

**TOWN OF DEERFIELD,  
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  
Town of Deerfield  
Deerfield, New Hampshire

### Report on the Financial Statements

#### *Adverse and Unmodified Opinions*

We have audited the accompanying financial statements of the governmental activities, the major fund, and aggregate remaining fund information of the Town of Deerfield 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.

#### Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

#### *Adverse Opinion on Governmental Activities*

In our opinion, because of the significance of the matter described in the "Matters Giving Rise to Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities financial statements of the Town of Deerfield, as of December 31, 2022, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on the Major Fund and Aggregate Remaining Fund Information*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the Town of Deerfield as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Adverse and Unmodified Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Deerfield 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.

#### *Matters Giving Rise to Adverse Opinion on Governmental Activities*

As discussed in Note 13-B to the financial statements, management has not recorded the long-term costs of retirement healthcare costs and obligations for other postemployment benefits for the single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

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

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

The Town of Deerfield'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 Deerfield'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Deerfield'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 Deerfield'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-D 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:

- 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, 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

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

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.

**Management's Discussion and Analysis** - Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

**Supplementary Information** - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Deerfield'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.

September 18, 2023  
Concord, New Hampshire

*Plodzik & Sanderson  
Professional Association*

***BASIC FINANCIAL STATEMENTS***

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

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,712,368
Investments	836,112
Taxes receivable (net)	567,009
Accounts receivable	20,953
Tax deeded property, subject to resale	8,974
Capital assets:	
Land and construction in progress	5,334,921
Other capital assets, net of depreciation	4,625,126
Total assets	21,105,463
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	522,542
Amounts related to other postemployment benefits	9,805
Total deferred outflows of resources	532,347
<b>LIABILITIES</b>	
Accounts payable	131,729
Accrued salaries and benefits	60,412
Retainage payable	9,968
Intergovernmental payables	6,295,587
Long-term liabilities:	
Due within one year	10,000
Due in more than one year	2,983,995
Total liabilities	9,491,691
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	21,002
Unavailable revenue - grants	563,173
Amounts related to pensions	97,485
Total deferred inflows of resources	681,660
<b>NET POSITION</b>	
Net investment in capital assets	9,960,047
Restricted	557,132
Unrestricted	947,280
Total net position	\$ 11,464,459

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

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

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 1,463,755	\$ 10,240	\$ 67,819	\$ (1,385,696)
Public safety	1,512,710	124,420	28,238	(1,360,052)
Highways and streets	1,279,132	340	149,581	(1,129,211)
Sanitation	473,627	56,044	-	(417,583)
Health	34,478	-	-	(34,478)
Welfare	24,523	-	-	(24,523)
Culture and recreation	432,414	203,474	-	(228,940)
Conservation	58,144	-	-	(58,144)
Total governmental activities	<u>\$ 5,278,783</u>	<u>\$ 394,518</u>	<u>\$ 245,638</u>	<u>(4,638,627)</u>
General revenues:				
Taxes:				
Property				1,147,997
Other				194,454
Motor vehicle permit fees				1,180,702
Licenses and other fees				75,041
Grants and contributions not restricted to specific programs				430,604
Unrestricted investment earnings				62,944
Miscellaneous				279,623
Total general revenues				<u>3,371,365</u>
Change in net position				(1,267,262)
Net position, beginning				12,731,721
Net position, ending				<u>\$ 11,464,459</u>

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

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

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,124,694	\$ 587,674	\$ 9,712,368
Investments	401,757	434,355	836,112
Taxes receivable	579,653	-	579,653
Accounts receivable	8,458	12,495	20,953
Interfund receivables	-	119,496	119,496
Tax dedeed property, subject to resale	8,974	-	8,974
<b>Total assets</b>	<b>\$ 10,123,536</b>	<b>\$ 1,154,020</b>	<b>\$ 11,277,556</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 128,360	\$ 3,369	\$ 131,729
Accrued salaries and benefits	60,412	-	60,412
Retainage payable	9,968	-	9,968
Intergovernmental payables	6,295,587	-	6,295,587
Interfund payables	102,129	17,367	119,496
<b>Total liabilities</b>	<b>6,596,456</b>	<b>20,736</b>	<b>6,617,192</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	49,346	-	49,346
Unavailable revenue - grants	563,173	-	563,173
<b>Total deferred inflows of resources</b>	<b>612,519</b>	<b>-</b>	<b>612,519</b>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable	8,974	329,169	338,143
Restricted	-	291,731	291,731
Committed	812,448	517,256	1,329,704
Assigned	27,432	-	27,432
Unassigned (deficit)	2,065,707	(4,872)	2,060,835
<b>Total fund balances</b>	<b>2,914,561</b>	<b>1,133,284</b>	<b>4,047,845</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 10,123,536</b>	<b>\$ 1,154,020</b>	<b>\$ 11,277,556</b>

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

**EXHIBIT C-2**  
**TOWN OF DEERFIELD, 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)	\$ 4,047,845	
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 15,087,997	
Less accumulated depreciation	<u>(5,127,950)</u>	9,960,047
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 522,542	
Deferred inflows of resources related to pensions	(97,485)	
Deferred outflows of resources related to OPEB	<u>9,805</u>	434,862
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (119,496)	
Payables	<u>119,496</u>	-
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	\$ 28,344	
Allowance for uncollectible taxes	<u>(12,644)</u>	15,700
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Compensated absences	\$ 42,580	
Accrued landfill postclosure care costs	248,000	
Net pension liability	2,530,450	
Other postemployment benefits	<u>172,965</u>	(2,993,995)
Net position of governmental activities (Exhibit A)		<u><u>\$ 11,464,459</u></u>

