

**TOWN OF JAFFREY,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2022**

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## **PLODZIK & SANDERSON**

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### ***INDEPENDENT AUDITOR'S REPORT***

To the Members of the Board of Selectmen and Town Manager  
Town of Jaffrey  
Jaffrey, New Hampshire

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Jaffrey as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Jaffrey, as of December 31, 2022, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the general and sewer funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

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

##### ***Responsibilities of Management for the Financial Statements***

The Town of Jaffrey's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jaffrey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Jaffrey's ability to continue as a going concern for a reasonable period of time.

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

***Change in Accounting Principle***

As discussed in Note 2-C to the financial statements, in fiscal year 2022 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

**Required Supplementary Information** – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jaffrey's basic financial statements. The accompanying combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

August 9, 2023  
Concord, New Hampshire

*Plodzik & Sanderson  
Professional Association*

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**2022**

As management of the Town of Jaffrey, NH, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2022.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and (4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

***Government-wide financial statements.***

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

The *statement of net position* presents information on all of Town's assets, liabilities, deferred outflows/inflows of resources, with the difference between reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements include general government, public safety, roadways, cemetery, library, trust and capital reserve funds, grants, conservation, sanitation, culture and recreation.

***Fund financial statements-***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental, proprietary funds, and fiduciary funds.

***Governmental Funds.*** *Governmental funds* are used to report on the general operations of the town. They 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, government fund financial statements focus only on *near-term inflows and outflows of spendable resources this year*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

***Proprietary Funds.*** *Proprietary fund* reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for the water operations, which is considered to be a major proprietary fund.

**Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government, such as developer's performance bonds, capital reserve and expendable trust funds belonging to other governments, and trust funds for which the income is used for purposes that are not normally funded by the Town. Fiduciary funds are *not* reflected in the government-wide financial statement because these funds are not available to support the Town's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds.

### ***Notes to the Financial Statements.***

The notes provide additional information that is necessary to a full understanding of the data provided in the government-wide and fund financial statements, and can be found on page 24.

### ***Required Supplementary Information***

In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information.

This section includes the following information:

- Schedule of the Town's Proportionate Share of Net Pension Liability
- Schedule of Town Contributions – Pensions
- Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability
- Schedule of Town Contributions – Other Postemployment Benefits
- Schedule of Changes in Town's Total Other Postemployment Benefits Liability and Related Ratios

### ***Other information.***

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

## ***FINANCIAL HIGHLIGHTS***

- As of the close of the current year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$36,049,216 (i.e. net position), a change of \$319,897 in comparison to the prior year.
- As of the close of the current year, governmental funds reported combined ending fund balances of \$11,347,445 a change of (\$235,010) in comparison to the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$2,871,615, a change of \$151,008 in comparison the prior year.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position.

The following is a summary of condensed government-wide financial data for the current and prior years.

	<b>Governmental Activities 2022</b>	<b>Governmental Activities 2021 (as restated)</b>	<b>Difference</b>
Current and other assets	\$ 21,201,576	\$ 20,417,792	\$ 783,784
Capital assets	25,248,319	25,519,589	(271,270)
Total assets	46,449,895	45,937,381	512,514
Deferred outflows of resources	1,066,101	780,567	285,534
Current liabilities	4,698,787	3,903,806	794,981
Noncurrent liabilities	18,595,874	18,157,269	438,605
Total liabilities	23,294,661	22,061,075	1,233,586
Deferred inflows of resources	1,699,491	2,086,790	(387,299)
Net position:			
Net investment in capital assets	15,098,716	14,746,062	352,654
Restricted position	5,021,102	5,305,047	(283,945)
Unrestricted position	2,402,026	2,518,974	(116,948)
Total net position	\$ 22,521,844	\$ 22,570,083	\$ (48,239)

	<b>Business-type Activities 2022</b>	<b>Business-type Activities 2021</b>	<b>Difference</b>
Current and other assets	\$ 3,356,781	\$ 3,145,248	\$ 211,533
Capital assets	13,869,920	13,821,953	47,967
Total assets	17,226,701	16,967,201	259,500
Deferred outflows of resources	74,592	55,633	18,959
Current liabilities	44,573	30,787	13,786
Noncurrent liabilities	3,670,957	3,710,085	(39,128)
Total liabilities	3,715,530	3,740,872	(25,342)
Deferred inflows of resources	58,391	122,726	(64,335)
Net position:			
Net investment in capital assets	10,623,092	10,463,010	160,082
Unrestricted position	2,904,280	2,696,226	208,054
Total net position	\$ 13,527,372	\$ 13,159,236	\$ 368,136

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year total net position was \$36,049,216, a change of \$319,897 from the prior year or 0.90% when compared to the end of the previous year.

By far the largest portion of the Town of Jaffrey's net position \$36,049,216 reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, infrastructure) in the amount of \$25,721,808, less any related debt used to acquire those assets that is still outstanding. The Town of Jaffrey uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$5,021,102 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$5,306,306 may be used to meet the government's ongoing obligations to citizens and creditors.

#### ***Statement of Activities***

During the current year the Town's net position increased by \$319,897. Total revenues of \$12,163,386 exceeded expenses of \$11,843,489. Property and other taxes generated \$6,112,714, motor vehicles fees \$1,372,680. in revenues for the Town. Other revenues consisted of charges for license fees, services, grants, contributions, and miscellaneous revenues.

The Town's expenses cover a range of services. The largest expenses were highway and streets 35.68%, public safety 21.85%, general government 15.73%, and sanitation 15.12% which accounted for 88.37% of total expenditures.

Changes in net position for the year ending December 31, 2022 are as follows:

**Governmental activities:**

	<b>2022</b>	<b>2021</b>	
	<b>Amount</b>	<b>Amount</b>	<b>Difference</b>
		<b>(as restated)</b>	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 2,045,048	\$ 1,859,349	\$ 185,699
Operating grants and contributions	365,827	371,174	(5,347)
Capital grants and contributions	384,202	158,464	225,738
General revenues:			
Taxes	6,112,714	5,934,707	178,007
Licenses and permits	1,372,680	1,393,595	(20,915)
Intergovernmental	293,702	582,343	(288,641)
Miscellaneous	737,475	768,264	(30,789)
Unrealized loss on investments	(1,033,839)	-	(1,033,839)
<b>Total revenues</b>	<b>10,277,809</b>	<b>11,067,896</b>	<b>(790,087)</b>
<b>Expenses:</b>			
General government	1,624,547	2,830,071	(1,205,524)
Public safety	2,256,150	2,019,148	237,002
Highways and streets	3,683,891	2,574,339	1,109,552
Sanitation	1,561,051	1,610,438	(49,387)
Health and welfare	148,335	136,259	12,076
Culture and recreation	737,283	752,519	(15,236)
Conservation	5,321	7,262	(1,941)
Economic development	41,045	36,841	4,204
Interest on long-term debt	268,425	347,757	(79,332)
<b>Total governmental activities</b>	<b>10,326,048</b>	<b>10,314,634</b>	<b>11,414</b>
Change in net position	(48,239)	753,262	(801,501)
Beginning net position, as restated	22,570,083	21,816,821	753,262
Ending net position	<u>\$ 22,521,844</u>	<u>\$ 22,570,083</u>	<u>\$ (48,239)</u>

	<b>2022</b>	<b>2021</b>	
	<b>Amount</b>	<b>Amount</b>	<b>Difference</b>
<b>Business-type activities:</b>			
Program revenues:			
Charges for services	\$ 1,506,626	\$ 1,422,364	\$ 84,262
Operating grants and contributions	286,267	16,045	270,222
General revenues:			
Miscellaneous	92,684	659,763	(567,079)
<b>Total revenues</b>	<b>1,885,577</b>	<b>2,098,172</b>	<b>(212,595)</b>
<b>Expenses:</b>			
Water	1,517,441	1,605,105	(87,664)
Change in net position	368,136	493,067	(124,931)
Beginning net position, as restated	13,159,236	12,666,169	493,067
Ending net position	<u>\$ 13,527,372</u>	<u>\$ 13,159,236</u>	<u>\$ 368,136</u>

## **FINANCIAL ANALYSIS OF GOVERNMENT FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirement.

### **Governmental Fund**

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$11,347,445, a change of (\$235,010) in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$	29,978
Major sewer fund operating results		396,130
Major permanent trust fund results		(410,604)
Nonmajor fund results		(250,514)
Total net change in fund balances	\$	<u>(235,010)</u>

**General Fund.** The General fund is the Town's primary operating fund and the largest source of day-to-day service delivery. At the end of the current year, unassigned fund balance was \$2,871,615 while total fund balance was \$5,854,655. The general fund unassigned balance increased by \$151,008 from last year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

General Fund	December 31, 2022	January 1, 2022	Change	% of Total General Fund Expenditures
Unassigned fund balance	\$ 2,871,615	\$ 2,720,607	\$ 151,008	34.59%
Total fund balance	\$ 5,854,655	\$ 5,824,677	\$ 29,978	70.52%

### **General Fund Budgetary Highlights**

The actual revenues received were more than the budgeted by \$264,648. Operating expenses were under budget by \$537,817. The Town under expended its budget due to disciplined budget management by all town department heads. When departments do not expend their budgets as proposed, funds are returned to the town instead of being spent needlessly.

Each year during the Budget Committee process, we project returning to the general fund \$435,000 for property tax reduction. By returning funds in excess of \$435,000, we are able to maintain our unassigned fund balance according to our finance policy.

The major differences between the original budget and the final amended budget is related to additional paving projects which were authorized by the Board of Selectmen and Town Manager. These projects were reimbursed from the capital reserve funds.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets.**

The Town of Jaffrey considers a capital asset to be an asset whose cost exceeds \$20,000 and has a useful life of more than two years.

Assets are depreciated on a straight-line basis, with the original cost divided evenly by the useful life of the asset.

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$39,118,239 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, infrastructure. The Town added more assets that have not been previously reported. Several assets that do not meet the threshold were removed.

**Governmental activities:**

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 2,825,253	\$ 31,957	\$ -	\$ 2,857,210
Construction in progress	998,936	876,310	-	1,875,246
Total capital assets not being depreciated	<u>3,824,189</u>	<u>908,267</u>	<u>-</u>	<u>4,732,456</u>
Being depreciated:				
Buildings and building improvements	10,487,407	183,573	-	10,670,980
Machinery, equipment, and furnishings	6,547,635	272,317	(110,811)	6,709,141
Infrastructure	32,631,753	-	-	32,631,753
Total capital assets being depreciated	<u>49,666,795</u>	<u>455,890</u>	<u>(110,811)</u>	<u>50,011,874</u>
Total all capital assets	<u>53,490,984</u>	<u>1,364,157</u>	<u>(110,811)</u>	<u>54,744,330</u>
Less accumulated depreciation:				
Buildings and building improvements	(7,844,788)	(324,018)	-	(8,168,806)
Machinery, equipment, and furnishings	(3,267,162)	(545,064)	110,811	(3,701,415)
Infrastructure	(16,859,445)	(766,345)	-	(17,625,790)
Total accumulated depreciation	<u>(27,971,395)</u>	<u>(1,635,427)</u>	<u>110,811</u>	<u>(29,496,011)</u>
Net book value, capital assets being depreciated	<u>21,695,400</u>	<u>(1,179,537)</u>	<u>-</u>	<u>20,515,863</u>
Net book value, all capital assets	<u>\$ 25,519,589</u>	<u>\$ (271,270)</u>	<u>\$ -</u>	<u>\$ 25,248,319</u>

**Business-type activities:**

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 1,537,134	\$ -	\$ (31,957)	\$ 1,505,177
Construction in progress	261,442	601,237	-	862,679
Total capital assets not being depreciated	<u>1,798,576</u>	<u>601,237</u>	<u>(31,957)</u>	<u>2,367,856</u>
Being depreciated:				
Buildings and building improvements	8,182,646	-	-	8,182,646
Machinery, equipment, and furnishings	585,194	-	-	585,194
Infrastructure	13,292,873	-	-	13,292,873
Total capital assets being depreciated	<u>22,060,713</u>	<u>-</u>	<u>-</u>	<u>22,060,713</u>
Total all capital assets	<u>23,859,289</u>	<u>601,237</u>	<u>(31,957)</u>	<u>24,428,569</u>
Less accumulated depreciation:				
Buildings and building improvements	(3,880,534)	(202,452)	-	(4,082,986)
Machinery, equipment, and furnishings	(204,252)	(36,705)	-	(240,957)
Infrastructure	(5,952,550)	(282,156)	-	(6,234,706)
Total accumulated depreciation	<u>(10,037,336)</u>	<u>(521,313)</u>	<u>-</u>	<u>(10,558,649)</u>
Net book value, capital assets being depreciated	<u>12,023,377</u>	<u>(521,313)</u>	<u>-</u>	<u>11,502,064</u>
Net book value, all capital assets	<u>\$ 13,821,953</u>	<u>\$ 79,924</u>	<u>\$ (31,957)</u>	<u>\$ 13,869,920</u>

### ***Long-term Debt.***

At the end of the current year, total bonded debts outstanding was \$14,496,431 all of which was backed by the full faith and credit of the government. Total of \$336,468 was added to the total outstanding debts in 2022.

