Nonmajor Funds from the General Fund represents land use change tax collected on behalf of the Conservation Commission.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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III.C.2. Transfers

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

The following schedule reports transfers within the reporting entity:

	Transfers In:					Total
	General Fund	Water Department Fund	Sewer Department Fund	Ambulance Fund	Permanent Fund	
Transfers out:						
General fund	\$ -	\$ 372	\$ 372	\$ 1,849	\$ -	\$ 653,462
Water department fund	9,076	-	-	-	-	9,076
Sewer department fund	9,076	-	-	-	-	9,076
Permanent fund	-	-	-	-	-	42,720
Nonmajor funds	370,432	-	-	-	2,250	372,682
	<u>\$ 388,584</u>	<u>\$ 372</u>	<u>\$ 372</u>	<u>\$ 1,849</u>	<u>\$ 2,250</u>	<u>\$ 693,589</u>
						<u>\$ 1,087,016</u>

The amounts transferred from the Nonmajor Funds to the General Fund represents \$240,761 from the West Peterborough TIF District for the annual debt payment, \$29,671 from the Downtown TIF District for sanitation expenditures and \$100,000 from the Union Street Improvements Capital Project Fund for budget transfers. The amount transferred from the General Fund to the Nonmajor Funds represents 586,400 to the Library Fund for voted appropriations, \$46,774 for cemetery maintenance and \$17,695 to the Recreation Revolving Fund. The amount transferred from the Permanent Fund to the Nonmajor Funds of \$42,720 represents \$25,720 to the Library Fund, and \$17,000 to the Cemetery Maintenance Fund. The amount transferred from the Nonmajor Funds to the Permanent Fund represents cemetery lot sales. The amounts transferred to the General Fund from the Water and Sewer Departments and the amount transferred from the General Fund to the Water and Sewer Departments and Ambulance Fund represent voted appropriations.

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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III.D. Fund Equity

III.D.1. Restatement of Beginning Equity

Equity at July 1, 2016 was restated to reflect the following adjustments:

	Governmental Activities	Nonmajor Funds	Water Department Fund
To record expenditure in proper year	\$ 13,977	\$ 13,977	\$ -
To remove liability	-	-	100,000
Net position/fund balance, as previously reported	17,475,576	2,055,089	4,958,195
Net position/fund balance, as restated	<u>\$ 17,489,553</u>	<u>\$ 2,069,066</u>	<u>\$ 5,058,195</u>

III.D.2. Components of Fund Equity

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

	General Fund	Ambulance Fund	Permanent Fund	Nonmajor Governmental Funds
Nonspendable:				
Endowments	\$ -	\$ -	\$ 2,967,439	\$ -
Prepaid items	264,297	-	-	-
Tax deeded property	284,801	-	-	-
Total nonspendable	<u>549,098</u>	<u>-</u>	<u>2,967,439</u>	<u>-</u>
Restricted:				
General government	-	-	328,726	-
Public safety	-	-	77,556	-
Culture and recreation	-	-	15,718	925,675
Capital outlay	-	-	-	772,497
Total restricted	<u>-</u>	<u>-</u>	<u>422,000</u>	<u>1,698,172</u>
Committed:				
General government	53,984	-	-	135,359
Public safety	-	607,704	-	-
Sanitation	238,440	-	-	35,614
Culture and recreation	92,635	-	-	96,751
Conservation	-	-	-	120,073
Capital outlay	939,614	-	-	1,013,846
Total committed	<u>1,324,673</u>	<u>607,704</u>	<u>-</u>	<u>1,401,643</u>
Assigned:				
General government	134,279	-	-	-
Public safety	28,500	-	-	-
Highways and streets	183,500	-	-	-
Culture and recreation	17,459	-	-	-
Economic development	6,700	-	-	-
Total assigned	<u>370,438</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>1,863,208</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 4,107,417</u>	<u>\$ 607,704</u>	<u>\$ 3,389,439</u>	<u>\$ 3,099,815</u>

**TOWN OF PETERBOROUGH, NEW HAMPSHIRE
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III.D.3. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$3,389,439 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures and \$1,698,173 restricted by bond covenants, grantors and contributors.

