

# **TOWN OF BOW, NEW HAMPSHIRE**

## **FINANCIAL REPORT**

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

**TOWN OF BOW, NEW HAMPSHIRE**  
**FINANCIAL REPORT**  
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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Town Manager and Members of the Board of Selectmen  
Town of Bow  
10 Grandview Road  
Bow, New Hampshire 03304

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bow, New Hampshire, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Bow 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.

### Management's Responsibility for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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'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.
- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and OPEB information on pages 3-8 and 40-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bow's basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and individual general fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

February 28, 2023

*Roberts & Greene, PLLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Having responsibility for the financial management of the Town of Bow (“Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2022.

### Financial Highlights

As of June 30, 2022, the assets of the Town exceeded its liabilities by \$39,845,240 (net position). This represents an increased of \$2,493,939 over the prior year.

As of June 30, 2022, the Town’s governmental funds reported combined ending fund balances of \$9,878,874, an increase of \$690,013 in comparison with the prior year.

As of June 30, 2022, the \$2,770,564 unassigned fund balance of the General Fund represented 21% of total General Fund expenditures.

During the year ended June 30, 2022, the Town’s total general obligation bonded debt decreased by \$1,060,000, representing bond principal payments.

### Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements comprise three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the Town’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town’s net position changed during the year ended June 30, 2022. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Expendable Trust Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement, because the resources of those funds are not available to support the Town's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Schedules related to other post-employment benefits and pensions are in the Required Supplementary Information Section, which follows the notes. The combining statements, referred to above in

connection with non-major governmental funds, and detailed General Fund schedules are presented immediately following this information.

#### Government-Wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,845,240 at June 30, 2022.

The largest portion of the Town's net position (100%) reflects its investment in capital assets (e.g., land, buildings and system, other improvements, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Net Position Governmental Activities

|   | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
|---|----------------------|----------------------|
| Current assets                                  | \$ 27,981,861        | \$ 26,632,722        |
| Capital assets                                  | <u>48,122,370</u>    | <u>48,132,282</u>    |
| Total assets                                    | 76,104,231           | 74,765,004           |
| Deferred outflows of resources                  | 1,603,190            | 2,363,310            |
|   |                      |                      |
| Long-term liabilities outstanding               | 15,827,858           | 20,006,881           |
| Current liabilities                             | <u>15,866,299</u>    | <u>15,541,125</u>    |
| Total liabilities                               | 31,694,157           | 35,548,006           |
| Deferred inflows of resources                   | 6,168,024            | 4,214,507            |
|   |                      |                      |
| Net position:                                   |                      |                      |
| Invested in capital assets, net of related debt | 41,258,943           | 40,145,662           |
| Restricted                                      | 530,424              | 551,953              |
| Unrestricted                                    | <u>(1,944,127)</u>   | <u>(3,331,814)</u>   |
| Total net position                              | \$ 39,845,240        | \$ 37,365,801        |

A relatively small portion of the Town's net position represents resources that are subject to external restrictions on how they may be used.

As indicated by the schedule below, the Town's net position increased by \$2,493,939 during the year ended June 30, 2022.

### Changes in Net Position

|                                       | Year Ended<br>June 30, 2022 | Year Ended<br>June 30, 2021 |
|---------------------------------------|-----------------------------|-----------------------------|
| <b>Revenues:</b>                      |                             |                             |
| Program revenues:                     |                             |                             |
| Charges for services                  | \$ 4,533,971                | \$ 1,085,982                |
| Operating grants and contributions    | 18,091                      | 1,792,801                   |
| Capital grants and contributions      | 1,601,702                   | 219,662                     |
| General revenues:                     |                             |                             |
| Property taxes and other taxes        | 9,329,418                   | 9,168,627                   |
| Licenses and permits                  | -                           | 2,634,896                   |
| Unrestricted grants and contributions | 591,415                     | 478,792                     |
| Miscellaneous                         | <u>(374,688)</u>            | <u>82,525</u>               |
| Total revenues                        | 15,699,909                  | 15,463,285                  |
| <b>Expenses:</b>                      |                             |                             |
| General government                    | 2,389,231                   | 2,345,810                   |
| Public safety                         | 3,568,881                   | 3,680,550                   |
| Highways and streets                  | 3,299,828                   | 2,646,529                   |
| Sanitation                            | 1,327,979                   | 1,293,647                   |
| Water distribution and treatment      | 132,489                     | 73,335                      |
| Health and welfare                    | 12,595                      | 9,554                       |
| Culture and recreation                | 1,423,366                   | 798,056                     |
| Conservation                          | 10,645                      | 25,400                      |
| Interest on long-term debt            | 173,738                     | 231,856                     |
| Capital outlay                        | <u>867,218</u>              | <u>724,017</u>              |
| Total expenses                        | <u>13,205,970</u>           | <u>11,828,754</u>           |
| Change in net position                | 2,493,939                   | 3,634,531                   |
| Net position – July 1                 | <u>37,351,301</u>           | <u>33,731,270</u>           |
| Net position – June 30                | \$39,845,240                | \$37,365,801                |