#### **Governmental activities:**

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022
Bonds payable:				
Direct placements	\$ 7,287,831	\$ -	\$ (586,402)	\$ 6,701,429
Premium	305,982	-	(23,585)	282,397
Total bonds payable	7,593,813	-	(609,987)	6,983,826
Notes payable - direct borrowings	4,388,259	336,468	(458,950) *	4,265,777
Compensated absences	179,218	-	(12,169)	167,049
Accrued landfill postclosure care costs	1,350,000	-	-	1,350,000
Net pension liability	3,747,291	1,441,881	-	5,189,172
Net other postemployment benefits	898,688	-	(258,638)	640,050
	<u>\$ 18,157,269</u>	<u>\$ 1,778,349</u>	<u>\$ (1,339,744)</u>	<u>\$ 18,595,874</u>

#### **Business-type activities:**

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022
Notes payable - direct borrowings	\$ 3,358,943	\$ -	\$ (112,115) *	\$ 3,246,828
Compensated absences	20,010	-	(3,735)	16,275
Net pension liability	267,080	95,991	-	363,071
Net other postemployment benefits	64,052	-	(19,269)	44,783
	<u>\$ 3,710,085</u>	<u>\$ 95,991</u>	<u>\$ (135,119)</u>	<u>\$ 3,670,957</u>

### ***NEXT YEAR' BUDGETS AND RATES***

The tax rate is set by the New Hampshire Department of Revenue Administration, usually in October. The Town estimates a 2023 Municipal Tax Rate (excluding school and county component) of \$10.55 per \$1,000 property assessed value, an increase of \$.30 or 2.93% above the 2022 rate. The increase is attributable to increases in salaries, utilities and IT services.

The Jaffrey-Rindge School District approved a budget with an estimated increase of over \$2.00 on the tax rate in 2023, after an increase of over \$3 in 2022. A property assessed for tax purposes at \$250,000 in 2023 will have an estimated tax bill increase over the past two years of about \$1,250 for the local school portion alone.

### ***REQUEST FOR INFORMATION***

This financial report is designed to provide a general overview of the Town of Jaffrey, NH's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Board of Selectmen/Town Manager  
Town of Jaffrey  
10 Goodnow Street  
Jaffrey, NH 03452

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2022**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,113,795	\$ 2,977,553	\$ 6,091,348
Investments	11,896,868	205,603	12,102,471
Taxes receivables (net)	877,143	-	877,143
Account receivables	1,392,395	144,207	1,536,602
Intergovernmental receivable*	3,581,158	341,415	3,922,573
Internal balances	313,997	(313,997)	-
Prepaid items	26,220	2,000	28,220
Capital assets:			
Land and construction in progress	4,732,456	2,367,856	7,100,312
Other capital assets, net of depreciation	20,515,863	11,502,064	32,017,927
Total assets	46,449,895	17,226,701	63,676,596
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Amounts related to pensions	1,018,641	71,271	1,089,912
Amounts related to other postemployment benefits	47,460	3,321	50,781
Total deferred outflows of resources	1,066,101	74,592	1,140,693
<b>LIABILITIES</b>			
Accounts payable	149,945	-	149,945
Accrued salaries and benefits	79,286	6,456	85,742
Retainage payable	-	14,648	14,648
Accrued interest payable	133,408	23,469	156,877
Intergovernmental payable	4,336,148	-	4,336,148
Long-term liabilities:			
Due within one year	911,755	1,189,722	2,101,477
Due in more than one year	17,684,119	2,481,235	20,165,354
Total liabilities	23,294,661	3,715,530	27,010,191
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - Property taxes	38,945	-	38,945
Unavailable revenue - Other	208,767	9,638	218,405
Unavailable revenue - ARPA and FEMA	754,980	-	754,980
Amounts related to pensions	336,638	23,554	360,192
Amounts related to other postemployment benefits	360,161	25,199	385,360
Total deferred inflows of resources	1,699,491	58,391	1,757,882
<b>NET POSITION</b>			
Net investment in capital assets	15,098,716	10,623,092	25,721,808
Restricted	5,021,102	-	5,021,102
Unrestricted	2,402,026	2,904,280	5,306,306
Total net position	\$ 22,521,844	\$ 13,527,372	\$ 36,049,216

\* See Note 6

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT B**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2022**

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 1,624,547	\$ 7,108	\$ -	\$ -	\$ (1,617,439)	\$ -	\$ (1,617,439)
Public safety	2,256,150	54,947	-	-	(2,201,203)	-	(2,201,203)
Highways and streets	3,683,891	5,850	-	305,702	(3,372,339)	-	(3,372,339)
Sanitation	1,561,051	1,929,604	329,894	-	698,447	-	698,447
Health	32,152	-	-	-	(32,152)	-	(32,152)
Welfare	116,183	400	-	-	(115,783)	-	(115,783)
Culture and recreation	737,283	47,139	35,933	78,500	(575,711)	-	(575,711)
Conservation	5,321	-	-	-	(5,321)	-	(5,321)
Economic development	41,045	-	-	-	(41,045)	-	(41,045)
Interest on long-term debt	268,425	-	-	-	(268,425)	-	(268,425)
Total governmental activities	10,326,048	2,045,048	365,827	384,202	(7,530,971)	-	(7,530,971)
<b>Business-type activities:</b>							
Water	1,517,441	1,506,626	286,267	-	-	275,452	275,452
Total	\$ 11,843,489	\$ 3,551,674	\$ 652,094	\$ 384,202	(7,530,971)	275,452	(7,255,519)
General revenues:							
Taxes:							
Property					6,070,075	-	6,070,075
Other					42,639	-	42,639
Motor vehicle permit fees					1,230,714	-	1,230,714
Licenses and other fees					141,966	-	141,966
Grants and contributions not restricted to specific programs					293,702	-	293,702
Unrestricted investment earnings					350,385	7,795	358,180
Miscellaneous					387,090	84,889	471,979
Unrealized loss on investments					(1,033,839)	-	(1,033,839)
Total general revenues					7,482,732	92,684	7,575,416
Change in net position					(48,239)	368,136	319,897
Net position, beginning, as restated (see Note 21)					22,570,083	13,159,236	35,729,319
Net position, ending					\$ 22,521,844	\$ 13,527,372	\$ 36,049,216

**EXHIBIT C-1**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2022**

	General	Sewer	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,372,497	\$ 746,190	\$ 143,728	\$ 851,380	\$ 3,113,795
Investments	8,607,957	89,804	2,098,872	1,100,235	11,896,868
Taxes receivable	988,801	-	-	88,342	1,077,143
Accounts receivable	6,425	165,658	-	50,312	222,395
Intergovernmental receivable	354,202	6,923	-	-	361,125
Interfund receivable	391,994	-	-	135,516	527,510
Prepaid items	68,458	109,634	-	-	178,092
Total assets	<u>\$ 11,790,334</u>	<u>\$ 1,118,209</u>	<u>\$ 2,242,600</u>	<u>\$ 2,225,785</u>	<u>\$ 17,376,928</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 149,945	\$ -	\$ -	\$ -	\$ 149,945
Accrued salaries and benefits	76,883	1,744	-	659	79,286
Intergovernmental payable	4,336,148	-	-	-	4,336,148
Interfund payable	135,516	-	12,044	65,953	213,513
Total liabilities	<u>4,698,492</u>	<u>1,744</u>	<u>12,044</u>	<u>66,612</u>	<u>4,778,892</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - Property taxes	286,844	-	-	-	286,844
Unavailable revenue - Other	195,363	2,337	-	11,067	208,767
Unavailable revenue - ARPA and FEMA	754,980	-	-	-	754,980
Total deferred inflows of resources	<u>1,237,187</u>	<u>2,337</u>	<u>-</u>	<u>11,067</u>	<u>1,250,591</u>
<b>FUND BALANCES</b>					
Nonspendable	68,458	109,634	2,166,581	-	2,344,673
Restricted	6,818	1,004,494	63,975	1,669,600	2,744,887
Committed	2,787,676	-	-	478,506	3,266,182
Assigned	120,088	-	-	-	120,088
Unassigned	2,871,615	-	-	-	2,871,615
Total fund balances	<u>5,854,655</u>	<u>1,114,128</u>	<u>2,230,556</u>	<u>2,148,106</u>	<u>11,347,445</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,790,334</u>	<u>\$ 1,118,209</u>	<u>\$ 2,242,600</u>	<u>\$ 2,225,785</u>	<u>\$ 17,376,928</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-2**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**December 31, 2022**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 11,347,445
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 54,744,330	
Less accumulated depreciation	<u>(29,496,011)</u>	
		25,248,319
Other long-term assets that are not available to pay for current period expenditures, therefore, are not reported in the governmental funds.		
State aid	\$ 3,220,033	
Consolidated Communications	<u>1,170,000</u>	
		4,390,033
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the post-retirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 1,018,641	
Deferred inflows of resources related to pensions	(336,638)	
Deferred outflows of resources related to OPEB	47,460	
Deferred inflows of resources related to OPEB	<u>(360,161)</u>	
		369,302
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (213,513)	
Payables	<u>213,513</u>	
		-
Repayment of long-term liabilities not due until subsequent year are recorded in the governmental funds as prepaid items, but reduce the liability on the government-wide financial statements.		
Prepaid bond principal		(151,872)
Property taxes not collected within 60 days of fiscal year-end are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.		
Deferred property taxes	\$ 247,899	
Allowance for uncollectible taxes	<u>(200,000)</u>	
		47,899
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(133,408)
Long-term liabilities that are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 6,701,429	
Bond premium	282,397	
Notes	4,265,777	
Compensated absences	167,049	
Accrued landfill postclosure care costs	1,350,000	
Net pension liability	5,189,172	
Other postemployment benefits	<u>640,050</u>	
		(18,595,874)
Net position of governmental activities (Exhibit A)		<u>\$ 22,521,844</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-3**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2022**