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 is 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 2017 to be recorded as an insurance expenditure/expense totaled \$118,648. There were no unpaid contributions for the year ended June 30, 2017. The Town paid \$75,825 for workers' compensation for the fiscal year ended June 30, 2017. The agreement permits Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

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

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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 26.38% for police, 29.16% for fire personnel, and 11.17% for other employees. Employer contributions from the Town during the fiscal years 2015, 2016 and 2017 were \$490,587, \$528,446, and \$546,852 respectively. The amounts are paid on a monthly basis as due.

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

At June 30, 2017, the Town reported a liability of \$7,218,957 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2015 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2016. The roll-forward of the total pension liability from June 30, 2015 to June 30, 2016 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, 2017, the Town's proportion reported was 0.1358%, which was an increase of 0.0088% from its proportion reported as of June 30, 2016.

For the year ended June 30, 2017, the Town recognized pension expense of \$723,593 in the governmental activities and \$130,659 in the business-type activities. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 291,467	\$ 173,677
Net differences between projected and actual earnings on pension plan investments	451,655	-
Changes in assumptions	888,424	-
Difference between expected and actual experience	20,061	91,157
Town contributions subsequent to the measurement date	546,852	-
	<u>\$ 2,198,459</u>	<u>\$ 264,834</u>

The Town reported \$546,852 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, 2018.

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

Year Ended June 30,	
2018	\$ 264,672
2019	264,672
2020	435,734
2021	399,611
2022	22,084
	<u>\$ 1,386,773</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

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

Mortality rates were based on the RP-2014 Mortality Table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	<u>\$ 9,275,868</u>	<u>\$ 7,218,957</u>	<u>\$ 5,513,076</u>

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

IV.C. Contingent Liabilities

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

IV.D. Other Postemployment Benefits

Plan Description

As required by N.H. RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*, the Town provides its eligible retirees including certain beneficiaries, the ability to purchase health, dental and prescription drug coverage at the Town's group rates. The Town does not supplement the cost of these plans directly, but recognizes the liability for the inclusion of implicit rate subsidies to the retirees. The subsidy occurs because when a blended rate is used for a group of individuals that includes younger and presumably healthier people along with older, retired people, implicitly, the active employees are subsidizing the retirees. As of July 1, 2017, there were twelve retirees and spouses, and fifty-one 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 POS Open Access, Cigna HMO Open Access, and Cigna HMO Open Access +.
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

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Group 2:

Police and Fire:

Hired before 7/1/2011

Age 60 or older with no minimum service; or
if vested* before 1/1/2012, age 45 with 20 years of service; or
if not vested* before 1/1/2012, then:

Years of Service on 1/1/2012	Minimum Eligible Age	Minimum Eligible Years of Service
At least 8 but less than 10 years	46	21
At least 6 but less than 8 years	47	22
At least 4 but less than 6 years	48	23
At least 4 years	49	24

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

Hired on or after 7/1/2011

Age 52.5 years old with 25 years of service

- c. Benefit/Cost Sharing The retiree is responsible for the full price of the medical premium.
- d. Spouse Benefit Yes
- e. Surviving Spouse Benefit Yes
- f. Annual Medical Premiums 2017 July 2016-June 2017

	<u>Single</u>	<u>2-Person</u>	<u>Family</u>
Cigna POS Open Access	\$11,364.00	\$22,728.00	\$30,684.00
Cigna HMO Open Access	\$10,146.00	\$20,292.00	\$27,396.00
Cigna Open Access+	\$9,378.00	\$17,756.00	\$25,320.00
Cigna Union	\$8,916.00	\$19,080.00	\$24,372.00
65+ w/ Rx	\$5,262.00	\$10,525.00	
65+ No Rx	\$2,496.00	\$4,992.00	

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Annual OPEB Cost and Net OPEB Obligation