### Financial Analysis of the Town's Funds

As noted above, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

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

As of June 30, 2022, the Town's governmental funds reported combined fund balances of \$9,878,874, an increase of \$690,013 in comparison to the prior year. This amount consists of: non-spendable fund balances of \$327,582 representing, tax deeded property for resale, prepaid expenditures and the non-spendable portion of permanent funds;

restricted fund balances of \$307,921 representing the library fund and the expendable portion of permanent funds; committed fund balances of \$6,455,722 representing designations by Town Meeting votes for future expenditures and the special revenue and capital project funds; assigned fund balances of \$17,085 representing purchase orders or encumbrances authorized by the Board of Selectmen; and a General Fund unassigned fund balance of \$2,770,564.

The General Fund is the chief operating fund of the Town. As of June 30, 2022, the unassigned fund balance of the General Fund was \$2,770,564, while total fund balance amounted to \$2,892,648.

During the year ended June 30, 2022, the unassigned fund balance of the General Fund increased by \$1,133,510.

#### Budgetary Highlights

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual demonstrates compliance with the adopted budget for the year ended June 30, 2022. Actual revenues and transfers in of the General Fund were over budgetary estimates by \$488,881, while expenditures and transfers out were \$50,055 under budget. This produced a favorable total variance of \$538,936.

#### Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2022 amounted to \$48,122,370 (net of accumulated depreciation and related long-term debt). This investment in capital assets includes land, buildings, improvements, machinery, equipment, vehicles, and infrastructure and represents a decrease of \$9,912 compared to the investment in capital assets at July 1, 2021, which is primarily the result of depreciation.

#### Investment in Capital Assets

|                                    | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
|------------------------------------|----------------------|----------------------|
| Land                               | \$ 7,754,838         | \$ 7,507,338         |
| Buildings and improvements         | 9,818,182            | 9,365,682            |
| Machinery, equipment, and vehicles | 7,720,748            | 7,292,737            |
| Infrastructure                     | 60,371,022           | 58,539,331           |
| Sewer lines                        | 1,703,756            | 1,703,756            |
| Construction in progress           | 163,257              | 2,136,689            |
| Total investment in capital assets | 87,531,803           | 86,545,533           |
| Related long-term debt             | (6,863,427)          | (7,986,620)          |
| Accumulated depreciation           | (39,409,433)         | (38,488,255)         |
| Net investment in capital assets   | \$ 41,258,943        | \$ 40,132,282        |

Additional information on the Town's capital assets can be found in financial statements.

Long-term bonded debt. As of June 30, 2022, the Town had total long-term bonded debt outstanding of \$6,450,000. The entire amount is backed by the full faith and credit of the Town.

#### Long-Term Bonded Debt

|                                   | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
|-----------------------------------|----------------------|----------------------|
| 2007 land acquisition bonds       | 55,000               | 110,000              |
| 2012 water and sewer system bonds | 3,255,000            | 3,910,000            |
| 2008 water and sewer system bonds | 770,000              | 880,000              |
| 2016 public safety bond           | <u>2,370,000</u>     | <u>2,610,000</u>     |
| Total long-term debt              | \$6,450,000          | \$7,510,000          |

There were no authorized but unissued bonds at June 30, 2022.

#### Economic Factors

The general outlook for Bow's economy seems to be stable. Based on New Hampshire Office of Employment Security estimates, Bow's population is 8,319 and has increased by 2% since the 2020 census and by 11% since the 2010 census. The median household income in Bow of \$125,078, has long been considerably greater than state and national averages. The unemployment rate for Bow has been relatively constant at 2.7% during the past year and still compares favorably with state and national rates of 2.5% and 3.7%, respectively. More importantly, there continues to be new real estate development and an increase in new motor vehicle registrations each year. The Bow Business Development Commission continues to work toward attracting new businesses. Feasibility studies of water and sewer system expansions in the business districts, suggest continued industrial and commercial growth, which Bow has started recently enjoying and which is so important to increasing the tax base and to providing diverse employment opportunities. Of course Bow's economy is influenced by national and state economic conditions which have been uncertain this past year and may continue into the near future.

#### Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address.