	General	Sewer	Permanent	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 5,339,143	\$ -	\$ -	\$ 738,826	\$ 6,077,969
Licenses and permits	1,355,505	-	-	17,175	1,372,680
Intergovernmental	692,938	340,910	-	264,045	1,297,893
Charges for services	34,567	1,913,168	-	97,313	2,045,048
Miscellaneous	337,021	2,554	261,786	271,114	872,475
Unrealized loss on investments	(149,434)	-	(633,349)	(251,056)	(1,033,839)
Total revenues	<u>7,609,740</u>	<u>2,256,632</u>	<u>(371,563)</u>	<u>1,137,417</u>	<u>10,632,226</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,475,796	-	16,410	122,425	1,614,631
Public safety	2,183,091	-	-	35,816	2,218,907
Highways and streets	1,179,842	-	-	-	1,179,842
Sanitation	345,857	1,201,133	-	4,276	1,551,266
Health	32,152	-	-	-	32,152
Welfare	116,183	-	-	-	116,183
Culture and recreation	553,125	-	-	144,862	697,987
Conservation	275	-	-	5,046	5,321
Economic development	41,045	-	-	-	41,045
Debt service:					
Principal	494,637	493,803	-	50,000	1,038,440
Interest	132,221	165,566	-	22,342	320,129
Capital outlay	1,748,018	-	-	639,783	2,387,801
Total expenditures	<u>8,302,242</u>	<u>1,860,502</u>	<u>16,410</u>	<u>1,024,550</u>	<u>11,203,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(692,502)</u>	<u>396,130</u>	<u>(387,973)</u>	<u>112,867</u>	<u>(571,478)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	530,200	-	-	154,775	684,975
Transfers out	(144,188)	-	(22,631)	(518,156)	(684,975)
Note proceeds	336,468	-	-	-	336,468
Total other financing sources (uses)	<u>722,480</u>	<u>-</u>	<u>(22,631)</u>	<u>(363,381)</u>	<u>336,468</u>
Net change in fund balances	29,978	396,130	(410,604)	(250,514)	(235,010)
Fund balances, beginning	5,824,677	717,998	2,641,160	2,398,620	11,582,455
Fund balances, ending	<u>\$ 5,854,655</u>	<u>\$ 1,114,128</u>	<u>\$ 2,230,556</u>	<u>\$ 2,148,106</u>	<u>\$ 11,347,445</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-4**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended December 31, 2022**

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Net change in fund balances of governmental funds (Exhibit C-3) \$ (235,010)

Governmental funds report capital outlays as expenditures, while governmental  
activities report depreciation expense to allocate those expenditures over the life of the  
assets. Depreciation expense exceeded capital outlay expenditures in the current year, as  
follows:

Capitalized capital outlay	\$ 1,364,157	
Depreciation expense	<u>(1,635,427)</u>	
		(271,270)

Transfers in and out between governmental funds are eliminated  
on the Statement of Activities.

Transfers in	\$ (684,975)	
Transfers out	<u>684,975</u>	
		-

Revenue in the Statement of Activities that does not provide current financial  
resources are not reported as revenue in the governmental funds.

Change in deferred tax revenue	\$ 34,745	
Change in long-term receivable	(135,000)	
Change in long-term intergovernmental receivable	<u>(254,162)</u>	
		(354,417)

Bond and other debt proceeds provide current financial resources to governmental funds,  
but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of  
bond and other debt principal is an expenditure in the governmental funds, but repayment reduces  
long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of  
premiums and similar items when debt is first issued, whereas these amounts are deferred and  
amortized in the Statement of Activities.

Proceeds of debt	\$ (336,468)	
Repayment of bond principal	586,402	
Repayment of note principal	458,950	
Amortization of bond premium	<u>23,585</u>	
		732,469

Some expenses reported in the Statement of Activities do not require the  
use of current financial resources, and therefore, are not reported as expenditures in governmental  
funds.

Increase in accrued interest expense	\$ (64,555)	
Decrease in prepaid debt	85,762	
Decrease in compensated absences payable	12,169	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	55,436	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(8,823)</u>	

79,989

Change in net position of governmental activities (Exhibit B)

\$ (48,239)

**EXHIBIT D-1**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 5,332,721	\$ 5,332,721	\$ 5,373,888	\$ 41,167
Licenses and permits	1,270,950	1,270,950	1,355,505	84,555
Intergovernmental	634,250	634,250	634,966	716
Charges for services	33,525	33,525	34,567	1,042
Miscellaneous	158,902	158,902	296,070	137,168
Total revenues	<u>7,430,348</u>	<u>7,430,348</u>	<u>7,694,996</u>	<u>264,648</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,554,917	1,554,917	1,476,911	78,006
Public safety	2,335,455	2,335,455	2,196,815	138,640
Highways and streets	1,199,189	1,199,189	1,136,842	62,347
Sanitation	375,097	375,097	327,841	47,256
Health	32,997	32,997	32,152	845
Welfare	155,876	155,876	116,183	39,693
Culture and recreation	589,359	589,359	553,942	35,417
Conservation	475	475	275	200
Economic development	41,773	41,773	41,045	728
Debt service:				
Principal	494,637	494,637	494,637	-
Interest	135,095	135,095	132,221	2,874
Capital outlay	640,001	1,502,476	1,370,665	131,811
Total expenditures	<u>7,554,871</u>	<u>8,417,346</u>	<u>7,879,529</u>	<u>537,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(124,523)</u>	<u>(986,998)</u>	<u>(184,533)</u>	<u>802,465</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	951,023	1,813,498	1,557,090	(256,408)
Transfers out	<u>(1,261,500)</u>	<u>(1,261,500)</u>	<u>(1,261,500)</u>	-
Total other financing sources (uses)	<u>(310,477)</u>	<u>551,998</u>	<u>295,590</u>	<u>(256,408)</u>
Net change in fund balances	<u>\$ (435,000)</u>	<u>\$ (435,000)</u>	111,057	<u>\$ 546,057</u>
Decrease in nonspendable fund balance			81,514	
Increase in restricted fund balance			(6,818)	
Unassigned fund balance, beginning			2,733,761	
Unassigned fund balance, ending			<u>\$ 2,919,514</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT D-2**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Sewer Fund**  
**For the Fiscal Year Ended December 31, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 329,894	\$ 340,910	\$ 11,016
Charges for services	1,671,490	1,913,168	241,678
Miscellaneous	-	1,328	1,328
Total revenues	<u>2,001,384</u>	<u>2,255,406</u>	<u>254,022</u>
<b>EXPENDITURES</b>			
Current:			
Sanitation	1,214,844	1,180,870	33,974
Debt service:			
Principal	438,677	493,803	(55,126)
Interest	166,792	165,566	1,226
Capital outlay	150,004	13,805	136,199
Total expenditures	<u>1,970,317</u>	<u>1,854,044</u>	<u>116,273</u>
Excess of revenues over expenditures	<u>31,067</u>	<u>401,362</u>	<u>370,295</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	32,636	32,636
Transfers out	(31,067)	(31,067)	-
Total other financing sources (uses)	<u>(31,067)</u>	<u>1,569</u>	<u>32,636</u>
Net change in fund balances	<u>\$ -</u>	<u>402,931</u>	<u>\$ 402,931</u>
Restricted fund balance, beginning		617,434	
Restricted fund balance, ending		<u>\$ 1,020,365</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT E-1**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Proprietary Fund**  
**Statement of Net Position**  
**December 31, 2022**

	Water
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,977,553
Investments	205,603
Accounts receivable	144,207
Intergovernmental receivable	341,415
Prepaid items	2,000
Capital assets:	
Land and construction in progress	2,367,856
Other capital assets, net of depreciation	11,502,064
Total assets	<u>17,540,698</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	71,271
Amounts related to other postemployment benefits	3,321
Total deferred outflows of resources	<u>74,592</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accrued salaries and benefits	6,456
Retainage payable	14,648
Accrued interest payable	23,469
Internal balances	313,997
Long term liabilities:	
Due within one year	1,189,722
Due in more than one year	2,481,235
Total liabilities	<u>4,029,527</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - prepayments	9,638
Amounts related to pensions	23,554
Amounts related to other postemployment benefits	25,199
Total deferred inflows of resources	<u>58,391</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,623,092
Unrestricted	2,904,280
Total net position	<u><u>\$ 13,527,372</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT E-2**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Proprietary Fund**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended December 31, 2022**

	Water
Operating revenues:	
User charges	\$ 1,500,132
Fees and interest	6,494
Total operating revenues	<u>1,506,626</u>
Operating expenses:	
Salaries and wages	415,056
Operation and maintenance	433,418
Contractual services	12,718
Materials and supplies	93,621
Depreciation	521,313
Total operating expenses	<u>1,476,126</u>
Operating gain	<u>30,500</u>
Nonoperating revenues (expense):	
Intergovernmental revenues	286,267
Interest income	7,795
Interest expense	(41,315)
Other	84,889
Total nonoperating revenues (expense)	<u>337,636</u>
Change in net position	368,136
Net position, beginning	13,159,236
Net position, ending	<u><u>\$ 13,527,372</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT E-3**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Proprietary Fund**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended December 31, 2022**

	Water
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,473,597
Payments to employees	(388,571)
Payments to suppliers	(554,506)
Net cash provided by operating activities	<u>530,520</u>
Cash flows from capital and related financing activities:	
Proceeds from state filtration grant	28,639
Principal paid on debt	(112,115)
Acquisition and construction of capital assets	(601,237)
Interest paid on debt	(41,315)
Net cash used for capital and related financing activities	<u>(726,028)</u>
Cash flows from non-capital financing activities:	
Interfund borrowings	<u>439,101</u>
Cash flows from investing activities:	
Purchase of investments	13,035
Interest received	7,795
Net cash provided by investing activities	<u>20,830</u>
Net increase in cash	264,423
Cash, beginning	<u>2,713,130</u>
Cash, ending	<u><u>\$ 2,977,553</u></u>

***Reconciliation of Operating Gain to Net Cash Provided by Operating Activities***

Operating gain	<u>\$ 30,500</u>
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Depreciation expense	521,313
Change in other receivables	(33,029)
Change in prepaid items	(49,313)
Change in accrued salaries and benefits	2,734
Change in retainage payable	50,622
Change in other liabilities	(16,058)
Change in compensated absences	(8,830)
Change in net pension liability and deferred outflows/inflows of resources	26,572
Change in net OPEB liability and deferred outflows/inflows of resources	6,009
Total adjustments	<u>500,020</u>
Net cash provided by operating activities	<u><u>\$ 530,520</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT F-1**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2022**

	Private Purpose Trust Funds	Other Custodial Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 309,535	\$ 251,662	\$ 561,197
Investments	4,520,145	1,039,844	5,559,989
Intergovernmental receivable	-	4,234,201	4,234,201
Total assets	<u>4,829,680</u>	<u>5,525,707</u>	<u>10,355,387</u>
<b>LIABILITIES</b>			
Intergovernmental payable	<u>16,521</u>	<u>4,234,201</u>	<u>4,250,722</u>
<b>NET POSITION</b>			
Restricted	<u>\$ 4,813,159</u>	<u>\$ 1,291,506</u>	<u>\$ 6,104,665</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT F-2**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2022**

	Private Purpose Trust Funds	Other Custodial Funds	Total Fiduciary Funds
<b>ADDITIONS</b>			
Contributions	\$ -	\$ 375,000	\$ 375,000
Investment earnings	563,986	80,434	644,420
Change in fair market value	(1,403,926)	(216,192)	(1,620,118)
Tax collections for other governments	-	10,987,682	10,987,682
Collection of motor vehicle fees for State	-	392,264	392,264
Other	-	21,450	21,450
Total additions	<u>(839,940)</u>	<u>11,640,638</u>	<u>10,800,698</u>
<b>DEDUCTIONS</b>			
Benefits paid	121,172	253,826	374,998
Administrative expenses	36,383	7,504	43,887
Payments of taxes to other governments	-	10,987,682	10,987,682
Payments of motor vehicle fees to State	-	392,264	392,264
Payments for escrow purposes	-	22,679	22,679
Total deductions	<u>157,555</u>	<u>11,663,955</u>	<u>11,821,510</u>
Net decrease in fiduciary net position	(997,495)	(23,317)	(1,020,812)
Net position, beginning	<u>5,810,654</u>	<u>1,314,823</u>	<u>7,125,477</u>
Net position, ending	<u>\$ 4,813,159</u>	<u>\$ 1,291,506</u>	<u>\$ 6,104,665</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Jaffrey, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

***1-A Reporting Entity***

The Town of Jaffrey is a municipal corporation governed by an elected 3-member Board of Selectmen and Town Manager. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

***1-B Basis of Accounting and Measurement Focus***

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

***Government-wide Financial Statements*** – The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

***Governmental Fund Financial Statements*** – Include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses, and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

**General Fund** – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the EPA/Brownfield, ARPA, FEMA, and expendable trust funds are consolidated in the general fund.