7/1/2016-6/30/2017

1. Annual Required Contribution (ARC)	\$64,147
2. Interest on net OPEB Obligation	12,372
3. Adjustment to ARC	<u>(16,950)</u>
4. Annual OPEB Cost (Expense)	59,569
5. Contribution made (assumed middle of year)*	<u>(26,408)</u>
6. Increase in net OPEB Obligation	33,161
7. Net OPEB Obligation – beginning of year	<u>309,295</u>
8. Net OPEB Obligation – end of year	<u>\$342,456</u>

* Contribution made was assumed to equal Expected Benefit Payments

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 are as follow:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % of Pay</u>
6/30/2010	\$67,793	42.8%	\$79,028	\$2,475,332	2.74%
6/30/2011	\$68,186	50.6%	\$112,696	\$2,537,215	2.69%
6/30/2012	\$74,422	41.5%	\$156,245	\$2,637,744	2.80%
6/30/2013	\$77,628	49.3%	\$195,636	\$2,743,254	2.80%
6/30/2014	\$80,828	48.1%	\$237,624	\$2,811,835	2.90%
6/30/2015	\$54,943	34.6%	\$273,544	\$2,721,976	2.00%
6/30/2016	\$57,273	37.6%	\$309,295	\$2,901,626	1.97%
6/30/2017	\$59,569	44.3%	\$342,456	\$3,521,094	1.69%

Methods and Assumptions

Interest Rate	4.00%
2014 Medical Trend Rates	9.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Rates Reached	2018
Actuarial Cost Method	Entry Age Normal
The remaining amortization period at 6/30/15	22.04
Annual Payroll Increase	2.50%

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 14
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Other Postemployment Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll (AAL)
7/1/2008	\$ -	\$ 514,809	\$ 514,809	0.00%	\$ 2,414,958	21.30%
7/1/2009	\$ -	\$ 553,784	\$ 553,784	0.00%	\$ 2,475,332	22.30%
7/1/2010	\$ -	\$ 590,676	\$ 590,676	0.00%	\$ 2,984,518	19.79%
7/1/2011	\$ -	\$ 601,730	\$ 601,730	0.00%	\$ 2,721,228	22.11%
7/1/2012	\$ -	\$ 642,527	\$ 642,527	0.00%	\$ 3,043,860	21.11%
7/1/2013	\$ -	\$ 678,650	\$ 678,650	0.00%	\$ 3,105,679	21.85%
7/1/2014	\$ -	\$ 439,119	\$ 439,119	0.00%	\$ 3,215,586	13.66%
7/1/2015	\$ -	\$ 472,473	\$ 472,473	0.00%	\$ 3,432,128	13.77%
7/1/2016	\$ -	\$ 505,492	\$ 505,492	0.00%	\$ 3,521,094	14.36%

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 Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

For the Year Ended June 30,	Town's Proportion of Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered- Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Postion as a Percentage of the Total Pension Liability
2014	0.1342%	\$ 5,775,826	\$ 3,105,679	185.98%	59.82%
2015	0.1315%	\$ 4,936,991	\$ 3,215,586	153.53%	66.32%
2016	0.1270%	\$ 5,031,870	\$ 3,432,128	146.61%	65.47%
2017	0.1358%	\$ 7,218,957	\$ 3,521,094	205.02%	58.30%

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

EXHIBIT 16
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

For the Year Ended June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	Town's Covered Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 470,043	\$ (470,043)	\$ -	\$ 3,105,679	15.13%
2015	\$ 490,587	\$ (490,587)	\$ -	\$ 3,215,586	15.26%
2016	\$ 528,446	\$ (528,446)	\$ -	\$ 3,432,128	15.40%
2017	\$ 546,852	\$ (546,852)	\$ -	\$ 3,521,094	15.53%

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

TOWN OF PETERBOROUGH, NEW HAMPSHIRE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
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The Schedule of Funding Progress, Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of the Town's Pension Contributions are meant to present related information for ten years. Because this is the ninth year and third year, respectively, that the Town has presented this information, a limited number of years are reported. An additional year's information will be added each year until there are ten years presented.