Town of Bow  
Selectmen's Office  
10 Grandview Road  
Bow, NH 03304

## **BASIC FINANCIAL STATEMENTS**

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

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Cash and cash equivalents                              | \$ 20,150,039              |
| Investments  | 4,080,129                  |
| Intergovernmental receivable                           | 1,936,932                  |
| Other receivables, net of allowance for uncollectibles | 1,709,762                  |
| Prepaid items  | 78,839                     |
| Tax deeded property held for resale                    | 26,160                     |
| Capital assets, not being depreciated:                 |                            |
| Land   | 7,754,838                  |
| Construction in progress                               | 163,257                    |
| Capital assets, net of accumulated depreciation:       |                            |
| Vehicles   | 2,142,146                  |
| Buildings and building improvements                    | 8,112,307                  |
| Machinery and equipment                                | 756,759                    |
| Sewer lines  | 704,104                    |
| Roads  | 15,374,211                 |
| Bridges  | 1,929,994                  |
| Water and sewer system                                 | 10,717,563                 |
| Other infrastructure                                   | 467,191                    |
| Total assets   | <u>76,104,231</u>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |                            |
| Deferred amounts related to pensions                   | 1,549,161                  |
| Deferred amounts related to OPEB                       | 54,029                     |
| Total deferred outflows of resources                   | <u>1,603,190</u>           |
| <b>LIABILITIES</b>                                     |                            |
| Accounts payable                                       | 941,987                    |
| Accrued payroll and benefits                           | 89,422                     |
| Accrued interest payable                               | 71,036                     |
| Intergovernmental payable                              | 11,833,104                 |
| Performance and escrow deposits                        | 347,633                    |
| Noncurrent obligations:                                |                            |
| Due within one year:                                   |                            |
| Bonds payable  | 1,060,000                  |
| Unamortized bond premium                               | 54,305                     |
| Capital lease payable                                  | 1,536                      |
| Compensated absences payable                           | 17,135                     |
| Accrued landfill postclosure care costs                | 11,700                     |
| PSNH settlement  | 1,400,000                  |
| Due in more than one year:                             |                            |
| Bonds payable  | 5,390,000                  |
| Unamortized bond premium                               | 357,586                    |
| Compensated absences payable                           | 290,233                    |
| Accrued landfill postclosure care costs                | 35,100                     |
| Net pension liability                                  | 5,788,146                  |
| Other postemployment benefits liability                | 2,605,234                  |
| PSNH settlement  | 1,400,000                  |
| Total liabilities                                      | <u>31,694,157</u>          |

*(continued)*

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

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

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|                                      | Governmental<br>Activities |
|--------------------------------------|----------------------------|
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                            |
| Unearned revenue                     | 4,413,566                  |
| Deferred amounts related to pensions | 1,747,520                  |
| Deferred amounts related to OPEB     | 6,938                      |
| Total deferred inflows of resources  | <u>6,168,024</u>           |
| <b>NET POSITION</b>                  |                            |
| Net investment in capital assets     | 41,258,943                 |
| Restricted for:                      |                            |
| Endowments:                          |                            |
| Nonexpendable                        | 222,583                    |
| Expendable                           | 104,183                    |
| Other purposes                       | 203,658                    |
| Unrestricted                         | (1,944,127)                |
| Total net position                   | <u>\$ 39,845,240</u>       |