**Sewer Fund** – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the expendable trust funds are consolidated in the sewer fund.

**Permanent Funds** – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Capital Projects Funds** – are used to account for the financial resources and activities relating to specific construction projects.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports sixteen nonmajor governmental funds.

**Proprietary Fund Financial Statements** – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for the major proprietary fund.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the water fund as a major proprietary fund which accounts for the activities related to the operation of the water treatment plant, wells, and water system.

**Fiduciary Fund Financial Statements** – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The Town reports the following fiduciary funds:

**Private Purpose Trust Fund** – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

**Custodial Fund** – are custodial in nature and do not involve the measurement of operating results. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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***1-C Cash and Cash Equivalents***

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and 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 to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

***1-D Statement of Cash Flows***

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

***1-E Investments***

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- 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 moneys 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.

**Fair Value Measurements of Investments** – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

**Level 1** – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.

**Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency.

**Level 3** – Inputs are significant unobservable inputs, using assumptions in determining the fair value of investments and derivative instruments.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

**Investments in Certain External Investment Pools** – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

**1-F Receivables**

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

**1-G Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**1-H Capital Assets**

Capital assets include property, plant, and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position. Capital assets of the proprietary fund are capitalized in the fund and the cost basis for proprietary fund capital assets is the same as that used for general capital assets.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of two years. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
<b>Capital Asset Classes:</b>	
Buildings	40
Building improvements	20
Infrastructure	50 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

**1-I Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as "internal balances." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Interfund Transfers** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

**1-J Property Taxes**

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 19, 2022 and November 8, 2022, and due on July 1, 2022 and December 8, 2022. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at December 31, 2022 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Jaffrey-Rindge Cooperative School District, and Cheshire County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2022 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 521,363,591
For all other taxes	\$ 530,954,091

The tax rates and amounts assessed for the year ended December 31, 2022 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$10.25	\$ 5,448,232
School portion:		
State of New Hampshire	\$1.36	706,901
Local	\$15.41	8,180,750
County portion	\$3.96	2,100,031
Total	<u>\$30.98</u>	<u>\$ 16,435,914</u>

**1-K Accounts Payable**

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2022.

**1-L Deferred Outflows/Inflows of Resources**

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. The Town has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The Town has three types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, unavailable revenues from grants arises when the related eligible expenditures will not be made until the subsequent period.

***1-M Compensated Absences***

General leave for the Town includes vacation, sick, and retirement stipend pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the Town's personnel policy or collective bargaining agreements.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

***1-N Long-term Obligations***

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Director Borrowings and Direct Placements*, the Town utilizes the following classifications to categorize the financial transactions:

**Direct Borrowings** – financial transactions for a note or a loan where the Town negotiates certain terms with a single lender and are not offered for public sale.

**Direct Placements** – financial transactions for the sale of bonds where the Town engages with a single buyer or limited number of buyers without a public offering.

***1-O Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

***1-P Postemployment Benefits Other Than Pensions (OPEB)***

The Town maintains two separate other postemployment benefit plans, as follows:

**New Hampshire Retirement System Plan** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire

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Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Single Employer Plan** – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the Town's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

**1-Q Net Position/Fund Balances**

**Government-wide Statements** – Equity is classified as net position and displayed in three components:

**Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

**Unrestricted net position** – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

**Fund Balance Classifications** – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory, or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

**Restricted** – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen and Town Manager through the budgetary process.

**Unassigned** – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

The Town shall maintain a minimum unassigned fund balance of 10% of the Town's annual budget. The Town shall strive to achieve and maintain an unassigned fund balance of at least 12% of the Town's annual budget.

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**1-R Use of Estimates**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of receivables, the useful lives and impairment of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**2-A Budgetary Information**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general, sewer, and water (proprietary) funds. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2022, \$435,000 of the beginning general fund unassigned fund balance was applied for this purpose.

**2-B Budgetary Reconciliation to GAAP Basis**

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for each major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general and sewer funds are as follows:

**General Fund:**

Revenues and other financing sources:

Per Exhibit D-1 (budgetary basis) \$ 9,252,086

Adjustments:

Basis differences:

GASB Statement No. 54:

To record miscellaneous income of the blended funds 40,951

To record unrealized loss on investments of the blended funds (149,434)

To record intergovernmental revenue of the blended funds 57,972

To record note proceeds 336,468

To eliminate transfers between blended funds (1,026,890)

Change in deferred tax revenue relating to 60-day revenue recognition

recognized as revenue on the GAAP basis, but not on the budgetary basis (34,745)

Per Exhibit C-3 (GAAP basis) \$ 8,476,408

*(Continued)*

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*Budgetary reconciliation to GAAP basis continued:*

Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 9,141,029
Adjustments:	
Basis differences:	
Encumbrances, beginning	134,400
Encumbrances, ending	(120,088)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	71,933
To record capital outlay expenditures related to note proceeds	336,468
To eliminate transfers between general and blended funds	(2,388,390)
To recognize transfer between blended expendable trust and other funds	1,271,078
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 8,446,430</u></u>

**Sewer Fund:**

Revenues and other financing sources:	
Per Exhibit D-2 (budgetary basis)	\$ 2,288,042
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended fund	1,226
To eliminate transfers between blended fund	(32,636)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 2,256,632</u></u>
Expenditures and other financing uses:	
Per Exhibit D-2 (budgetary basis)	\$ 1,885,111
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record expenditures of the blended fund during the year	6,458
To eliminate transfers between blended fund	(31,067)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 1,860,502</u></u>

**2-C Accounting Change**

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Town has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 87 and have determined that none of the agreements have met the requirements of the pronouncement.

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**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$6,652,545 and the bank balances totaled \$6,880,014. Petty cash totaled \$525.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 6,091,348
Cash per Statement of Fiduciary Net Position (Exhibit F-1)	561,197
Total cash and cash equivalents	<u>\$ 6,652,545</u>

**NOTE 4 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2022:

	Valuation Measurement Method	Reported Balance	Exempt from Disclosure
Investments type:			
Equities	Level 1	\$ 5,725,057	\$ 5,725,057
Fixed income	Level 2	5,768,286	5,768,286
Total fair value		<u>11,493,343</u>	<u>11,493,343</u>
Investments carried at amortized cost:			
New Hampshire Public Deposit Investment Pool		6,169,117	6,169,117
Total investments		<u>\$ 17,662,460</u>	<u>\$ 17,662,460</u>

**Interest Rate Risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Trustees of Trust Funds investment policy states bond maturities shall be generally laddered with a minimum maturity or average life of 12 years or less, and an average life for the entire bond portfolio of six years or less as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** – Individual bonds will be restricted to investments rated investment grade by one nationally recognized statistical ratings organization at the time of purchase. At least 80% of the bond portfolio must be "A" rated or better at the time of purchase. Any non-rated bond must carry a statement of equivalent rating.

The Town's investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure
Equities	\$ 5,725,057	\$ 5,725,057
Fixed income	5,768,286	5,768,286
New Hampshire Public Deposit Investment Pool	6,169,117	6,169,117
Total	<u>\$ 17,662,460</u>	<u>\$ 17,662,460</u>

**Concentration of Credit Risk** – The Trustees of Trust Funds investment policy limits total holdings (equity and fixed income) in any single company to 10% of the entire portfolio.

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Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 12,102,471
Investments per Statement of Fiduciary Net Position (Exhibit F-1)	5,559,989
Total investments	<u>\$ 17,662,460</u>

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2022. The amount has been reduced by an allowance for an estimated uncollectible amount of \$200,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2022	\$ 575,595	\$ 575,595
Levy of 2021	20	20
Unredeemed (under tax lien):		
Levy of 2021	146,693	146,693
Levy of 2020	84,470	84,470
Levies of 2019 and prior	174,155	174,155
Yield	7,868	7,868
TIF districts	88,342	88,342
Less: allowance for estimated uncollectible taxes	(200,000) *	-
Net taxes receivable	<u>\$ 877,143</u>	<u>\$ 1,077,143</u>

\*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2022, consisted of accounts (billings for police details, water, sewer, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2022 for the Town's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Government-wide		Governmental Funds				Fiduciary Funds
	Governmental Activities	Business-type Activities	General	Sewer	Nonmajor	Total	
Receivables:							
Accounts	\$ 1,392,395 <sup>1</sup>	\$ 144,207	\$ 6,425	\$ 165,658	\$ 50,312	\$ 222,395	\$ -
Intergovernmental	3,581,158 <sup>2</sup>	341,415	354,202	6,923	-	361,125	4,234,201 <sup>3</sup>
Total receivables	<u>\$ 4,973,553</u>	<u>\$ 485,622</u>	<u>\$ 360,627</u>	<u>\$ 172,581</u>	<u>\$ 50,312</u>	<u>\$ 583,520</u>	<u>\$ 4,234,201</u>

<sup>1</sup> Governmental Activities – accounts receivable which represents amounts due from Consolidated Communications to offset future bond repayment related to broadband infrastructure. The remaining payments to be received totaled \$1,170,000 at December 31, 2022.

<sup>2</sup> Governmental Activities - intergovernmental receivable which represents State Aid for projects, see additional information in Note 16.

<sup>3</sup> Fiduciary Funds - intergovernmental receivables represent property taxes collected on behalf of the Jaffrey-Rindge Cooperative School District. These amounts are collected and are part of the Town's general fund cash at year-end. The general fund reports an offsetting intergovernmental payable for this amount at year-end, see Note 10.

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**NOTE 7 – PREPAID ITEMS**

Prepaid items at December 31, 2022 consisted of the following:

	Government-wide		Governmental Funds		Proprietary Fund
	Governmental Activities	Business-type Activities	General	Sewer	Water
Insurance	\$ 5,250	\$ -	\$ 5,250	\$ -	\$ -
Software licensing and support	15,913	-	15,913	-	-
Prepaid debt and interest	31	-	44,019 *	107,884 *	-
Other miscellaneous	5,026	2,000	3,276	1,750	2,000
Total	<u>\$ 26,220</u>	<u>\$ 2,000</u>	<u>\$ 68,458</u>	<u>\$ 109,634</u>	<u>\$ 2,000</u>

\*Not recognized on the full accrual basis of accounting.