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 17
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds							Capital Projects Funds			Total	
	Library	Pay As You Throw	Recreation Revolving	Conservation Commission	PEG	West Peterborough TIF	Downtown TIF	Cemetery Maintenance	GAR Hall Parking Lot	Community Center Renovations		Union Street Improvements
ASSETS												
Cash and cash equivalents	\$ 836,566	\$ 24,803	\$ 121,003	\$ 109,328	\$ 41,497	\$ 938,113	\$ 298,551	\$ 36,620	\$ 772,400	\$ 216	\$ 47,350	\$ 3,226,447
Investments	103,945	-	-	-	-	-	-	58,290	-	-	-	162,235
Accounts receivable	-	9,785	-	-	-	-	-	180	-	-	-	9,965
Interfund receivable	-	-	-	10,745	-	-	-	-	-	-	-	10,745
Inventory	-	6,929	-	-	-	-	-	-	-	-	-	6,929
Total assets	\$ 940,511	\$ 41,517	\$ 121,003	\$ 120,073	\$ 41,497	\$ 938,113	\$ 298,551	\$ 95,090	\$ 772,400	\$ 216	\$ 47,350	\$ 3,416,321
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ 7,593	\$ 5,903	\$ 6,918	\$ -	\$ 26	\$ -	\$ -	\$ 282	\$ -	\$ -	\$ 40,344	\$ 61,066
Accrued salaries and benefits	7,243	-	16,834	-	287	-	-	573	-	-	-	24,937
Contracts payable	-	-	-	-	-	-	-	-	7,125	-	-	7,125
Interfund payable	-	-	-	-	-	6,683	-	-	-	-	-	6,683
Total liabilities	14,836	5,903	23,752	-	313	6,683	-	855	7,125	-	40,344	99,811
Deferred inflows of resources:												
Deferred revenue	-	-	500	-	-	162,417	53,718	60	-	-	-	216,695
Fund balances:												
Restricted	925,675	-	-	-	-	-	-	-	765,275	216	7,006	1,698,172
Committed	-	35,614	96,751	120,073	41,184	769,013	244,833	94,175	-	-	-	1,401,643
Total fund balances	925,675	35,614	96,751	120,073	41,184	769,013	244,833	94,175	765,275	216	7,006	3,099,815
Total liabilities, deferred inflows of resources, and fund balances	\$ 940,511	\$ 41,517	\$ 121,003	\$ 120,073	\$ 41,497	\$ 938,113	\$ 298,551	\$ 95,090	\$ 772,400	\$ 216	\$ 47,350	\$ 3,416,321