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

**EXHIBIT 2**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

|  | Program Revenues            |  |  |                            | Net<br>(Expense)<br>Revenue<br>and<br>Changes<br>in Net<br>Position |  |
|--|-----------------------------|--|--|----------------------------|---|--|
|  | Charges<br>for<br>Services  | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Expenses                   |   |  |
|  | Expenses                    | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                            |   |  |
| <b>Governmental activities:</b>                                |                             |  |  |                            |   |  |
| General government   | \$ 2,389,231                | \$ 2,847,499                             | \$ (33,074)                            | \$ -                       | \$ 425,194  |  |
| Public safety  | 3,568,881                   | 331,346                                  | 22,281                                 | -                          | (3,215,254)   |  |
| Highways and streets   | 3,299,828                   | 40,291                                   | -                                      | 1,436,771                  | (1,822,766)   |  |
| Sanitation   | 1,327,979                   | 369,129                                  | -                                      | -                          | (958,850)   |  |
| Water distribution and treatment                               | 132,489                     | 95,823                                   | -                                      | -                          | (36,666)  |  |
| Health   | 5,306                       | -  | -                                      | -                          | (5,306)   |  |
| Welfare  | 7,289                       | -  | 6,757                                  | -                          | (532)   |  |
| Culture and recreation   | 1,423,366                   | 849,438                                  | 13,777                                 | -                          | (560,151)   |  |
| Conservation   | 10,645                      | 445                                      | 8,350                                  | -                          | (1,850)   |  |
| Interest on long-term debt                                     | 173,738                     | -  | -                                      | -                          | (173,738)   |  |
| Capital outlay   | 867,218                     | -  | -                                      | 164,931                    | (702,287)   |  |
| <b>Total primary government</b>                                | <b><u>\$ 13,205,970</u></b> | <b><u>\$ 4,533,971</u></b>               | <b><u>\$ 18,091</u></b>                | <b><u>\$ 1,601,702</u></b> | <b><u>(7,052,206)</u></b>   |  |
| <b>General revenues:</b>                                       |                             |  |  |                            |   |  |
| Property taxes   |                             |  |  |                            | 9,196,642   |  |
| Other taxes  |                             |  |  |                            | 132,776   |  |
| Grants and contributions not restricted to specific programs   |                             |  |  |                            | 591,415   |  |
| Miscellaneous  |                             |  |  |                            | (374,688)   |  |
| Total general revenues   |                             |  |  |                            | <u>9,546,145</u>  |  |
| Change in net position   |                             |  |  |                            | <u>2,493,939</u>  |  |
| <b>Net position, beginning, as restated, see Note III.D.3.</b> |                             |  |  |                            | <u>37,351,301</u>   |  |
| <b>Net position, ending</b>                                    |                             |  |  |                            | <b><u>\$ 39,845,240</u></b>   |  |

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

**EXHIBIT 3**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

|  | General              | Expendable<br>Trust | Other                 | Total                 |
|--|----------------------|---------------------|-----------------------|-----------------------|
|  |                      |                     | Governmental<br>Funds | Governmental<br>Funds |
| <b>ASSETS</b>  |                      |                     |                       |                       |
| Cash and cash equivalents  | \$ 15,698,978        | \$ 624,271          | \$ 3,826,790          | \$ 20,150,039         |
| Investments  | -                    | 3,764,656           | 315,473               | 4,080,129             |
| Receivables, net of allowance for uncollectibles:                        |                      |                     |                       |                       |
| Taxes  | 1,537,647            | -                   | -                     | 1,537,647             |
| Accounts   | 88,563               | -                   | 83,552                | 172,115               |
| Intergovernmental  | 82,047               | -                   | 1,854,885             | 1,936,932             |
| Interfund receivable   | 2,886,061            | -                   | 179,964               | 3,066,025             |
| Prepaid items  | 78,839               | -                   | -                     | 78,839                |
| Tax deeded property held for resale                                      | 26,160               | -                   | -                     | 26,160                |
| Total assets   | <u>\$ 20,398,295</u> | <u>\$ 4,388,927</u> | <u>\$ 6,260,664</u>   | <u>\$ 31,047,886</u>  |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b> |                      |                     |                       |                       |
| Liabilities:   |                      |                     |                       |                       |
| Accounts payable   | \$ 784,137           | \$ -                | \$ 157,850            | \$ 941,987            |
| Accrued salaries and benefits  | 89,422               | -                   | -                     | 89,422                |
| Intergovernmental payable  | 11,833,104           | -                   | -                     | 11,833,104            |
| Interfund payable  | -                    | 1,355,269           | 1,710,756             | 3,066,025             |
| Escrow and performance deposits  | 347,633              | -                   | -                     | 347,633               |
| Total liabilities  | <u>13,054,296</u>    | <u>1,355,269</u>    | <u>1,868,606</u>      | <u>16,278,171</u>     |
| Deferred inflows of resources:   |                      |                     |                       |                       |
| Deferred revenue   | <u>4,451,351</u>     | <u>-</u>            | <u>439,490</u>        | <u>4,890,841</u>      |
| Fund balances:   |                      |                     |                       |                       |
| Nonspendable   | 104,999              | -                   | 222,583               | 327,582               |
| Restricted   | -                    | -                   | 307,921               | 307,921               |
| Committed  | -                    | 3,033,658           | 3,422,064             | 6,455,722             |
| Assigned   | 17,085               | -                   | -                     | 17,085                |
| Unassigned   | 2,770,564            | -                   | -                     | 2,770,564             |
| Total fund balances  | <u>2,892,648</u>     | <u>3,033,658</u>    | <u>3,952,568</u>      | <u>9,878,874</u>      |
| Total liabilities, deferred inflows<br>of resources, and fund balances   | <u>\$ 20,398,295</u> | <u>\$ 4,388,927</u> | <u>\$ 6,260,664</u>   | <u>\$ 31,047,886</u>  |