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
<b>Governmental activities:</b>				
At cost:				
Not being depreciated:				
Land	\$ 2,825,253	\$ 31,957	\$ -	\$ 2,857,210
Construction in progress	998,936	876,310	-	1,875,246
Total capital assets not being depreciated	<u>3,824,189</u>	<u>908,267</u>	<u>-</u>	<u>4,732,456</u>
Being depreciated:				
Buildings and building improvements	10,487,407	183,573	-	10,670,980
Machinery, equipment, and furnishings	6,547,635	272,317	(110,811)	6,709,141
Infrastructure	32,631,753	-	-	32,631,753
Total capital assets being depreciated	<u>49,666,795</u>	<u>455,890</u>	<u>(110,811)</u>	<u>50,011,874</u>
Total all capital assets	<u>53,490,984</u>	<u>1,364,157</u>	<u>(110,811)</u>	<u>54,744,330</u>
Less accumulated depreciation:				
Buildings and building improvements	(7,844,788)	(324,018)	-	(8,168,806)
Machinery, equipment, and furnishings	(3,267,162)	(545,064)	110,811	(3,701,415)
Infrastructure	(16,859,445)	(766,345)	-	(17,625,790)
Total accumulated depreciation	<u>(27,971,395)</u>	<u>(1,635,427)</u>	<u>110,811</u>	<u>(29,496,011)</u>
Net book value, capital assets being depreciated	<u>21,695,400</u>	<u>(1,179,537)</u>	<u>-</u>	<u>20,515,863</u>
Net book value, all governmental activities capital assets	<u>\$ 25,519,589</u>	<u>\$ (271,270)</u>	<u>\$ -</u>	<u>\$ 25,248,319</u>
<b>Business-type activities:</b>				
At cost:				
Not being depreciated:				
Land	\$ 1,537,134	\$ -	\$ (31,957)	\$ 1,505,177
Construction in progress	261,442	601,237	-	862,679
Total capital assets not being depreciated	<u>1,798,576</u>	<u>601,237</u>	<u>(31,957)</u>	<u>2,367,856</u>
Being depreciated:				
Buildings and building improvements	8,182,646	-	-	8,182,646
Machinery, equipment, and furnishings	585,194	-	-	585,194
Infrastructure	13,292,873	-	-	13,292,873
Total capital assets being depreciated	<u>22,060,713</u>	<u>-</u>	<u>-</u>	<u>22,060,713</u>
Total all capital assets	<u>23,859,289</u>	<u>601,237</u>	<u>(31,957)</u>	<u>24,428,569</u>

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*Capital assets continued:*

	Balance, beginning	Additions	Deletions	Balance, ending
Less accumulated depreciation:				
Buildings and building improvements	(3,880,534)	(202,452)	-	(4,082,986)
Machinery, equipment, and furnishings	(204,252)	(36,705)	-	(240,957)
Infrastructure	(5,952,550)	(282,156)	-	(6,234,706)
Total accumulated depreciation	(10,037,336)	(521,313)	-	(10,558,649)
Net book value, capital assets being depreciated	12,023,377	(521,313)	-	11,502,064
Net book value, all business-type activities capital assets	<u>\$ 13,821,953</u>	<u>\$ 79,924</u>	<u>\$ (31,957)</u>	<u>\$ 13,869,920</u>

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

**Governmental activities:**

General government	\$ 41,756
Public safety	103,248
Highways and streets	1,451,629
Culture and recreation	38,794
Total depreciation expense	<u>\$ 1,635,427</u>

**Business-type activities:**

Water	<u>\$ 521,313</u>
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**NOTE 9 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances** - The composition of interfund balances as of December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 65,953
General	Proprietary (Water)	313,997
General	Permanent	12,044
Nonmajor	General	135,516
		<u>\$ 527,510</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfers** - The composition of interfund transfers for the year ended December 31, 2022 is as follows:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 144,188	\$ 144,188
Permanent fund	12,044	10,587	22,631
Nonmajor funds	518,156	-	518,156
Total	<u>\$ 530,200</u>	<u>\$ 154,775</u>	<u>\$ 684,975</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

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**NOTE 10 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2022 consist of the following:

	Governmental Activities	Governmental Fund General	Fiduciary Funds Private Purpose Trust Funds	Other Custodial Funds
Balance due to the New Hampshire Retirement System	\$ 100,760	\$ 100,760	\$ -	\$ -
Fees owed to the State of New Hampshire	1,187	1,187	-	-
Property taxes due to the other custodial funds	4,234,201 <sup>4</sup>	4,234,201 <sup>4</sup>	-	-
Balance due to the Town of Jaffrey	-	-	16,521	-
Property taxes due to the Jaffrey-Rindge Cooperative School District	-	-	-	4,234,201
Total intergovernmental payables due	<u>\$ 4,336,148</u>	<u>\$ 4,336,148</u>	<u>\$ 16,521</u>	<u>\$ 4,234,201</u>

<sup>4</sup> Property taxes due to the custodial fund represent amounts collected by the Town on behalf of the Jaffrey-Rindge Cooperative School District and are reported as a component of general fund and governmental activities cash at year-end.

<sup>5</sup> Property taxes due to the Jaffrey-Rindge Cooperative School District represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next calendar year.

**NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of at December 31, 2022 consist of amounts related to pensions totaling \$1,089,912 (\$1,018,641 for the governmental activities and \$71,271 for the business-type activities) and amounts related to OPEB totaling \$50,781 (\$47,460 for the governmental activities and \$3,321 for the business-type activities). For further discussion on these amounts, see Note 13 and 15, respectively.

Deferred inflows of resources are as follows:

	Government-wide		Governmental Funds			Proprietary Fund Water
	Governmental Activities	Business-type Activities	General	Sewer	Nonmajor Governmental	
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ -	\$ 247,899	\$ -	\$ -	\$ -
Prepaid property taxes	38,945	-	38,945	-	-	-
Other miscellaneous deferred revenue, including grants, donations, and SB 401 funds	208,767	9,638	195,363	2,337	11,067	9,638
American Rescue Plan Act (ARPA) funds received in advance of eligible expenditures	579,426	-	579,426	-	-	-
FEMA funds received in advance of eligible expenditures	175,554	-	175,554	-	-	-
Amounts related to pensions, see Note 13	336,638	23,554	-	-	-	23,554
Amounts related to OPEB, see Note 15	360,161	25,199	-	-	-	25,199
Total deferred inflows of resources	<u>\$ 1,699,491</u>	<u>\$ 58,391</u>	<u>\$ 1,237,187</u>	<u>\$ 2,337</u>	<u>\$ 11,067</u>	<u>\$ 58,391</u>

**NOTE 12 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2022:

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year	Due In More Than One Year
<b>Governmental activities:</b>						
Bonds payable:						
Direct placements	\$ 7,287,831	\$ -	\$ (586,402)	\$ 6,701,429	\$ 592,857	\$ 6,108,572
Premium	305,982	-	(23,585)	282,397	23,585	258,812
Total bonds payable	<u>7,593,813</u>	<u>-</u>	<u>(609,987)</u>	<u>6,983,826</u>	<u>616,442</u>	<u>6,367,384</u>

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*Long-term liabilities continued:*

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year	Due In More Than One Year
Notes payable - direct borrowings	4,388,259	336,468	(458,950)	4,265,777	250,313	4,015,464
Compensated absences	179,218	-	(12,169)	167,049	-	167,049
Accrued landfill postclosure care costs	1,350,000	-	-	1,350,000	45,000	1,305,000
Net pension liability	3,747,291	1,441,881	-	5,189,172	-	5,189,172
Net other postemployment benefits	898,688	-	(258,638)	640,050	-	640,050
Total long-term liabilities	<u>\$ 18,157,269</u>	<u>\$ 1,778,349</u>	<u>\$ (1,339,744)</u>	<u>\$ 18,595,874</u>	<u>\$ 911,755</u>	<u>\$ 17,684,119</u>
<b>Business-type activities:</b>						
Notes payable - direct borrowings	\$ 3,358,943	\$ -	\$ (112,115)	\$ 3,246,828	\$ 1,189,722	\$ 2,057,106
Compensated absences	20,010	-	(3,735)	16,275	-	16,275
Net pension liability	267,080	95,991	-	363,071	-	363,071
Net other postemployment benefits	64,052	-	(19,269)	44,783	-	44,783
Total long-term liabilities	<u>\$ 3,710,085</u>	<u>\$ 95,991</u>	<u>\$ (135,119)</u>	<u>\$ 3,670,957</u>	<u>\$ 1,189,722</u>	<u>\$ 2,481,235</u>

Long-term bonds/notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2022	Current Portion
<b>Governmental activities:</b>						
Bonds payable:						
Direct placements:						
Broadband bond	\$ 1,208,545	2021	2031	1.85%	\$ 1,100,000	\$ 110,000
Road bond	\$ 1,000,000	2020	2027	2.00%	571,429	142,857
Wastewater improvements -						
USDA 2012 refinanced NHMBB 2016	\$ 6,170,000	2016	2035	2.14%	4,625,000	295,000
Community field bond 2004	\$ 287,500	2004	2024	4.38%	20,000	10,000
Stone Bridge bond - water main extension	\$ 739,500	2013	2033	3.55%	385,000	35,000
Total direct placements					<u>6,701,429</u>	<u>592,857</u>
Notes/loans payable - direct borrowings:						
Mountain Rd & Main St water main replacement (1/3 governmental activities)	\$ 613,232	2018	2037	2.42%	492,619	27,624
Stratton, Squantum, School PH 2 (1/3 governmental activities)	\$ 905,035	2020	2040	1.70%	593,022	29,464
Sewer facility upgrades 2002	\$ 933,681	2004	2023	1.70%	-	-
Sewer facility upgrades 2005	\$ 1,506,246	2006	2025	1.69%	150,624	-
Wastewater wood pellet boiler	\$ 1,394,523	2013	2032	2.72%	808,434	71,434
Wastewater CWSRF	\$ 1,743,561	2012	2032	2.72%	988,062	87,307
Wastewater River St Nelson Circle	\$ 262,500	2017	2026	0.00%	-	-
Septage facility USRD (DES)	\$ 500,000	2020	2048	2.75%	448,274	17,242
Septage facility USRD (Sewer)	\$ 500,000	2020	2048	2.75%	448,274	17,242
Pierce Enforcer Pumper	\$ 336,468	2022	2032	2.13%	336,468	-
Total direct borrowings					<u>4,265,777</u>	<u>250,313</u>
Bond premiums					282,397	23,585
Total					<u>\$ 11,249,603</u>	<u>\$ 866,755</u>

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Long-term bonds/notes continued:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2022	Current Portion
<b>Business-type activities:</b>						
Notes/loans payable - direct borrowings:						
Mountain Rd & Main St water main replacement (2/3 business-type activities)	\$ 1,226,464	2018	2037	2.42%	\$ 985,237	\$ 55,248
Stratton, Squantum, School PH 2 (2/3 business-type activities)	\$ 1,810,068	2020	2040	1.70%	1,186,045	58,928
Cold Springs Drinking Water SRL #1221010-07	\$ 1,075,546	2020	-	-	1,075,546	1,075,546
					<u>\$ 3,246,828</u>	<u>\$ 1,189,722</u>

6. Debt payments of \$140,371 due in 2023 were paid prior to year-end which will be reported as a prepayment in the governmental funds (general and sewer funds) on the modified accrual basis, but in the governmental activities it will be recorded as a reduction in the debt liability on the full accrual basis.

7. State Revolving Loan Fund Program - Drawdowns received under a State Revolving Loan Fund Program will be consolidated by promissory notes upon substantial completion of the related project. As of December 31, 2022, drawdowns received to date totaling \$1,075,546 are recorded on the Town's financial statements, exclusive of any anticipated forgiveness on the loans. The note, plus interest, will be repaid from the proprietary water fund.