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

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

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,308,928	\$ 65,816	\$ 1,374,744
Licenses and permits	1,255,743	-	1,255,743
Intergovernmental receivable	676,242	-	676,242
Charges for services	76,592	317,926	394,518
Miscellaneous	280,038	62,529	342,567
Total revenues	<u>3,597,543</u>	<u>446,271</u>	<u>4,043,814</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,373,635	72,286	1,445,921
Public safety	1,317,971	113,972	1,431,943
Highways and streets	1,063,557	76	1,063,633
Sanitation	429,123	36,636	465,759
Health	34,478	-	34,478
Welfare	24,523	-	24,523
Culture and recreation	229,798	183,821	413,619
Conservation	11,984	46,160	58,144
Capital outlay	81,055	-	81,055
Total expenditures	<u>4,566,124</u>	<u>452,951</u>	<u>5,019,075</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	15,000	-	15,000
Transfers out	-	(15,000)	(15,000)
Total other financing sources (uses)	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	(953,581)	(21,680)	(975,261)
Fund balances, beginning	3,868,142	1,154,964	5,023,106
Fund balances, ending	<u>\$ 2,914,561</u>	<u>\$ 1,133,284</u>	<u>\$ 4,047,845</u>

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

**EXHIBIT C-4**  
**TOWN OF DEERFIELD, 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**

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (975,261)
Amounts reported for governmental activities in the Statement of Activities are different because:		
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 capitalized capital outlay in the current year, as follows:		
Capitalized capital outlay	\$ 135,637	
Depreciation expense	<u>(393,031)</u>	(257,394)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (15,000)	
Transfers out	<u>15,000</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue	\$ (35,437)	
Change in allowance for uncollectible taxes	<u>3,144</u>	(32,293)
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 compensated absences	\$ (6,257)	
Decrease in accrued landfill postclosure care costs	2,000	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	8,649	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(6,706)</u>	(2,314)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ (1,267,262)</u></u>

**EXHIBIT D**  
**TOWN OF DEERFIELD, 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**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,021,574	\$ 1,021,574	\$ 1,276,635	\$ 255,061
Licenses and permits	1,300,000	1,300,000	1,255,743	(44,257)
Intergovernmental receivable	594,475	594,475	638,581	44,106
Charges for services	89,000	89,000	76,592	(12,408)
Miscellaneous	35,500	35,500	271,219	235,719
Total revenues	<u>3,040,549</u>	<u>3,040,549</u>	<u>3,518,770</u>	<u>478,221</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,546,540	1,491,008	1,343,643	147,365
Public safety	1,198,366	1,233,529	1,289,733	(56,204)
Highways and streets	1,012,126	1,019,780	1,066,989	(47,209)
Sanitation	354,636	357,487	429,123	(71,636)
Health	40,582	40,688	34,478	6,210
Welfare	70,297	71,260	24,523	46,737
Culture and recreation	244,694	253,422	229,798	23,624
Conservation	13,307	13,374	11,984	1,390
Debt service:				
Interest	1	1	-	1
Capital outlay	-	81,055	81,055	-
Total expenditures	<u>4,480,549</u>	<u>4,561,604</u>	<u>4,511,326</u>	<u>50,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,440,000)</u>	<u>(1,521,055)</u>	<u>(992,556)</u>	<u>528,499</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	81,055	81,055	-
Transfers out	(165,000)	(165,000)	(165,000)	-
Total other financing sources (uses)	<u>(165,000)</u>	<u>(83,945)</u>	<u>(83,945)</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,605,000)</u>	<u>\$ (1,605,000)</u>	<u>(1,076,501)</u>	<u>\$ 528,499</u>
Decrease in nonspendable fund balance			160,828	
Unassigned fund balance, beginning			2,997,080	
Unassigned fund balance, ending			<u>\$ 2,081,407</u>	

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

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

	Private Purpose Trust Fund	All Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 31,850	\$ 493,206
Investments	343,584	360,138
Intergovernmental receivable	-	6,261,597
Total assets	375,434	7,114,941
<b>LIABILITIES</b>		
Accounts payable	-	8,458
Intergovernmental payables:		
School	-	6,257,408
State	-	4,189
Total liabilities	-	6,270,055
<b>NET POSITION</b>		
Restricted	\$ 375,434	\$ 844,886

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

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

	Private Purpose Trust Fund	All Custodial Funds
<b>ADDITIONS</b>		
Contributions	\$ -	\$ 365,193
Investment earnings	9,291	8,521
Change in fair market value	(44,803)	(20,393)
Tax collections for other governments	-	12,732,003
State fees collected	-	451,355
Total additions	<u>(35,512)</u>	<u>13,536,679</u>
<b>DEDUCTIONS</b>		
Payments from trust funds	2,644	-
Payments of taxes to other governments	-	12,732,003
Payments of State fees	-	451,355
Payments for escrow purposes	-	580,943
Total deductions	<u>2,644</u>	<u>13,764,301</u>
Change in fiduciary net position	(38,156)	(227,622)
Net position, beginning	413,590	1,072,508
Net position, ending	<u>\$ 375,434</u>	<u>\$ 844,886</u>

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

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

	<u>NOTE</u>
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Deerfield, 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 Deerfield is a municipal corporation governed by an elected five-member Board of Selectmen. 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. 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, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits have also been omitted because the liability and expense have not been determined. 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. As in the Statement of Net Position the Town has not recorded the other postemployment benefit expense in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating 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.