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

**EXHIBIT 4**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position**  
**June 30, 2022**

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|  |                             |
|--|-----------------------------|
| Total fund balances of governmental funds (Exhibit 3)  | \$ 9,878,874                |
| Amounts reported for governmental activities in the statement of net position are different because:                       |                             |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  |                             |
|  |                             |
| Cost   | \$ 87,531,803               |
| Less accumulated depreciation  | <u>(39,409,433)</u>         |
|  | 48,122,370                  |
| Interfund receivables and payables between governmental funds are eliminated on the statement of net position.             |                             |
|  |                             |
| Receivables  | \$ (3,066,025)              |
| Payables   | <u>3,066,025</u>            |
| Revenues that are not available to pay for current period expenditures are deferred in the funds.                          |                             |
|  |                             |
| Unavailable tax revenue  | \$ 411,836                  |
| Unavailable ambulance revenue  | 54,363                      |
| Unavailable water charges  | 5,890                       |
| Unavailable sewer charges  | <u>5,186</u>                |
|  | 477,275                     |
| Interest on long-term debt is not accrued in governmental funds.   |                             |
|  |                             |
| Accrued interest payable   | (71,036)                    |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.         |                             |
|  |                             |
| Bonds outstanding  | \$ 6,450,000                |
| Unamortized bond premium   | 411,891                     |
| Capital lease outstanding  | 1,536                       |
| Compensated absences payable   | 307,368                     |
| Accrued landfill postclosure care costs  | 46,800                      |
| Net pension liability  | 5,788,146                   |
| Other postemployment benefits liability  | 2,605,234                   |
| PSNH settlement  | <u>2,800,000</u>            |
|  | (18,410,975)                |
| Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds. |                             |
|  |                             |
| Deferred outflows of resources related to pensions   | \$ 1,549,161                |
| Deferred outflows of resources related to OPEB   | 54,029                      |
| Deferred inflows of resources related to pensions  | <u>(1,747,520)</u>          |
| Deferred inflows of resources related to OPEB  | <u>(6,938)</u>              |
|  | (151,268)                   |
| Total net position of governmental activities (Exhibit 1)  | <u><u>\$ 39,845,240</u></u> |

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

**EXHIBIT 5**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

|  | General                    | Expendable<br>Trust        | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------------|----------------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>   |                            |                            |                                |                                |
| Taxes  | \$ 8,913,282               | \$ -                       | \$ 444,757                     | \$ 9,358,039                   |
| Licenses, permits and fees   | 2,751,876                  | -                          | -                              | 2,751,876                      |
| Intergovernmental  | 811,004                    | -                          | 1,407,756                      | 2,218,760                      |
| Charges for services   | 514,293                    | -                          | 1,232,279                      | 1,746,572                      |
| Miscellaneous  | 187,464                    | (201,769)                  | 10,351                         | (3,954)                        |
| <b>Total revenues</b>  | <b><u>13,177,919</u></b>   | <b><u>(201,769)</u></b>    | <b><u>3,095,143</u></b>        | <b><u>16,071,293</u></b>       |
| <b>Expenditures:</b>   |                            |                            |                                |                                |
| Current:   |                            |                            |                                |                                |
| General government   | 3,474,357                  | 63,189                     | 21,142                         | 3,558,688                      |
| Public safety  | 3,038,560                  | -                          | 84,691                         | 3,123,251                      |
| Highways and streets   | 2,020,158                  | -                          | 4,534                          | 2,024,692                      |
| Sanitation   | 779,531                    | -                          | 254,805                        | 1,034,336                      |
| Water distribution and treatment                                     | -                          | -                          | 132,489                        | 132,489                        |
| Health   | 5,337                      | -                          | -                              | 5,337                          |
| Welfare  | 2,266                      | -                          | 5,023                          | 7,289                          |
| Culture and recreation   | 549,185                    | -                          | 681,481                        | 1,230,666                      |
| Conservation   | -                          | -                          | 10,645                         | 10,645                         |
| Debt service:  |                            |                            |                                |                                |
| Principal  | 1,060,000                  | -                          | -                              | 1,060,000                      |
| Interest   | 263,906                    | -                          | -                              | 263,906                        |
| Capital outlay   | 1,884,571                  | -                          | 1,045,410                      | 2,929,981                      |
| <b>Total expenditures</b>  | <b><u>13,077,871</u></b>   | <b><u>63,189</u></b>       | <b><u>2,240,220</u></b>        | <b><u>15,381,280</u></b>       |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b><u>100,048</u></b>      | <b><u>(264,958)</u></b>    | <b><u>854,923</u></b>          | <b><u>690,013</u></b>          |
| <b>Other financing sources (uses):</b>                               |                            |                            |                                |                                |
| Transfers in   | 1,611,606                  | 567,500                    | 68,128                         | 2,247,234                      |
| Transfers out  | (580,031)                  | (1,190,984)                | (476,219)                      | (2,247,234)                    |
| <b>Total other financing sources and uses</b>                        | <b><u>1,031,575</u></b>    | <b><u>(623,484)</u></b>    | <b><u>(408,091)</u></b>        | <b><u>-</u></b>                |
| <b>Net change in fund balances</b>                                   | <b><u>1,131,623</u></b>    | <b><u>(888,442)</u></b>    | <b><u>446,832</u></b>          | <b><u>690,013</u></b>          |
| <b>Fund balances, beginning, as restated, see Note III.D.3.</b>      | <b><u>1,761,025</u></b>    | <b><u>3,922,100</u></b>    | <b><u>3,505,736</u></b>        | <b><u>9,188,861</u></b>        |
| <b>Fund balances, ending</b>   | <b><u>\$ 2,892,648</u></b> | <b><u>\$ 3,033,658</u></b> | <b><u>\$ 3,952,568</u></b>     | <b><u>\$ 9,878,874</u></b>     |