The annual requirements to amortize all general obligation bonds/notes outstanding as of December 31, 2022, including interest payments, are as follows:

**Governmental activities:**

Fiscal Year Ending December 31,	Bonds - Direct Placements			Notes/Loans - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 592,857	\$ 186,298	\$ 779,155	\$ 250,313	\$ 39,441	\$ 289,754
2024	612,857	167,034	779,891	349,140	69,410	418,550
2025	612,857	145,754	758,611	370,737	49,808	420,545
2026	632,858	125,097	757,955	302,530	44,803	347,333
2027	505,000	103,374	608,374	309,845	40,972	350,817
2028-2032	2,510,000	367,275	2,877,275	1,666,700	143,697	1,810,397
2033-2037	1,235,000	72,600	1,307,600	528,602	67,573	596,175
2038-2042	-	-	-	281,042	41,485	322,527
2043-2047	-	-	-	172,420	17,775	190,195
2048	-	-	-	34,448	711	35,159
Totals	<u>\$ 6,701,429</u>	<u>\$ 1,167,432</u>	<u>\$ 7,868,861</u>	<u>\$ 4,265,777</u>	<u>\$ 515,675</u>	<u>\$ 4,781,452</u>

**Business-type activities:**

Fiscal Year Ending December 31,	Notes/Loans - Direct Borrowings		
	Principal	Interest	Total
2023	\$ 114,176	\$ 4,177	\$ 118,353
2024	116,279	3,943	120,222
2025	118,424	3,703	122,127
2026	120,613	3,457	124,070
2027	122,846	3,206	126,052
2028-2032	649,336	12,035	661,371
2033-2037	712,364	4,761	717,125
2038-2040	217,244	-	217,244
Totals	<u>2,171,282</u>	<u>\$ 35,282</u>	<u>\$ 2,206,564</u>
Plus notes not yet in repayment	1,075,546		
Total notes/loans payable	<u>\$ 3,246,828</u>		

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All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

**Accrued Postclosure Care Costs** – The Town ceased operating its landfill in 1992. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$1,350,000 as of December 31, 2022. The estimated total current cost of the landfill postclosure care (\$1,350,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2022. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The Town expects to finance the postclosure care costs by general appropriations.

**Bonds/Notes Authorized and Unissued** – Bonds and notes authorized and unissued as of December 31, 2022 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 13, 2018	Squantam Project	\$ 124,897
March 10, 2020	Cold Spring Project	1,925,944
March 8, 2022	Sewer Lines	803,775
March 8, 2022	Fire Engine One	63,532
		<u>\$ 2,918,148</u>

**NOTE 13 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

**Benefits Provided** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

**Contributions** – The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2022, the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$554,674, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2022 the Town reported a liability of \$5,552,243 (\$5,189,172 for the governmental activities and \$363,071 for the business-type activities and proprietary fund) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 towns and school districts, actuarially determined. At June 30, 2022, the Town's proportion was 0.10% which was an increase of 0.01% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$490,481. At December 31, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 259,063	\$ 338,878
Changes in assumptions	295,335	-
Net difference between projected and actual investment earnings on pension plan investments	210,423	-
Differences between expected and actual experience	104,206	21,314
Contributions subsequent to the measurement date	220,885	-
Total	<u>\$ 1,089,912</u>	<u>\$ 360,192</u>

The \$220,885 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2023	\$ 162,040
2024	133,382
2025	(132,121)
2026	345,536
2027	-
Thereafter	-
Totals	<u>\$ 508,837</u>

**Actuarial Assumptions** – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions which, accordingly, apply to 2022 measurements:

Inflation:	2.0%
Salary increases:	5.4% average, including inflation
Wage inflation:	2.75% (2.25% for teachers)
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

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Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

**Long-term Rates of Return** – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	100.00%	7.30%

**Discount Rate** – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 7,449,710	\$ 5,552,243	\$ 3,974,674

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

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**NOTE 14 – SUPPLEMENTAL RETIREMENT PLAN**

All employees employed by the Town can elect to participate in a deferred compensation plan administered by JCMA Retirement Corporation. Participation begins after the completion of at least one-month continuous employment with the Town. The Town has no requirement or obligation under State Statutes to contribute to this plan, however, the Town has adopted the deferred compensation plan 457 for its employees. The Board of Selectmen has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The Town does not make any contributions to this plan; however, employees may make voluntary contributions to the plan. Contributions for the year ended December 31, 2022, were \$19,609.

**NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**15-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the system's website at [www.nhrs.org](http://www.nhrs.org).

**Benefits Provided** - Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

Maximum medical subsidy rates paid during fiscal year 2022 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2022, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$37,923, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At December 31, 2022, the Town reported a liability of \$346,766 (\$324,090 for the governmental activities and \$22,676 for the business-type activities and proprietary fund) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the Town's proportion was 0.09% which was an increase of 0.01% from its proportion measured as of June 30, 2021.

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For the year ended December 31, 2022, the Town recognized OPEB expense of \$49,761. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 948	\$ -
Contributions subsequent to the measurement date	18,807	-
Total	<u>\$ 19,755</u>	<u>\$ -</u>

The \$18,807 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2023	\$ 158
2024	41
2025	(373)
2026	1,122
2027	-
Thereafter	-
Totals	<u>\$ 948</u>

**Actuarial Assumptions** – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% (2.25% for teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

**Long-term Rates of Return** – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

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Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	
Inflation	0.00%	2.25%
Total	100.00%	7.30%

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the Town's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 376,473	\$ 346,766	\$ 320,893

**OPEB Plan Fiduciary Net Position** – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

### **15-B Town of Jaffrey Retiree Health Benefit Program**

**Plan Description** – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

**Benefits Provided** – The Town provides postemployment healthcare benefits for certain eligible retirees.

**Employees Covered by Benefit Terms** – At January 1, 2022, 37 active employees were covered by the benefit terms.

**Total OPEB Liability** – The Town's total OPEB liability of \$338,068 (\$315,961 in the governmental activities and \$22,107 in the business-type activities and proprietary fund) was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

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**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$338,068 in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.72%
Healthcare Cost Trend Rates:	
Current Year Trend	7.50%
Second Year Trend	6.90%
Decrement	0.60%
Ultimate Trend	3.90%
Year Ultimate Trend is Reached	2075
Salary Increases:	2.40%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2022.

Mortality rates were based on the following:

**Pre-Retirement:** PubG-2010 headcount-weighted Employee General Mortality Tables, projected with fully generational mortality improvement using Scale MP-2019.

**Post-Retirement:** Healthy Retirees: 101% of PubG-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount-weighted Retiree General Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019.

**Surviving Spouses:** PubG-2010 Contingent Survivor General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

**Disabled Retirees:** PubG-2010 Disabled General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

**Changes in the Total OPEB Liability**

	December 31,	
	2021	2022
OPEB liability beginning of year	\$ 583,120	\$ 632,717
Changes for the year:		
Service cost	42,258	44,337
Interest	13,092	13,934
Differences between expected and actual experience	-	(277,058)
Changes of assumptions	9,912	(74,580)
Benefit payments	(15,665)	(1,282)
OPEB liability end of year	<u>\$ 632,717</u>	<u>\$ 338,068</u>

**Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate** – The January 1, 2022, actuarial valuation was prepared using a discount rate of 3.72%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$300,776 or by 11.03%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$380,656 or by 12.60%.

	Discount Rate		
	1% Decrease	Baseline 3.72%	1% Increase
Total OPEB Liability	<u>\$ 380,656</u>	<u>\$ 338,068</u>	<u>\$ 300,776</u>

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The January 1, 2022, actuarial valuation was prepared using an initial trend rate of 7.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$399,641 or by 18.21%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$287,291 or by 15.02%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.50%	1% Increase
Total OPEB Liability	\$ 287,291	\$ 338,068	\$ 399,641

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended December 31, 2022, the Town recognized OPEB expense of \$2,346. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 31,026	\$ 64,236
Differences between expected and actual experience	-	321,124
Total	\$ 31,026	\$ 385,360

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2023	\$ (66,068)
2024	(66,068)
2025	(66,068)
2026	(48,461)
2027	(48,657)
Thereafter	(59,012)
Totals	\$ (354,334)

**NOTE 16 – STATE AID TO WATER POLLUTION PROJECTS**

The Town is due to receive from the State of New Hampshire the following amounts in the form of state aid to water pollution projects:

Purpose	Bonds Issued	Amount
Design of wastewater treatment facility upgrade	State Aid Grant C-695	\$ 14,005
Hadley Road pump station upgrade	State Aid Grant C-714	67,767
Wastewater treatment facility upgrade	State Aid Grant C-824	3,024,586
River Street and Nelson Circle pump station replacements	State Aid Grant C-910	113,675
	Total	\$ 3,220,033

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities.

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
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At December 31, 2022 the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending December 31,	Amount
2023	\$ 257,696
2024	247,340
2025	213,567
2026	194,870
2027	198,889
2028-2032	1,042,938
2033-2037	999,302
2038	65,431
Total	<u>\$ 3,220,033</u>

**NOTE 17 – COMMITMENTS**

The Town has active construction projects as of December 31, 2022. At year-end, the Town commitments with contractors for specific projects are as follows:

Capital Project Program	Spent to Date	Remaining Commitment
Bryant & Sawtelle Roads (Water Main & Roadway)	<u>\$ 278,319</u>	<u>\$ 840,704</u>

**NOTE 18 - ENCUMBRANCES**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2022 are as follows:

General fund:	
General government	\$ 33,500
Public safety	48,819
Highways and streets	35,000
Culture and recreation	2,769
Total encumbrances	<u>\$ 120,088</u>

**NOTE 19 – GOVERNMENTAL ACTIVITIES, BUSINESS-TYPE ACTIVITIES, AND FIDUCIARY FUNDS  
NET POSITION**

Governmental activities, business-type activities, and fiduciary fund net position reported on the Statements of Net Position at December 31, 2022 include the following:

	Government-wide Financial Statements			Fiduciary Funds
	Governmental Activities	Business-type Activities	Total	
Net investment in capital assets:				
Net book value, all capital assets	\$ 25,248,319	\$ 13,869,920	\$ 39,118,239	\$ -
Less:				
Bonds payable (less bond not attributable to capital asset)	(5,601,429)	-	(5,601,429)	-
Unamortized bond premiums	(282,397)	-	(282,397)	-
Notes payable	(4,265,777)	(3,246,828)	(7,512,605)	-
Total net investment in capital assets	<u>15,098,716</u>	<u>10,623,092</u>	<u>25,721,808</u>	<u>-</u>

(Continued)

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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*Governmental and business-type activities and fiduciary funds net position continued:*

	Government-wide Financial Statements			Fiduciary Funds
	Governmental Activities	Business-type Activities	Total	
Restricted net position:				
Sewer	1,114,128	-	1,114,128	-
Perpetual care - nonexpendable	2,166,581	-	2,166,581	-
Perpetual care - expendable	63,975	-	63,975	-
Asset forfeiture	8,121	-	8,121	-
Reclamation trust	117,078	-	117,078	-
Library	1,043,353	-	1,043,353	-
Donations	6,818	-	6,818	-
Capital project funds	501,048	-	501,048	-
Individuals, organizations, and other governments	-	-	-	6,104,665
Total restricted net position	5,021,102	-	5,021,102	6,104,665
Unrestricted	2,402,026	2,904,280	5,306,306	-
Total net position	\$ 22,521,844	\$ 13,527,372	\$ 36,049,216	\$ 6,104,665

**NOTE 20 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

	General Fund	Sewer Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Prepaid items	\$ 68,458	\$ 109,634	\$ -	\$ -	\$ 178,092
Permanent fund - principal balance	-	-	2,166,581	-	2,166,581
Total nonspendable fund balance	68,458	109,634	2,166,581	-	2,344,673
<b>Restricted:</b>					
Sewer	-	1,004,494	-	-	1,004,494
Permanent fund - income balance	-	-	63,975	-	63,975
Asset forfeiture	-	-	-	8,121	8,121
Reclamation trust	-	-	-	117,078	117,078
Library	-	-	-	1,043,353	1,043,353
Donations	6,818	-	-	-	6,818
Capital project funds	-	-	-	501,048	501,048
Total restricted fund balance	6,818	1,004,494	63,975	1,669,600	2,744,887
<b>Committed:</b>					
Expendable trusts	2,787,676	-	-	-	2,787,676
Special revenue funds	-	-	-	478,506	478,506
Total committed fund balance	2,787,676	-	-	478,506	3,266,182
<b>Assigned:</b>					
Encumbrances	120,088	-	-	-	120,088
<b>Unassigned</b>	2,871,615	-	-	-	2,871,615
Total governmental fund balances	\$ 5,854,655	\$ 1,114,128	\$ 2,230,556	\$ 2,148,106	\$ 11,347,445