***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.

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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 fund:

**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, and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, the American Rescue Plan Act (ARPA) fund and expendable trust funds are consolidated in the general fund.

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.

**Permanent Fund** – is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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 ten nonmajor governmental funds.

**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 private purpose trust and custodial funds, which are custodial in nature. These funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting.

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.

### ***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.

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 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.

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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.

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.

***1-E 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-F Capital Assets***

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The Town has established a threshold of \$5,000 or more and an estimate useful life in excess of five years for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<b>Capital Asset Classes:</b>	<b><u>Years</u></b>
Buildings and building improvements	20 - 50
Machinery, equipment, and furnishings	5 - 50
Vehicles	5 - 20
Infrastructure	20 - 50

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**1-G 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.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

**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 the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

**1-H 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 9, 2022 and November 21, 2022, and due on July 1, 2022 and December 29, 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, Deerfield School District, and Rockingham 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:

Total assessment valuation with utilities	\$ 776,214,550
Total assessment valuation without utilities	\$ 699,821,650

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	<u>\$1.81</u>	<u>\$ 1,395,812</u>
School portion:		
State of New Hampshire	\$1.21	849,932
Local	\$14.50	11,257,476
County portion	<u>\$0.80</u>	<u>624,595</u>
Total	<u><u>\$18.32</u></u>	<u><u>\$ 14,127,815</u></u>

**1-I 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.

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***1-J 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.

*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 four 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-K Compensated Absences***

***Vacation*** – The Town’s policy allows certain employees to earn varying amounts of vacation based on the employee’s length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by the Town’s personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

***Sick Leave*** – The Town’s policy allows certain employees to earn varying amounts of sick time as set forth by the Town’s personnel policy. A liability for those amounts is recorded in the government-wide financial statements.

***1-L Long-term Obligations***

In the government-wide financial statements, other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

***1-M 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-N 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** – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board pronouncement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**1-O 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.

**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 through the budgetary process.

**Unassigned** – Amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When multiple net position/fund balance classifications are available for use, it is the Town'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.

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 10% of regular general fund operating expenditures.

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**1-P 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 of tangible 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 post closure 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 fund. 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, \$1,500,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$105,000 was voted from unassigned fund balance as a transfer to various capital reserve and expendable trust funds.

**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 the major general fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenue and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 3,599,825
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	46,480
To recognize transfers in of the blended expendable trust funds	165,000
To eliminate transfers between blended expendable trust and general funds	(231,055)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	32,293
Per Exhibit C-3 (GAAP basis)	\$ 3,612,543

*(Continued)*

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*Budgetary reconciliation to GAAP basis continued:*

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 4,676,326
Adjustment:	
Basis differences:	
Encumbrances, beginning	17,441
Encumbrances, ending	(27,432)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	64,789
To recognize transfers out of the blended expendable trust funds	66,055
To eliminate transfers between general and blended expendable trust funds	(231,055)
Per Exhibit C-3 (GAAP basis)	<u>\$ 4,566,124</u>

**2-C Deficit Fund Balance**

The special detail special revenue fund had a deficit fund balance of \$4,872 at December 31, 2022. This deficit will be financed through future revenues of the fund.

**2-D 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. As a result of implementation of this Statement, 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.

**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 \$10,237,424 and the bank balances totaled \$10,289,461. Petty cash totaled \$650.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 9,712,368
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	525,056
Total cash and cash equivalents	<u>\$ 10,237,424</u>

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**NOTE 4 – INVESTMENTS**

Note 1-D 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	Less Than 1 Year	1-5 Years	Exempt from Disclosure
Investments type:					
Certificates of deposit	Level 1	\$ 707,038	\$ 241,345	\$ 465,693	\$ -
Corporate equities	Level 1	453,313	-	-	453,313
Equity exchange traded	Level 1	51,264	-	-	51,264
Fixed income mutual funds	Level 2	328,219	-	-	328,219
Total fair value		<u>\$ 1,539,834</u>	<u>\$ 241,345</u>	<u>\$ 465,693</u>	<u>\$ 832,796</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. Both the Town and Trustees of Trust Funds investment policies follow the prudent person rule, which requires the preservation of principal and the amount and regularity of the income derived there from. The investment types noted above are exempt from disclosure.

**Credit Risk** - The Town investment policy states that assets will be invested in obligations of the United States Government, Public Deposit Investment Pool established pursuant to RSA 383:22, deposits in solvent banks incorporated under the laws of the State of New Hampshire, in certificates of deposits of banks incorporated under the laws of the State of New Hampshire, or in banks recognized by the State of New Hampshire. The Trustees of Trust Funds investment policy states the asset allocation of the trust funds will be dependent on the frequency of the cash needs for each fund. The asset allocation will be limited to obligations of the United States Government and its agencies, domestic and international equity and fixed income mutual funds and exchange traded funds, FDIC insured certificates of deposits, and the public deposit investment fund.

**Custodial Credit Risk** – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town and Trustees of Trust Funds investment policies do not directly address this risk.