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

**EXHIBIT 6**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**

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Net change in fund balances of governmental funds (Exhibit 5) \$ 690,013

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

|                            |                    |
|----------------------------|--------------------|
| Capitalized capital outlay | \$ 2,096,371       |
| Depreciation expense       | <u>(1,715,172)</u> |
|                            | 381,199            |

The net effect of the disposal of capital assets decreased net position. (376,611)

Transfers in and out between governmental funds are eliminated  
on the operating statement.

|               |                  |
|---------------|------------------|
| Transfers in  | \$ (2,247,234)   |
| Transfers out | <u>2,247,234</u> |

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.

|   |              |
|---|--------------|
| Change in unavailable tax revenue       | \$ (36,210)  |
| Change in unavailable ambulance revenue | 30,361       |
| Change in unavailable water charges     | 5,890        |
| Change in unavailable sewer charges     | <u>5,186</u> |
|   | 5,227        |

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.

|                                      |              |
|--------------------------------------|--------------|
| Repayment of bond principal          | \$ 1,060,000 |
| Amortization of bond premium         | 54,305       |
| Repayment of capital lease principal | <u>8,888</u> |

1,123,193

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

|   |                  |
|---|------------------|
| Decrease in accrued interest expense                | \$ 35,863        |
| Decrease in compensated absences payable            | 34,897           |
| Decrease in accrued landfill postclosure care costs | 43,200           |
| Increase in OPEB liability and related deferrals    | (1,130,102)      |
| Decrease in PSNH liability                          | <u>1,400,000</u> |
|   | 383,858          |

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.

|  |                  |
|--|------------------|
| Town pension contributions                             | \$ 714,442       |
| Cost of benefits earned, net of employee contributions | <u>(427,382)</u> |
|  | 287,060          |

Change in net position of governmental activities (Exhibit 2)

\$ 2,493,939

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

**EXHIBIT 7**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2022**

|   | Original<br>and<br>Final<br>Budget | Actual              | Variance<br>Positive<br>(Negative) |
|---|------------------------------------|---------------------|------------------------------------|
| <b>REVENUES</b>   |                                    |                     |                                    |
| Taxes   | \$ 8,786,573                       | \$ 8,877,072        | \$ 90,499                          |
| Licenses, permits and fees                                | 2,487,750                          | 2,751,876           | 264,126                            |
| Intergovernmental   | 803,131                            | 811,004             | 7,873                              |
| Charges for services                                      | 508,975                            | 514,293             | 5,318                              |
| Miscellaneous   | 66,400                             | 187,464             | 121,064                            |
| Total revenues  | <u>12,652,829</u>                  | <u>13,141,709</u>   | <u>488,880</u>                     |
| <b>EXPENDITURES</b>                                       |                                    |                     |                                    |
| Current:  |                                    |                     |                                    |
| General government  | 3,538,621                          | 3,490,932           | 47,689                             |
| Public safety   | 3,269,992                          | 3,039,070           | 230,922                            |
| Highways and streets                                      | 1,757,875                          | 2,017,158           | (259,283)                          |
| Sanitation  | 844,255                            | 779,531             | 64,724                             |
| Health  | 5,981                              | 5,337               | 644                                |
| Welfare   | 6,613                              | 2,266               | 4,347                              |
| Culture and recreation                                    | 567,361                            | 549,185             | 18,176                             |
| Debt service:   |                                    |                     |                                    |
| Principal   | 1,060,000                          | 1,060,000           | -                                  |
| Interest on long-term debt                                | 266,407                            | 263,906             | 2,501                              |
| Interest on tax anticipation note                         | 1                                  | -                   | 1                                  |
| Capital outlay  | <u>1,791,800</u>                   | <u>1,846,571</u>    | <u>(54,771)</u>                    |
| Total expenditures  | <u>13,108,906</u>                  | <u>13,053,956</u>   | <u>54,950</u>                      |
| Excess (deficiency) of revenues over (under) expenditures | <u>(456,077)</u>                   | <u>87,753</u>       | <u>543,830</u>                     |
| Other financing sources (uses):                           |                                    |                     |                                    |
| Transfers in  | 1,023,577                          | 1,611,606           | 588,029                            |
| Transfers out   | (567,500)                          | (580,031)           | (12,531)                           |
| Total other financing sources and uses                    | <u>456,077</u>                     | <u>1,031,575</u>    | <u>575,498</u>                     |
| Net change in fund balance                                | <u>\$ -</u>                        | <u>1,119,328</u>    | <u>\$ 1,119,328</u>                |
| Increase in nonspendable fund balance                     |                                    | (22,028)            |                                    |
| Unassigned fund balance, beginning                        |                                    | 2,085,100           |                                    |
| Unassigned fund balance, ending                           |                                    | <u>\$ 3,182,400</u> |                                    |