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 21 – PRIOR PERIOD ADJUSTMENT**

Net position at January 1, 2022 was restated to give retroactive effect to the following prior period adjustment:

	Government-wide
	Governmental
	Activities
To restate for long-term receivable due from Consolidated Communications	\$ 1,305,000
Net position, as previously reported	21,265,083
Net position, as restated	<u>\$ 22,570,083</u>

**NOTE 22 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2022, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2022 to December 31, 2022 by Primex<sup>3</sup>, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex<sup>3</sup>. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2022 the Town paid \$96,771 and \$85,059 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 23 – CAFETERIA BENEFIT PLAN**

Effective 1/1/2022 (with an original effective date of 1/1/1994), the Town implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the Town, into any combination of the following benefit categories:

1. Premium Conversion Account;
2. General Purpose Health Flexible Spending Account; or
3. Dependent Care Assistance Plan Account

In addition to directing the Town's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Assistance Plan Account, and \$2,750 into the General-Purpose Health Flexible Spending Account. This cap applies to both Town contributions and employee pre-tax contributions.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the Town begins on January 1, 2022 and ends on December 31, 2022. To obtain reimbursement of expenses incurred within a plan year within the Dependent Care Assistance Plan (item 2 above), employees must submit claims within 90 days of the end of the plan year or separation of service from the Town, whichever occurs first. Funds unclaimed after 90 days of the close of the plan year are then remitted to the Town. The General-Purpose Health Flexible Spending Account allows a maximum carryover of \$500.

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**NOTE 24 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Town had no such tax abatement programs as of December 31, 2022.

**NOTE 25 – COVID-19**

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Town was allotted a total of \$552,447 in federal funding from the American Rescue Plan Act (ARPA) in 2021. A total of \$276,224 or 50% of the funding was received in 2021 with the remainder received in 2022. Eligible uses of these funds include pandemic response or its negative impacts, workforce/personnel, including payroll and hazard premium pay, provision of government services to the extent of reduced revenue and necessary water, sewer, and broadband investment. For the year ended December 31, 2022, the Town spent \$40,885 of the funds received. The remaining funds are included in deferred inflows of resources until eligible expenditures have been made.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

**NOTE 26 – CONTINGENT LIABILITIES**

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

**NOTE 27 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through August 9, 2023, the date the December 31, 2022 financial statements were available to be issued, and the following events occurred that requires recognition or disclosure:

**Warrant Article #3 (2023)** - At the 2023 annual meeting, \$10,000,000 was approved for the construction and installation of a water treatment building. The project is to be funded through a variety of funding sources to include bonds/notes, grants, and use of Water Fund fund balance of \$37,132.

**Warrant Article #15 (2023)** - At the 2023 annual meeting, \$1,625 was approved to be deposited into the Meetinghouse Trust Fund from unassigned fund balance as of December 31, 2022.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT G**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2022*  
**Unaudited**

Fiscal year-end	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net pension liability	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.09%	0.10%
Town's proportionate share of the net pension liability	\$ 4,102,455	\$ 5,710,698	\$ 5,101,931	\$ 4,862,690	\$ 4,896,386	\$ 6,468,961	\$ 4,014,371	\$ 5,552,243
Town's covered payroll (as of the measurement date)	\$ 1,212,471	\$ 2,793,907	\$ 2,767,383	\$ 2,779,378	\$ 2,875,856	\$ 2,443,755	\$ 2,594,916	\$ 2,810,313
Town's proportionate share of the net pension liability as a percentage of its covered payroll	338.35%	204.40%	184.36%	174.96%	170.26%	264.71%	154.70%	197.57%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	58.30%	62.70%	64.73%	65.59%	58.72%	72.22%	65.12%

**EXHIBIT H**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
**New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan**  
**For the Fiscal Year Ended December 31, 2022**  
**Unaudited**

Fiscal year-end	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 364,277	\$ 384,550	\$ 380,045	\$ 426,826	\$ 442,845	\$ 449,299	\$ 416,142	\$ 554,674
Contributions in relation to the contractually required contributions	(364,277)	(384,550)	(380,045)	(426,826)	(442,845)	(449,299)	(416,142)	(554,674)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year-end)	\$ 1,212,471	\$ 2,793,907	\$ 2,767,383	\$ 2,779,378	\$ 2,875,856	\$ 2,443,755	\$ 2,640,581	\$ 2,796,849
Contributions as a percentage of covered payroll	30.04%	13.76%	13.73%	15.36%	15.40%	18.39%	15.76%	19.83%

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

***Schedule of the Town's Proportionate Share of Net Pension Liability and  
Schedule of Town Contributions - Pensions***

***Changes in Benefit Terms*** -- There were no changes in benefit terms for the current period.

***Changes in Assumptions*** -- Salary increases changed to 5.4% from 5.6% in the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** -- A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at December 31, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**EXHIBIT I**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2022*  
**Unaudited**

Fiscal year-end	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net OPEB liability	0.10%	0.10%	0.10%	0.08%	0.09%
Town's proportionate share of the net OPEB liability (asset)	\$ 467,110	\$ 454,868	\$ 418,574	\$ 330,023	\$ 346,766
Town's covered payroll (as of the measurement date)	\$ 2,807,925	\$ 2,931,049	\$ 2,443,755	\$ 2,594,916	\$ 2,810,313
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.64%	15.52%	17.13%	12.72%	12.34%
Plan fiduciary net position as a percentage of the total OPEB liability	7.53%	7.75%	7.74%	11.06%	10.64%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**EXHIBIT J**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2022*  
**Unaudited**

Fiscal year-end	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 45,128	\$ 47,349	\$ 44,388	\$ 39,603	\$ 37,923
Contributions in relation to the contractually required contribution	(45,128)	(47,349)	(44,388)	(39,603)	(37,923)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year-end)	\$ 2,807,925	\$ 2,931,049	\$ 2,443,755	\$ 2,640,581	\$ 2,796,849
Contributions as a percentage of covered payroll	1.61%	1.62%	1.82%	1.50%	1.36%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**EXHIBIT K**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
*Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios*  
**Retiree Health Benefit Program**  
**For the Fiscal Year Ended December 31, 2022**  
**Unaudited**

	December 31,				
	2018	2019	2020	2021	2022
OPEB liability, beginning of year	\$ 589,291	\$ 550,493	\$ 627,195	\$ 583,120	\$ 632,717
Changes for the year:					
Service cost	74,665	64,297	72,684	42,258	44,337
Interest	20,423	21,665	18,892	13,092	13,934
Assumption changes and difference between actual and expected experience	(63,576)	52,389	(114,903)	9,912	(351,638)
Benefit payments	(70,310)	(61,649)	(20,748)	(15,665)	(1,282)
OPEB liability, end of year	<u>\$ 550,493</u>	<u>\$ 627,195</u>	<u>\$ 583,120</u>	<u>\$ 632,717</u>	<u>\$ 338,068</u>
Covered payroll	<u>\$ 2,807,925</u>	<u>\$ 2,931,049</u>	<u>\$ 2,577,661</u>	<u>\$ 2,720,098</u>	<u>\$ 2,681,174</u>
Total OPEB liability as a percentage of covered payroll	19.60%	21.40%	22.62%	23.26%	12.61%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

***Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of Town Contributions – Other Postemployment Benefits***

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – Salary increases changed to 5.4% from 5.6% in the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 75, Exhibits I, J, and K represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***Schedule of Changes in Town's Total Other Postemployment Benefits Liability and Related Ratios***

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – The following assumptions changed for the current period:

- Discount rate changed from 2.06% to 3.72%
- Inflation rate and healthcare trend rates were updated which decreased the total OPEB liability by \$74,000.

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2022*

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 5,253,971	\$ 5,290,555	\$ 36,584
Land use change	1,500	8,530	7,030
Yield	11,500	23,333	11,833
Excavation	750	2,246	1,496
Interest and penalties on taxes	65,000	49,224	(15,776)
Total from taxes	<u>5,332,721</u>	<u>5,373,888</u>	<u>41,167</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	2,000	2,190	190
Motor vehicle permit fees	1,170,000	1,230,714	60,714
Building permits	24,000	27,791	3,791
Other	74,950	94,810	19,860
Total from licenses, permits, and fees	<u>1,270,950</u>	<u>1,355,505</u>	<u>84,555</u>
Intergovernmental:			
State:			
Meals and rooms distribution	470,074	470,074	-
Highway block grant	161,436	160,810	(626)
State and federal forest land reimbursement	140	140	-
Other	2,600	3,942	1,342
Total from intergovernmental	<u>634,250</u>	<u>634,966</u>	<u>716</u>
Charges for services:			
Income from departments	<u>33,525</u>	<u>34,567</u>	<u>1,042</u>
Miscellaneous:			
Sale of municipal property	1,000	453	(547)
Interest on investments	2,500	44,275	41,775
Other	155,402	251,342	95,940
Total from miscellaneous	<u>158,902</u>	<u>296,070</u>	<u>137,168</u>
Other financing sources:			
Transfers in	<u>1,813,498</u>	<u>1,557,090</u>	<u>(256,408)</u>
Total revenues and other financing sources	<u>9,243,846</u>	<u>\$ 9,252,086</u>	<u>\$ 8,240</u>
Unassigned fund balance used to reduce tax rate	435,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 9,678,846</u>		

See Independent Auditor's Report.

**SCHEDULE 2**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2022**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 15,975	\$ 242,819	\$ 232,960	\$ 1,000	\$ 24,834
Election and registration	-	97,286	95,779	-	1,507
Financial administration	-	274,779	268,158	27,500	(20,879)
Revaluation of property	-	85,266	85,069	-	197
Legal	-	20,000	14,093	5,000	907
Personnel administration	-	614,926	554,372	-	60,554
Planning and zoning	3,000	93,031	86,238	-	9,793
General government buildings	378	36,230	27,880	-	8,728
Cemeteries	-	31,550	39,185	-	(7,635)
Insurance, not otherwise allocated	-	59,030	59,030	-	-
Total general government	19,353	1,554,917	1,462,764	33,500	78,006
Public safety:					
Police	12,413	1,558,492	1,485,833	26,754	58,318
Ambulance	-	43,000	43,000	-	-
Fire	22,682	463,135	383,652	22,065	80,100
Building inspection	-	85,342	85,608	-	(266)
Emergency management	-	65,258	65,223	-	35
Other	-	120,228	119,775	-	453
Total public safety	35,095	2,335,455	2,183,091	48,819	138,640
Highways and streets:					
Administration	-	759,923	759,808	-	115
Highways and streets	78,000	384,625	381,179	35,000	46,446
Bridges	-	7,001	6,362	-	639
Street lighting	-	12,000	9,225	-	2,775
Other	-	35,640	23,268	-	12,372
Total highways and streets	78,000	1,199,189	1,179,842	35,000	62,347
Sanitation:					
Administration	-	173,097	168,565	-	4,532
Solid waste disposal	-	157,000	132,142	-	24,858
Solid waste clean-up	-	45,000	27,134	-	17,866
Total sanitation	-	375,097	327,841	-	47,256
Health:					
Administration	-	2,179	1,834	-	345
Pest control	-	625	125	-	500
Health agencies	-	30,193	30,193	-	-
Total health	-	32,997	32,152	-	845
Welfare:					
Administration and direct assistance	-	117,589	77,896	-	39,693
Vendor payments and other	-	38,287	38,287	-	-
Total welfare	-	155,876	116,183	-	39,693

(Continued)

See Independent Auditor's Report.