EXHIBIT 18
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, 2017

	Special Revenue Funds							Capital Projects Funds			Total	
	Library	Pay As You Throw	Recreation Revolving	Conservation Commission	PEG	West Peterborough TIF	Downtown TIF	Cemetery Maintenance	GAR Hall Parking Lot	Community Center Renovations		Union Street Improvements
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ 10,745	\$ -	\$ 324,834	\$ 107,436	\$ -	\$ -	\$ -	\$ -	\$ 443,015
Charges for services	14,375	77,552	130,630	-	-	-	-	-	-	-	-	222,557
Miscellaneous	24,136	164	26,618	2,385	28,754	837	218	19,352	-	84	-	102,548
Total revenues	<u>38,511</u>	<u>77,716</u>	<u>157,248</u>	<u>13,130</u>	<u>28,754</u>	<u>325,671</u>	<u>107,654</u>	<u>19,352</u>	<u>-</u>	<u>84</u>	<u>-</u>	<u>768,120</u>
EXPENDITURES												
Current:												
General government	-	-	-	-	24,157	-	-	74,587	-	-	-	98,744
Sanitation	-	73,493	-	-	-	-	-	-	-	-	-	73,493
Culture and recreation	748,237	-	166,758	-	-	-	-	-	-	-	-	914,995
Conservation	-	-	-	3,199	-	-	-	-	-	-	-	3,199
Capital outlay	-	-	-	-	-	-	-	-	102,596	-	8,813	111,409
Total expenditures	<u>748,237</u>	<u>73,493</u>	<u>166,758</u>	<u>3,199</u>	<u>24,157</u>	<u>-</u>	<u>-</u>	<u>74,587</u>	<u>102,596</u>	<u>-</u>	<u>8,813</u>	<u>1,201,840</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(709,726)</u>	<u>4,223</u>	<u>(9,510)</u>	<u>9,931</u>	<u>4,597</u>	<u>325,671</u>	<u>107,654</u>	<u>(55,235)</u>	<u>(102,596)</u>	<u>84</u>	<u>(8,813)</u>	<u>(433,720)</u>
Other financing sources (uses):												
Transfers in	612,120	-	17,695	-	-	-	-	63,774	-	-	-	693,589
Transfers out	-	-	-	-	-	(240,761)	(29,671)	(2,250)	-	-	(100,000)	(372,682)
Long-term debt issued	-	-	-	-	-	-	-	-	1,049,100	-	-	1,049,100
Premium received on long-term debt	-	-	-	-	-	-	-	-	94,462	-	-	94,462
Total other financing sources and uses	<u>612,120</u>	<u>-</u>	<u>17,695</u>	<u>-</u>	<u>-</u>	<u>(240,761)</u>	<u>(29,671)</u>	<u>61,524</u>	<u>1,143,562</u>	<u>-</u>	<u>(100,000)</u>	<u>1,464,469</u>
Net change in fund balances	(97,606)	4,223	8,185	9,931	4,597	84,910	77,983	6,289	1,040,966	84	(108,813)	1,030,749
Fund balances, beginning, as restated, see Note III.D.1.	1,023,281	31,391	88,566	110,142	36,587	684,103	166,850	87,886	(275,691)	132	115,819	2,069,066
Fund balances, ending	<u>\$ 925,675</u>	<u>\$ 35,614</u>	<u>\$ 96,751</u>	<u>\$ 120,073</u>	<u>\$ 41,184</u>	<u>\$ 769,013</u>	<u>\$ 244,833</u>	<u>\$ 94,175</u>	<u>\$ 765,275</u>	<u>\$ 216</u>	<u>\$ 7,006</u>	<u>\$ 3,099,815</u>

EXHIBIT 19
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 6,201,813	\$ 6,232,870	\$ 31,057
Land use change	5,000	14,245	9,245
Timber	28,000	5,984	(22,016)
Excavation	500	340	(160)
Payments in lieu of taxes	27,500	38,149	10,649
Interest and penalties on delinquent taxes	135,000	165,856	30,856
Total taxes	6,397,813	6,457,444	59,631
Licenses, permits and fees:			
Business licenses and permits	1,000	2,300	1,300
Motor vehicle permits	997,000	1,069,183	72,183
Building permits	20,800	30,850	10,050
Other	19,700	19,229	(471)
Total licenses, permits and fees	1,038,500	1,121,562	83,062
Intergovernmental:			
State sources:			
Meals and rooms distributions	333,268	333,268	-
Highway block grant	187,307	187,304	(3)
State and federal forest land	290	335	45
Flood control reimbursement	35,767	33,868	(1,899)
Bridge aid	910,079	910,321	242
Department of Safety	3,220	1,875	(1,345)
Reimbursements	400	400	-
Federal sources:			
Bridge aid	12,218	12,218	-
FEMA	247,000	-	(247,000)
Other	1,800	1,898	98
Other government sources:			
Other towns	198,397	402,616	204,219
Total intergovernmental	1,929,746	1,884,103	(45,643)
Charges for services:			
Income from departments	287,534	271,130	(16,404)
Miscellaneous:			
Special assessments	19,908	23,414	3,506
Sale of property	5,000	10,956	5,956
Interest on investments	17,500	32,068	14,568
Rent	-	13,053	13,053
Fines and forfeits	-	1,200	1,200
Insurance dividends and reimbursements	-	7,302	7,302
Contributions and donations	138,963	113,577	(25,386)
Other	-	17,312	17,312
Total miscellaneous	181,371	218,882	37,511
Other financing sources:			
Transfers in:			
Expendable trust fund	451,279	492,379	41,100
Nonmajor funds	889,131	288,584	(600,547)
Total other financing sources	1,340,410	780,963	(559,447)
Total revenues and other financing sources	11,175,374	\$ 10,734,084	\$ (441,290)
Use of fund balance to reduce taxes	100,000		
Total revenues, other financing sources and use of fund balance	\$ 11,275,374		