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

**EXHIBIT 8**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

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|                           | <u>Custodial</u>  |
|---------------------------|-------------------|
| Assets:                   |                   |
| Cash and cash equivalents | \$ 85,006         |
| Investments               | 527,303           |
| Total assets              | <u>612,309</u>    |
| Liabilities               | -                 |
| Net position              | <u>\$ 612,309</u> |

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

**EXHIBIT 9**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

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|   | Custodial         |
|---|-------------------|
| Additions:                              |                   |
| Receipts from School District           | \$ 181,469        |
| Investment earnings:                    |                   |
| Interest and dividends                  | 2,710             |
| Net change in fair value of investments | (57,845)          |
| Total additions                         | <u>126,334</u>    |
| Deductions:                             |                   |
| Payments to School District             | <u>1,645,420</u>  |
| Change in net position                  | (1,519,086)       |
| Net position, beginning                 | 2,131,395         |
| Net position, ending                    | <u>\$ 612,309</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Bow (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended June 30, 2022.

**I.B. Financial Reporting Entity – Basis of Presentation**

**I.B.1. *Entity Defined***

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

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

*Government-Wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

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

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

*Fund Financial Statements*

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

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

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest, which are reported as expenditures in the year due.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

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

**I.B.4. Fund Types and Major Funds**

*Governmental Funds*

The Town reports the following major governmental funds:

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

*Expendable Trust Fund* – Reports as a Capital Project Fund and is used to report those accounts established by Town Meeting and held by the Trustees of Trust Funds for expenditures of subsequent years, primarily of a capital nature.

The Town also reports fifteen nonmajor governmental funds.

*Fiduciary Fund*

The Town reports the following fiduciary fund:

*Custodial Fund* – Accounts for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The custodial fund is used to account for the various capital reserve and scholarship accounts held by the Trustees of Trust Funds on behalf of the local school district.

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

**I.C.1. Cash and Investments**

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Town Manager or Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

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

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

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

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

**I.C.2. *Capital Assets and Depreciation***

Generally, the Town's property, plant and equipment with useful lives of more than two years are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follow:

|                                     | <u>Years</u> |
|-------------------------------------|--------------|
| Vehicles                            | 4-20         |
| Buildings and building improvements | 25-200       |
| Machinery and equipment             | 5-30         |
| Sewer Lines                         | 50           |
| Roads                               | 50           |
| Bridges                             | 50           |
| Water and sewer system              | 50           |
| Other infrastructure                | 10-50        |

**I.C.3. *Long-Term Debt***

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

**I.C.4. *Equity***

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.

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

- Restricted for endowments, which consists of the balance of the permanent fund segregated into nonexpendable, where the principal balance must be invested to generate income and cannot be expended, and expendable, representing income earned that can be used only for the purpose of the fund.
- Restricted for other purposes, which consists of the balance of the library fund, and the balance of the grants fund that is restricted to specific uses per the respective donors.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, representing the principal balance of the permanent fund that cannot be spent, and prepaid items and tax deeded property held for resale which are not in a spendable form.
- Restricted, representing the income portion of the permanent fund and the balance of the library fund that can only be used for specific purposes per terms of endowments or State law, and the balance of the grants fund whose use is restricted by grant terms or law.
- Committed, representing the balances of capital projects funds (including the expendable trust fund), and special revenue funds.
- Assigned, representing amounts encumbered by purchase order or action of the Board of Selectmen.
- Unassigned, representing the remaining balance of the General Fund.