**SCHEDULE 2 (Continued)**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2022**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	1,952	241,359	206,858	1,162	35,291
Library	-	340,000	338,393	1,607	-
Patriotic purposes	-	4,000	3,874	-	126
Other	-	4,000	4,000	-	-
Total culture and recreation	<u>1,952</u>	<u>589,359</u>	<u>553,125</u>	<u>2,769</u>	<u>35,417</u>
Conservation	-	475	275	-	200
Economic development	-	41,773	41,045	-	728
Debt service:					
Principal of long-term debt	-	494,637	494,637	-	-
Interest on long-term debt	-	135,095	132,221	-	2,874
Total debt service	-	<u>629,732</u>	<u>626,858</u>	-	<u>2,874</u>
Capital outlay	-	1,502,476	1,370,665	-	131,811
Other financing uses:					
Transfers out	-	1,261,500	1,261,500	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 134,400</u>	<u>\$ 9,678,846</u>	<u>\$ 9,155,341</u>	<u>\$ 120,088</u>	<u>\$ 537,817</u>

See Independent Auditor's Report.

**SCHEDULE 3**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2022**

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,733,761
Changes:		
Unassigned fund balance used to reduce 2022 tax rate		(435,000)
2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 8,240	
Unexpended balance of appropriations (Schedule 2)	<u>537,817</u>	
2022 Budget surplus		546,057
Decrease in nonspendable fund balance		81,514
Increase in restricted fund balance		<u>(6,818)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,919,514
<b>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(247,899)
Elimination of the allowance for uncollectible taxes		<u>200,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 2,871,615</u></u>

See Independent Auditor's Report.

**SCHEDULE 4**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2022**

	Special Revenue Funds						
	Recreation	Downtown TIF	DARE	Stone Bridge TIF	Conservation	Police Department Special Details	Cash Revolving Loan
<b>ASSETS</b>							
Cash and cash equivalents	\$ 44,990	\$ -	\$ 4,974	\$ -	\$ -	\$ 65,804	\$ 13,276
Investments	-	-	-	-	136,727	-	-
Taxes receivable	-	67,675	-	20,667	-	-	-
Accounts receivable	-	-	-	-	-	7,037	29,575
Interfund receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 44,990</u>	<u>\$ 67,675</u>	<u>\$ 4,974</u>	<u>\$ 20,667</u>	<u>\$ 136,727</u>	<u>\$ 72,841</u>	<u>\$ 42,851</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Accrued salaries and benefits	\$ 263	\$ 198	\$ -	\$ 198	\$ -	\$ -	\$ -
Interfund payable	3,068	28,477	-	20,469	-	-	-
Total liabilities	<u>3,331</u>	<u>28,675</u>	<u>-</u>	<u>20,667</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue -	-	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	-	-	-
<b>FUND BALANCES</b>							
Restricted	-	-	-	-	-	-	-
Committed	41,659	39,000	4,974	-	136,727	72,841	42,851
Total fund balances	<u>41,659</u>	<u>39,000</u>	<u>4,974</u>	<u>-</u>	<u>136,727</u>	<u>72,841</u>	<u>42,851</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 44,990</u>	<u>\$ 67,675</u>	<u>\$ 4,974</u>	<u>\$ 20,667</u>	<u>\$ 136,727</u>	<u>\$ 72,841</u>	<u>\$ 42,851</u>

Special Revenue Funds									
Fire Department Special Details	Police and Fire Grants	250th Celebration	Miscellaneous Donations	Asset Forfeiture	Reclamation Trust	Library	Town Impact Fees	Capital Project Funds Consolidated	Total
\$ 15	\$ -	\$ 111,741	\$ 27,853	\$ 8,121	\$ 117,317	\$ 90,912	\$ -	\$ 366,377	\$ 851,380
-	-	-	-	-	-	963,508	-	-	1,100,235
-	-	-	-	-	-	-	-	-	88,342
-	-	-	-	-	-	-	-	13,700	50,312
-	-	845	-	-	-	-	-	134,671	135,516
<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 112,586</u>	<u>\$ 27,853</u>	<u>\$ 8,121</u>	<u>\$ 117,317</u>	<u>\$ 1,054,420</u>	<u>\$ -</u>	<u>\$ 514,748</u>	<u>\$ 2,225,785</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 659
-	-	-	-	-	239	-	-	13,700	65,953
-	-	-	-	-	239	-	-	13,700	66,612
-	-	-	-	-	-	11,067	-	-	11,067
-	-	-	-	8,121	117,078	1,043,353	-	501,048	1,669,600
15	-	112,586	27,853	-	-	-	-	-	478,506
<u>15</u>	<u>-</u>	<u>112,586</u>	<u>27,853</u>	<u>8,121</u>	<u>117,078</u>	<u>1,043,353</u>	<u>-</u>	<u>501,048</u>	<u>2,148,106</u>
<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 112,586</u>	<u>\$ 27,853</u>	<u>\$ 8,121</u>	<u>\$ 117,317</u>	<u>\$ 1,054,420</u>	<u>\$ -</u>	<u>\$ 514,748</u>	<u>\$ 2,225,785</u>

See Independent Auditor's Report.

**SCHEDULE 5**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2022**

	Special Revenue Funds						
	Recreation	Downtown TIF	DARE	Stone Bridge TIF	Conservation	Police Department Special Details	Cash Revolving Loan
<b>Revenues:</b>							
Taxes	\$ -	\$ 469,056	\$ -	\$ 261,240	\$ 8,530	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	46,419	-	-	-	-	50,894	-
Miscellaneous	160	326	1	240	2,243	499	85
Unrealized loss on investments	-	-	-	-	-	-	-
Total revenues	46,579	469,382	1	261,480	10,773	51,393	85
<b>Expenditures:</b>							
Current:							
General government	-	101,777	-	11,304	-	-	-
Public safety	-	-	-	-	-	30,954	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	39,540	-	-	-	-	-	-
Conservation	-	-	-	-	5,046	-	-
Debt service:							
Principal	-	15,000	-	35,000	-	-	-
Interest	-	1,447	-	20,895	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	39,540	118,224	-	67,199	5,046	30,954	-
Excess (deficiency) of revenues over (under) expenditures	7,039	351,158	1	194,281	5,727	20,439	85
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(313,112)	-	(204,807)	-	-	-
Total other financing sources (uses)	-	(313,112)	-	(204,807)	-	-	-
Net change in fund balances	7,039	38,046	1	(10,526)	5,727	20,439	85
Fund balances, beginning	34,620	954	4,973	10,526	131,000	52,402	42,766
Fund balances, ending	\$ 41,659	\$ 39,000	\$ 4,974	\$ -	\$ 136,727	\$ 72,841	\$ 42,851

Special Revenue Funds									
Fire Department Special Details	Police and Fire Grants	250th Celebration	Miscellaneous Donations	Asset Forfeiture	Reclamation Trust	Library	Town Impact Fees	Capital Project Funds Consolidated	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 738,826
-	-	-	-	-	17,175	-	-	-	17,175
-	2,000	-	-	-	-	35,933	-	226,112	264,045
-	-	-	-	-	-	-	-	-	97,313
-	-	122,423	17,091	61	853	125,061	5	2,066	271,114
-	-	-	-	-	-	(251,056)	-	-	(251,056)
-	2,000	122,423	17,091	61	18,028	(90,062)	5	228,178	1,137,417
-	-	-	-	-	-	-	9,344	-	122,425
-	4,862	-	-	-	-	-	-	-	35,816
-	-	-	-	-	4,276	-	-	-	4,276
-	-	18,784	1,005	-	-	85,533	-	-	144,862
-	-	-	-	-	-	-	-	-	5,046
-	-	-	-	-	-	-	-	-	50,000
-	-	-	-	-	-	-	-	-	22,342
-	-	-	-	-	-	-	-	639,783	639,783
-	4,862	18,784	1,005	-	4,276	85,533	9,344	639,783	1,024,550
-	(2,862)	103,639	16,086	61	13,752	(175,595)	(9,339)	(411,605)	112,867
-	-	-	-	-	-	10,587	-	144,188	154,775
-	(97)	-	-	-	-	-	-	(140)	(518,156)
-	(97)	-	-	-	-	10,587	-	144,048	(363,381)
-	(2,959)	103,639	16,086	61	13,752	(165,008)	(9,339)	(267,557)	(250,514)
15	2,959	8,947	11,767	8,060	103,326	1,208,361	9,339	768,605	2,398,620
\$ 15	\$ -	\$ 112,586	\$ 27,853	\$ 8,121	\$ 117,078	\$ 1,043,353	\$ -	\$ 501,048	\$ 2,148,106

See Independent Auditor's Report.

**SCHEDULE 6**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Fiduciary Net Position**  
**December 31, 2022**

	Custodial Funds						Total
	Taxes	School Trust	Alice Poole Trust	Bonds and Security Deposits	Other Escrow Funds	Town Clerk Fees State Portion	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 161,286	\$ 41,569	\$ 23,131	\$ 25,676	\$ -	\$ 251,662
Investments	-	432,808	607,036	-	-	-	1,039,844
Intergovernmental receivables	4,234,201	-	-	-	-	-	4,234,201
Total assets	4,234,201	594,094	648,605	23,131	25,676	-	5,525,707
<b>LIABILITIES</b>							
Due to school	4,234,201	-	-	-	-	-	4,234,201
<b>NET POSITION</b>							
Restricted	\$ -	\$ 594,094	\$ 648,605	\$ 23,131	\$ 25,676	\$ -	\$ 1,291,506

See Independent Auditor's Report.

**SCHEDULE 7**  
**TOWN OF JAFFREY, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2022**

	Custodial Funds						
	Taxes	School Trust	Alice Poole Trust	Bonds and Security Deposits	Other Escrow Funds	Town Clerk Fees State Portion	Total
<b>Additions:</b>							
Contributions	\$ -	\$ 375,000	\$ -	\$ -	\$ -	\$ -	\$ 375,000
Investment earnings	-	5,207	74,936	192	99	-	80,434
Change in fair market value	-	(30,632)	(185,560)	-	-	-	(216,192)
Tax collections for other governments	10,987,682	-	-	-	-	-	10,987,682
Collection of motor vehicle fees for State	-	-	-	-	-	392,264	392,264
Other	-	-	-	9,500	11,950	-	21,450
Total additions	<u>10,987,682</u>	<u>349,575</u>	<u>(110,624)</u>	<u>9,692</u>	<u>12,049</u>	<u>392,264</u>	<u>11,640,638</u>
<b>Deductions:</b>							
Benefits paid	-	243,719	10,107	-	-	-	253,826
Administrative expenses	-	3,083	4,421	-	-	-	7,504
Payments of taxes to other governments	10,987,682	-	-	-	-	-	10,987,682
Payments of motor vehicle fees to State	-	-	-	-	-	392,264	392,264
Payments for escrow purposes	-	-	-	19,347	3,332	-	22,679
Total deductions	<u>10,987,682</u>	<u>246,802</u>	<u>14,528</u>	<u>19,347</u>	<u>3,332</u>	<u>392,264</u>	<u>11,663,955</u>
Net increase (decrease) in fiduciary net position	-	102,773	(125,152)	(9,655)	8,717	-	(23,317)
Net position, beginning	-	491,321	773,757	32,786	16,959	-	1,314,823
Net position, ending	<u>\$ -</u>	<u>\$ 594,094</u>	<u>\$ 648,605</u>	<u>\$ 23,131</u>	<u>\$ 25,676</u>	<u>\$ -</u>	<u>\$ 1,291,506</u>