**Concentration of Credit Risk** – The Town and Trustees of Trust Funds place no limit on the amount it may invest in any one issuer. More than 5% of the Town’s investments are in Fidelity Intermediate Bond Funds, Federated Hermes Government Obligations Tax-Managed Fund, Goldman Sachs Bank USA, Synchrony Bank, and UBS Bank USA. These investments are 17%, 53%, 15%, 16%, and 15%, respectively, of the Town’s total investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 836,112
Investments per Statement of Fiduciary Net Position (Exhibit E-1)	703,722
Total investments	<u>\$ 1,539,834</u>

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**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 \$12,644. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2022	\$ 476,429	\$ 476,429
Unredeemed (under tax lien):		
Levy of 2021	41,111	41,111
Levy of 2020	9,337	9,337
Levies of 2019 and prior	46,135	46,135
Elderly liens	6,641	6,641
Less: allowance for estimated uncollectible taxes	(12,644) *	-
Net taxes receivable	\$ 567,009	\$ 579,653

\*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 other user charges). 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.

	Governmental Activities	Governmental Funds			Fiduciary Funds
		General	Nonmajor	Total	
Receivables:					
Accounts	\$ 20,953	\$ 8,458	\$ 12,495	\$ 20,953	\$ -
Intergovernmental	-	-	-	-	6,261,597 <sup>1</sup>
Total	\$ 20,953	\$ 8,458	\$ 12,495	\$ 20,953	\$ 6,261,597

<sup>1</sup> Fiduciary Funds - intergovernmental receivables represent property taxes collected on behalf of the Deerfield 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 9.

**NOTE 7 – CAPITAL ASSETS**

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

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 5,254,941	\$ -	\$ -	\$ 5,254,941
Construction in progress	79,980	-	-	79,980
Total capital assets not being depreciated	5,334,921	-	-	5,334,921
Being depreciated:				
Buildings and building improvements	1,274,393	48,700	-	1,323,093
Machinery, equipment, and furnishings	883,694	31,808	-	915,502
Vehicles	1,679,302	48,479	-	1,727,781
Infrastructure	5,780,050	6,650	-	5,786,700
Total capital assets being depreciated	9,617,439	135,637	-	9,753,076
Total all capital assets	14,952,360	135,637	-	15,087,997

*(Continued)*

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*Capital assets continued:*

	Balance, beginning	Additions	Deletions	Balance, ending
Less accumulated depreciation:				
Buildings and building improvements	(503,129)	(60,559)	-	(563,688)
Machinery, equipment, and furnishings	(722,068)	(50,750)	-	(772,818)
Vehicles	(1,167,284)	(83,225)	-	(1,250,509)
Infrastructure	(2,342,438)	(198,497)	-	(2,540,935)
Total accumulated depreciation	(4,734,919)	(393,031)	-	(5,127,950)
Net book value, capital assets being depreciated	4,882,520	(257,394)	-	4,625,126
Net book value, all capital assets	<u>\$ 10,217,441</u>	<u>\$ (257,394)</u>	<u>\$ -</u>	<u>\$ 9,960,047</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:

General government	\$ 40,493
Public safety	104,042
Highways and streets	227,999
Sanitation	9,868
Culture and recreation	10,629
Total depreciation expense	<u>\$ 393,031</u>

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

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

Receivable Fund	Payable Fund	Amount
Nonmajor	General	\$ 102,129
Nonmajor	Nonmajor	17,367
		<u>\$ 119,496</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 \$15,000 interfund transfer for the year ended December 31, 2022, was a transfer between the permanent trust fund to the general fund for cemetery maintenance.

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

	General Fund	Fidciary Funds
Balance due to the New Hampshire Retirement System	\$ 29,569	\$ -
Miscellaneous balance due to the State of New Hampshire	1,141	-
Miscellaneous balance due to other political subdivisions	3,280	-
Property taxes due to the custodial funds	6,257,408 <sup>2</sup>	-
Motor vehicle fees due to the custodial funds	4,189	-
Property taxes due to the Deerfield School District	-	6,257,408 <sup>3</sup>
Motor vehicle fees due to the State of New Hampshire	-	4,189
Total intergovernmental payables due	<u>\$ 6,295,587</u>	<u>\$ 6,261,597</u>

<sup>2</sup> Property taxes due to the custodial fund represent amounts collected by the Town on behalf of Deerfield School District and are reported as a component of general fund cash at year-end.

<sup>3</sup> Property taxes due to the Deerfield 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.

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**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources at December 31, 2022 consist of amounts related to pensions totaling \$522,542 and amounts related to OPEB totaling \$9,805. For further discussion on these amounts, see Note 12 and 13, respectively.

Deferred inflows of resources are as follows:

	Exhibit A	Exhibit C-1
Property taxes received prior to their due date	\$ 21,002	\$ 21,002
Deferred property taxes not collected within 60 days of the fiscal year-end	-	28,344
Federal grant revenue collected in advance of eligible expenditures being made	563,173	563,173
Amounts related to pensions (see Note 12)	97,485	-
Total governmental activities	\$ 681,660	\$ 612,519

**NOTE 11 – 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
Compensated absences	\$ 36,323	\$ 8,325	\$ (2,068)	\$ 42,580	\$ -	\$ 42,580
Accrued landfill postclosure care costs	250,000	-	(2,000)	248,000	10,000	238,000
Net pension liability	1,877,978	652,472	-	2,530,450	-	2,530,450
Net other postemployment benefits	163,741	9,224	-	172,965	-	172,965
Total long-term liabilities	\$ 2,328,042	\$ 670,021	\$ (4,068)	\$ 2,993,995	\$ 10,000	\$ 2,983,995

**Accrued Landfill Post Closure Care Costs** – The Town ceased operating its landfill in 1995 and closure construction was completed in 1996. 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 post closure care costs that will be incurred. The estimated liability for landfill post closure care costs has a balance of \$248,000 as of December 31, 2022. The estimated total current cost of the landfill post closure care (\$248,000) 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 post closure 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 post closure care costs by general appropriations.