EXHIBIT 20
TOWN OF PETERBOROUGH, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Election and registration	-	176,420	167,351	-	9,069
Financial administration	30,867	806,518	868,640	19,040	(50,295)
Legal	-	75,000	136,063	-	(61,063)
Planning and zoning	-	345,525	341,287	-	4,238
General government buildings	-	296,409	264,491	-	31,918
Insurance, not otherwise allocated	-	58,080	114,292	-	(56,212)
Other	39,733	338,535	236,165	15,239	126,864
Total general government	<u>70,600</u>	<u>2,096,487</u>	<u>2,139,012</u>	<u>34,279</u>	<u>(6,204)</u>
Public safety:					
Police	25,000	1,779,306	1,645,533	28,500	130,273
Ambulance	-	50,000	50,000	-	-
Fire	5,249	602,368	599,797	-	7,820
Emergency management	-	18,699	17,984	-	715
Total public safety	<u>30,249</u>	<u>2,450,373</u>	<u>2,313,314</u>	<u>28,500</u>	<u>138,808</u>
Highways and streets	<u>156,800</u>	<u>1,653,759</u>	<u>1,417,714</u>	<u>183,500</u>	<u>209,345</u>
Sanitation:					
Solid waste disposal	7,320	331,336	314,830	-	23,826
Solid waste clean-up	-	53,900	50,616	-	3,284
Total sanitation	<u>7,320</u>	<u>385,236</u>	<u>365,446</u>	<u>-</u>	<u>27,110</u>
Welfare:					
Administration and direct assistance	-	126,712	119,169	-	7,543
Culture and recreation:					
Parks and recreation	10,000	596,829	529,252	17,459	60,118
Other	-	1,000	841	-	159
Total culture and recreation	<u>10,000</u>	<u>597,829</u>	<u>530,093</u>	<u>17,459</u>	<u>60,277</u>
Conservation	-	3,050	2,271	-	779
Economic development	-	98,522	11,913	6,700	79,909
Debt service:					
Principal	-	524,164	524,846	-	(682)
Interest	-	248,558	243,632	-	4,926
Capital leases	-	172,621	164,293	-	8,328
Total debt service	<u>-</u>	<u>945,343</u>	<u>932,771</u>	<u>-</u>	<u>12,572</u>
Capital outlay:					
Machinery, vehicles and equipment	-	558,000	236,617	-	321,383
Buildings	-	50,000	7,500	-	42,500
Improvements other than buildings	-	1,213,226	1,202,360	-	10,866
Total capital outlay	<u>-</u>	<u>1,821,226</u>	<u>1,446,477</u>	<u>-</u>	<u>374,749</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	108,113	108,113	-	-
Nonmajor funds	-	988,724	653,462	-	335,262
Total other financing uses	<u>-</u>	<u>1,096,837</u>	<u>761,575</u>	<u>-</u>	<u>335,262</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 274,969</u>	<u>\$ 11,275,374</u>	<u>\$ 10,039,755</u>	<u>\$ 270,438</u>	<u>\$ 1,240,150</u>

EXHIBIT 21
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, 2017

Unassigned fund balance, beginning		\$ 1,632,282
Changes:		
Unassigned fund balance used to reduce tax rate		(100,000)
Budget summary:		
Revenue shortfall (Exhibit 18)	\$ (441,290)	
Unexpended balance of appropriations (Exhibit 19)	<u>1,240,150</u>	
Budget surplus		798,860
Increase in nonspendable fund balance		<u>(43,037)</u>
Unassigned fund balance, ending		<u><u>\$ 2,288,105</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Peterborough as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified the following deficiency in internal control that we consider to be a significant deficiency.

Cash Reconciliation

We noted that the General Fund cash account was not reconciled properly, as the process being followed did not work effectively. When this issue was identified during the audit, the Town hired an independent contractor to assist in the reconciliation process.

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

Roberts & Greene, PLLC

Concord, New Hampshire
April 3, 2018