**NOTE 12 – 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.

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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%

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 \$255,976, 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 \$2,530,450 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 0.04% which was the same as its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$247,056. 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	\$ 119,748	\$ 87,771
Changes in assumptions	134,600	-
Net difference between projected and actual investment earnings on pension plan investments	95,901	-
Differences between expected and actual experience	47,492	9,714
Contributions subsequent to the measurement date	124,801	-
Total	<u>\$ 522,542</u>	<u>\$ 97,485</u>

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The \$124,801 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	\$ 108,648
2024	97,021
2025	(53,091)
2026	147,678
Thereafter	-
Totals	<u>\$ 300,256</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:	2.00%
Salary increases:	5.40% 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

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.

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**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	\$ 3,395,225	\$ 2,530,450	\$ 1,811,469

**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.

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**13-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 \$19,175, which was paid in full.

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**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 \$172,965 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 0.05% 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 OPEB expense of \$25,838. 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	\$ 473	\$ -
Contributions subsequent to the measurement date	9,332	-
Total	\$ 9,805	\$ -

The \$9,332 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	\$ 79
2024	20
2025	(186)
2026	560
Thereafter	-
Totals	\$ 473

**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:	2.00% per year
Wage inflation:	2.75% (2.25% for teachers)
Salary increases:	5.40% 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	\$ 187,783	\$ 172,965	\$ 160,060

**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.

**13-B Town of Deerfield Retiree Health Benefit Program**

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town’s contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2022, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town. The amounts that should be recorded as the net OPEB liability and the OPEB expense is unknown.

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**NOTE 14 - 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	\$ 24,000
Highways and streets	3,432
Total general fund	<u>\$ 27,432</u>

**NOTE 15 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION**

Net position reported on the governmental activities and fiduciary funds Statements of Net Position at December 31, 2022 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all governmental activities capital assets	\$ 9,960,047	\$ -
Restricted net position:		
Library	75,363	-
Perpetual care - principal balance	329,169	-
Perpetual care - income balance	152,600	-
Individuals, organizations, and other governments	-	375,434
Escrows	-	59,175
School impact fees	-	4,489
School trust funds	-	781,222
Total restricted net position	557,132	1,220,320
Unrestricted	947,280	-
Total net position	\$ 11,464,459	\$ 1,220,320

**NOTE 16 – GOVERNMENTAL FUND BALANCES**

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

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Tax deceded property	\$ 8,974	\$ -	\$ 8,974
Permanent fund - principal balance	-	329,169	329,169
Total nonspendable fund balance	8,974	329,169	338,143
<b>Restricted:</b>			
Library	-	75,363	75,363
Impact fees - highway	-	51,562	51,562
Impact fees - solid waste	-	12,206	12,206
Permanent - income balance	-	152,600	152,600
Total restricted fund balance	-	291,731	291,731
<b>Committed:</b>			
Expendable trust	812,448	-	812,448
Recreation	-	103,745	103,745
Joe Stone	-	4,672	4,672
Conservation	-	349,738	349,738
Other special funds	-	59,101	59,101
Total committed fund balance	812,448	517,256	1,329,704

*(Continued)*

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

Governmental fund balances continued:

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Assigned:</b>			
Encumbrances	27,432	-	27,432
<b>Unassigned (deficit):</b>			
General fund	2,065,707	-	2,065,707
Special detail (deficit)	-	(4,872)	(4,872)
Total unassigned fund balance (deficit)	2,065,707	(4,872)	2,060,835
Total governmental fund balances	<u>\$ 2,914,561</u>	<u>\$ 1,133,284</u>	<u>\$ 4,047,845</u>

**NOTE 17 – 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 \$55,193 and \$39,602 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 18 – CAFETERIA BENEFIT PLAN**

Effective January 1, 2003, 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. Medical Insurance Premium Account;
2. Out of Pocket Medical Spending Account; or
3. Dependent Care Spending 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 Spending Account, and \$2,500 into the medical 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<sup>st</sup> and ends on December 31<sup>st</sup>. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 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.

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

**NOTE 19 – 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 material tax abatements or programs for the year ended December 31, 2022.

**NOTE 20 – COVID-19**

As a result of the spread of 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 \$475,396 in federal funding from the American Rescue Plan Act (ARPA) in 2021. A total of \$237,698, or 50%, of the funding was 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 \$37,661 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 21 – 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 September 18, 2023, the date the December 31, 2022 financial statements were available to be issued, and the following warrant articles were approved by the voters at the March 14, 2023 annual Town Meeting:

**Warrant Article 9:** Authorized the use of \$40,000 general fund unassigned fund balance to be deposited into the Municipal Government Buildings and related infrastructure expendable trust fund.

**Warrant Article 10:** Authorized the use of \$35,000 general fund unassigned fund balance to be deposited into the Cemetery General Maintenance capital reserve fund.

**Warrant Article 11:** Authorized the use of \$25,000 general fund unassigned fund balance to be deposited into the Recreational Facility Maintenance expendable trust fund.

**Warrant Article 12:** Authorized the use of \$20,000 general fund unassigned fund balance to be deposited into the Fire Department Vehicle and Equipment expendable trust fund.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**TOWN OF DEERFIELD, 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	0.04%	0.04%	0.05%	0.04%	0.04%	0.05%	0.04%	0.04%
Proportionate share of the net pension liability	\$ 1,683,859	\$ 2,353,051	\$ 2,229,199	\$ 2,053,223	\$ 2,048,080	\$ 2,890,249	\$ 1,877,978	\$ 2,530,450
Covered payroll	\$ 1,094,525	\$ 1,151,128	\$ 1,209,159	\$ 1,173,565	\$ 1,202,464	\$ 1,207,027	\$ 1,173,938	\$ 1,197,439
Proportionate share of the net pension liability as a percentage of its covered payroll	153.84%	204.41%	184.36%	174.96%	170.32%	239.45%	159.97%	211.32%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.  
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**EXHIBIT G**  
**TOWN OF DEERFIELD, 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 contributions	\$ 229,204	\$ 163,350	\$ 182,153	\$ 180,223	\$ 185,235	\$ 200,741	\$ 221,982	\$ 255,976
Contributions in relation to the contractually required contributions	229,204	163,350	182,153	180,223	185,235	200,741	221,982	255,976
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,094,525	\$ 1,151,128	\$ 1,209,159	\$ 1,173,565	\$ 1,202,464	\$ 1,207,027	\$ 1,171,167	\$ 1,206,701
Contributions as a percentage of covered payroll	20.94%	14.19%	15.06%	15.36%	15.40%	16.63%	18.95%	21.21%

**TOWN OF DEERFIELD, 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 F and G 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 H**  
**TOWN OF DEERFIELD, 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	0.04%	0.04%	0.04%	0.04%	0.05%
Town's proportionate share of the net OPEB liability (asset)	\$ 203,289	\$ 194,209	\$ 191,823	\$ 163,741	\$ 172,965
Town's covered payroll	\$ 1,222,027	\$ 1,251,433	\$ 1,207,027	\$ 1,173,938	\$ 1,197,438
Town's proportionate share of the net OPEB liability (asset) a percentage of its covered payroll	16.64%	15.52%	15.89%	13.95%	14.44%
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 I**  
**TOWN OF DEERFIELD, 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	\$ 19,640	\$ 20,216	\$ 20,342	\$ 19,217	\$ 19,175
Contributions in relation to the contractually required contribution	19,640	20,216	20,342	19,217	19,175
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,222,027	\$ 1,251,433	\$ 1,207,027	\$ 1,171,166	\$ 1,206,701
Contributions as a percentage of covered payroll	1.61%	1.62%	1.69%	1.64%	1.59%

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

**TOWN OF DEERFIELD, 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 H and I 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.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF DEERFIELD, 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)
<b>Taxes:</b>			
Property	\$ 907,174	\$ 1,147,997	\$ 240,823
Land use change	65,000	65,816	816
Yield	13,000	26,791	13,791
Excavation	400	303	(97)
Interest and penalties on taxes	36,000	35,728	(272)
Total from taxes	<u>1,021,574</u>	<u>1,276,635</u>	<u>255,061</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	30,000	617	(29,383)
Motor vehicle permit fees	1,200,000	1,180,702	(19,298)
Building permits	35,000	39,908	4,908
Other	35,000	34,516	(484)
Total from licenses, permits, and fees	<u>1,300,000</u>	<u>1,255,743</u>	<u>(44,257)</u>
<b>Intergovernmental:</b>			
<b>State:</b>			
Meals and rooms distribution	430,604	430,604	-
Highway block grant	150,165	149,581	(584)
State and federal forest land reimbursement	1,362	1,362	-
Other	12,344	57,034	44,690
Total from intergovernmental	<u>594,475</u>	<u>638,581</u>	<u>44,106</u>
<b>Charges for services:</b>			
Income from departments	89,000	76,592	(12,408)
<b>Miscellaneous:</b>			
Sale of municipal property	-	174,464	174,464
Interest on investments	4,500	29,026	24,526
Other	31,000	67,729	36,729
Total from miscellaneous	<u>35,500</u>	<u>271,219</u>	<u>235,719</u>
<b>Other financing sources:</b>			
Transfers in	81,055	81,055	-
Note proceeds	-	-	-
Total other financing sources	<u>81,055</u>	<u>81,055</u>	<u>-</u>
Total revenues and other financing sources	3,121,604	<u>\$ 3,599,825</u>	<u>\$ 478,221</u>
Unassigned fund balance used to reduce tax rate	1,500,000		
Amounts voted from fund balance	105,000		
Total revenues and use of fund balance	<u>\$ 4,726,604</u>		

See Independent Auditor's Report.

**SCHEDULE 2**  
**TOWN OF DEERFIELD, 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)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 390,371	\$ 418,087	\$ -	\$ (27,716)
Election and registration	-	11,713	14,524	-	(2,811)
Financial administration	-	59,341	66,294	-	(6,953)
Revaluation of property	-	92,974	55,694	-	37,280
Legal	-	43,572	36,386	-	7,186
Personnel administration	-	97,397	94,503	-	2,894
Planning and zoning	10,241	48,798	37,558	24,000	(2,519)
General government buildings	7,200	225,413	202,647	-	29,966
Cemeteries	-	21,452	25,185	-	(3,733)
Insurance, not otherwise allocated	-	495,958	381,654	-	114,304
Advertising and regional associations	-	4,019	4,552	-	(533)
Total general government	<u>17,441</u>	<u>1,491,008</u>	<u>1,337,084</u>	<u>24,000</u>	<u>147,365</u>
<b>Public safety:</b>					
Police	-	844,585	893,505	-	(48,920)
Ambulance	-	11,500	15,500	-	(4,000)
Fire	-	315,933	313,588	-	2,345
Building inspection	-	54,143	64,003	-	(9,860)
Emergency management	-	7,368	3,137	-	4,231
Total public safety	<u>-</u>	<u>1,233,529</u>	<u>1,289,733</u>	<u>-</u>	<u>(56,204)</u>
<b>Highways and streets:</b>					
Administration	-	217,445	199,162	-	18,283
Highways and streets	-	801,934	863,448	3,432	(64,946)
Bridges	-	1	547	-	(546)
Other	-	400	400	-	-
Total highways and streets	<u>-</u>	<u>1,019,780</u>	<u>1,063,557</u>	<u>3,432</u>	<u>(47,209)</u>
<b>Sanitation:</b>					
Administration	-	79,042	72,877	-	6,165
Solid waste collection	-	43,344	31,618	-	11,726
Solid waste disposal	-	235,101	324,628	-	(89,527)
Total sanitation	<u>-</u>	<u>357,487</u>	<u>429,123</u>	<u>-</u>	<u>(71,636)</u>
<b>Health:</b>					
Pest control	-	6,372	4,497	-	1,875
Health agencies	-	34,316	29,981	-	4,335
Total health	<u>-</u>	<u>40,688</u>	<u>34,478</u>	<u>-</u>	<u>6,210</u>
<b>Welfare:</b>					
Administration and direct assistance	-	71,260	24,523	-	46,737
<b>Culture and recreation:</b>					
Parks and recreation	-	104,230	95,280	-	8,950
Library	-	147,992	134,389	-	13,603
Patriotic purposes	-	1,200	129	-	1,071
Total culture and recreation	<u>-</u>	<u>253,422</u>	<u>229,798</u>	<u>-</u>	<u>23,624</u>
Conservation	-	13,374	11,984	-	1,390

(Continued)

See Independent Auditor's Report.

**SCHEDULE 2 (Continued)**  
**TOWN OF DEERFIELD, 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)
Debt service:					
Interest on tax anticipation notes	-	1	-	-	1
Capital outlay	-	81,055	81,055	-	-
Other financing uses:					
Transfers out	-	165,000	165,000	-	-
Total appropriations, expenditures, and encumbrances	<u>\$ 17,441</u>	<u>\$ 4,726,604</u>	<u>\$ 4,666,335</u>	<u>\$ 27,432</u>	<u>\$ 50,278</u>

See Independent Auditor's Report.

**SCHEDULE 3**  
**TOWN OF DEERFIELD, 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)		\$ 2,997,080
Changes:		
2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 478,221	
Unexpended balance of appropriations (Schedule 2)	50,278	
2022 Budget surplus		528,499
Decrease in nonspendable fund balance		160,828
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,081,407
<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		(28,344)
Elimination of the allowance for uncollectible taxes		12,644
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		\$ 2,065,707

See Independent Auditor's Report.

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

	Special Revenue Funds								Total	
	Library	Special Detail	Recreation	Joe Stone	Conservation	Impact Fees Highway	Impact Fees Solid Waste	Other Special Funds		Permanent Fund
<b>ASSETS</b>										
Cash and cash equivalents	\$ 75,363	\$ -	\$ -	\$ -	\$ 349,178	\$ 51,562	\$ 12,206	\$ 59,101	\$ 40,264	\$ 587,674
Investments	-	-	-	-	-	-	-	-	434,355	434,355
Accounts receivable	-	12,495	-	-	-	-	-	-	-	12,495
Interfund receivable	-	-	107,114	4,672	560	-	-	-	7,150	119,496
<b>Total assets</b>	<b>\$ 75,363</b>	<b>\$ 12,495</b>	<b>\$ 107,114</b>	<b>\$ 4,672</b>	<b>\$ 349,738</b>	<b>\$ 51,562</b>	<b>\$ 12,206</b>	<b>\$ 59,101</b>	<b>\$ 481,769</b>	<b>\$ 1,154,020</b>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ -	\$ 3,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,369
Interfund payable	-	17,367	-	-	-	-	-	-	-	17,367
<b>Total liabilities</b>	<b>-</b>	<b>17,367</b>	<b>3,369</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,736</b>
<b>FUND BALANCES (DEFICIT)</b>										
Nonspendable	-	-	-	-	-	-	-	-	329,169	329,169
Restricted	75,363	-	-	-	-	51,562	12,206	-	152,600	291,731
Committed	-	-	103,745	4,672	349,738	-	-	59,101	-	517,256
Unassigned (deficit)	-	(4,872)	-	-	-	-	-	-	-	(4,872)
<b>Total fund balances (deficit)</b>	<b>75,363</b>	<b>(4,872)</b>	<b>103,745</b>	<b>4,672</b>	<b>349,738</b>	<b>51,562</b>	<b>12,206</b>	<b>59,101</b>	<b>481,769</b>	<b>1,133,284</b>
<b>Total liabilities and fund balances</b>	<b>\$ 75,363</b>	<b>\$ 12,495</b>	<b>\$ 107,114</b>	<b>\$ 4,672</b>	<b>\$ 349,738</b>	<b>\$ 51,562</b>	<b>\$ 12,206</b>	<b>\$ 59,101</b>	<b>\$ 481,769</b>	<b>\$ 1,154,020</b>

**SCHEDULE 5**  
**TOWN OF DEERFIELD, 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								Total	
	Library Operating	Special Detail	Recreation	Joe Stone	Conservation	Impact Fees Highway	Impact Fees Solid Waste	Other Special Funds		Permanent Fund
<b>REVENUES</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 65,816	\$ -	\$ -	\$ -	\$ -	\$ 65,816
Charges for services	-	114,452	200,322	3,152	-	-	-	-	-	317,926
Miscellaneous	312	-	-	-	1,977	16,990	5,419	8,516	29,315	62,529
Total revenues	<u>312</u>	<u>114,452</u>	<u>200,322</u>	<u>3,152</u>	<u>67,793</u>	<u>16,990</u>	<u>5,419</u>	<u>8,516</u>	<u>29,315</u>	<u>446,271</u>
<b>EXPENDITURES</b>										
Current:										
General government	-	-	-	-	-	-	-	15,407	56,879	72,286
Public safety	-	113,972	-	-	-	-	-	-	-	113,972
Highways and streets	-	-	-	-	-	76	-	-	-	76
Sanitation	-	-	-	-	-	-	36,636	-	-	36,636
Culture and recreation	6,675	-	176,121	1,025	-	-	-	-	-	183,821
Conservation	-	-	-	-	46,160	-	-	-	-	46,160
Total expenditures	<u>6,675</u>	<u>113,972</u>	<u>176,121</u>	<u>1,025</u>	<u>46,160</u>	<u>76</u>	<u>36,636</u>	<u>15,407</u>	<u>56,879</u>	<u>452,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,363)</u>	<u>480</u>	<u>24,201</u>	<u>2,127</u>	<u>21,633</u>	<u>16,914</u>	<u>(31,217)</u>	<u>(6,891)</u>	<u>(27,564)</u>	<u>(6,680)</u>
<b>OTHER FINANCING USES:</b>										
Transfers out	-	-	-	-	-	-	-	-	(15,000)	(15,000)
Net change in fund balances	(6,363)	480	24,201	2,127	21,633	16,914	(31,217)	(6,891)	(42,564)	(21,680)
Fund balance (deficit), beginning	81,726	(5,352)	79,544	2,545	328,105	34,648	43,423	65,992	524,333	1,154,964
Fund balances (deficit), ending	<u>\$ 75,363</u>	<u>\$ (4,872)</u>	<u>\$ 103,745</u>	<u>\$ 4,672</u>	<u>\$ 349,738</u>	<u>\$ 51,562</u>	<u>\$ 12,206</u>	<u>\$ 59,101</u>	<u>\$ 481,769</u>	<u>\$ 1,133,284</u>

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

	Custodial Funds					Total
	Taxes	State Fees	Escrows	Impact Fees School	Trust Funds School	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 67,633	\$ 4,489	\$ 421,084	\$ 493,206
Investments	-	-	-	-	360,138	360,138
Intergovernmental receivables	6,261,597	-	-	-	-	6,261,597
Total assets	<u>6,261,597</u>	<u>-</u>	<u>67,633</u>	<u>4,489</u>	<u>781,222</u>	<u>7,114,941</u>
<b>LIABILITIES</b>						
Accounts payable	-	-	8,458	-	-	8,458
Intergovernmental payables:						
School	6,257,408	-	-	-	-	6,257,408
State	4,189	-	-	-	-	4,189
Total liabilities	<u>6,261,597</u>	<u>-</u>	<u>8,458</u>	<u>-</u>	<u>-</u>	<u>6,270,055</u>
<b>NET POSITION</b>						
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,175</u>	<u>\$ 4,489</u>	<u>\$ 781,222</u>	<u>\$ 844,886</u>

See Independent Auditor's Report.

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

	Custodial Funds					Total
	Taxes	State Fees	Escrows	Impact Fees School	Trust Funds School	
<b>Additions:</b>						
Contributions	\$ -	\$ -	\$ 343,513	\$ 21,680	\$ -	\$ 365,193
Investment earnings	-	-	1,818	389	6,314	8,521
Change in fair market value	-	-	-	-	(20,393)	(20,393)
Tax collections for other governments	12,732,003	-	-	-	-	12,732,003
State fees collected	-	451,355	-	-	-	451,355
Total additions	<u>12,732,003</u>	<u>451,355</u>	<u>345,331</u>	<u>22,069</u>	<u>(14,079)</u>	<u>13,536,679</u>
<b>Deductions:</b>						
Payments of taxes to other governments	12,732,003	-	-	-	-	12,732,003
Payments of State fees	-	451,355	-	-	-	451,355
Payments for escrow purposes	-	-	337,199	134,134	109,610	580,943
Total deductions	<u>12,732,003</u>	<u>451,355</u>	<u>337,199</u>	<u>134,134</u>	<u>109,610</u>	<u>13,764,301</u>
Change in fiduciary net position	-	-	8,132	(112,065)	(123,689)	(227,622)
Net position, beginning	-	-	51,043	116,554	904,911	1,072,508
Net position, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,175</u>	<u>\$ 4,489</u>	<u>\$ 781,222</u>	<u>\$ 844,886</u>

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