#### **I.C.5. *Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **II. Stewardship, Compliance and Accountability**

#### **II.A. Budgetary Information**

An annual budget was adopted on a basis consistent with generally accepted accounting principles for the General Fund, as well as some of the nonmajor funds. Unless nonlapsing or encumbered, all governmental fund appropriations lapse at year-end. The Town is allowed to use beginning unassigned

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fund balance to balance the budget. In fiscal year 2022, none of the General Fund unassigned fund balance from fiscal year 2021 was so used.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts, balances of special warrant articles) outstanding at year-end are reported as commitments or assignments of fund balances and do not constitute expenditures or liabilities because they will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures in the General Fund are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

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

|  |                             |
|--|-----------------------------|
| Revenues and other financing sources:    |                             |
| Per Exhibit 7 (budgetary basis)          | \$ 14,753,315               |
| Adjustments:                             |                             |
| Basis difference:                        |                             |
| Tax revenue deferred in the prior year   | 448,046                     |
| Tax revenue deferred in the current year | (411,836)                   |
| Per Exhibit 5 (GAAP basis)               | <u><u>\$ 14,789,525</u></u> |
| Expenditures and other financing uses:   |                             |
| Per Exhibit 7 (budgetary basis)          | \$ 13,633,987               |
| Adjustments:                             |                             |
| Basis difference:                        |                             |
| Encumbrances, beginning                  | 41,000                      |
| Encumbrances, ending                     | (17,085)                    |
| Per Exhibit 5 (GAAP basis)               | <u><u>\$ 13,657,902</u></u> |
| Unassigned fund balance:                 |                             |
| Per Exhibit 7 (budgetary basis)          | \$ 3,182,400                |
| Adjustment:                              |                             |
| Basis difference:                        |                             |
| Deferred tax revenue, GAAP basis         | (411,836)                   |
| Per Exhibit 3 (GAAP basis)               | <u><u>\$ 2,770,564</u></u>  |

The other major fund, the Expendable Trust Fund, is not formally budgeted.

*The notes continue on the following page.*

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**III. Detailed Notes on Funds and Government-Wide Statements**

**III.A. Assets**

**III.A.1. Cash and Equivalents**

The Town reported total cash and equivalents in all funds of \$20,235,045 which represented bank balances of \$18,270,412, of which \$374,271, consisting of money market funds, was uninsured and uncollateralized. These funds are invested in U.S. government agencies.

**III.A.2. Investments**

As of June 30, 2022, the Town had the following investments:

|                          |                            |
|--------------------------|----------------------------|
| Certificates of Deposit  | \$ 719,213                 |
| U.S. Government Agencies | 3,049,678                  |
| Mutual Funds             | 339,823                    |
| Corporate Bonds          | 498,718                    |
|                          | <u><u>\$ 4,607,432</u></u> |

The investments appear in the financial statements as follow:

|   |                            |
|---|----------------------------|
| Fund reporting level:   |                            |
| Governmental funds - balance sheet (Exhibit 3)                    | \$ 4,080,129               |
| Fiduciary funds - statement of fiduciary net position (Exhibit 8) | 527,303                    |
| Total   | <u><u>\$ 4,607,432</u></u> |

*Fair Value Measurement*

The Town categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2022:

| Investment               | Level 1                    | Level 2                  | Total                      |
|--------------------------|----------------------------|--------------------------|----------------------------|
| Certificates of Deposit  | \$ -                       | \$ 719,213               | \$ 719,213                 |
| U.S. Government Agencies | 3,049,678                  | -                        | 3,049,678                  |
| Mutual Funds             | 339,823                    | -                        | 339,823                    |
| Corporate Bonds          | 498,718                    | -                        | 498,718                    |
|                          | <u><u>\$ 3,888,219</u></u> | <u><u>\$ 719,213</u></u> | <u><u>\$ 4,607,432</u></u> |

The Town classifies its investments into Level 1, which refers to investments traded in an active market and Level 2, which refers to investments not traded on an active market but for which observable market inputs are readily available. The levels relate to valuation only and do not necessarily indicate a measure of risk.

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*Investment Risk*

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town's credit rating quality of investments as of June 30, 2022 is as follows:

|                        | Value                      |
|------------------------|----------------------------|
| Aaa                    | \$ 3,249,520               |
| Aa                     | 148,312                    |
| A                      | 150,564                    |
| Not rated              | 719,213                    |
| Exempt from disclosure | 339,823                    |
|                        | <u><u>\$ 4,607,432</u></u> |

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's investment policy limits average maturities to no more than seven years with a maximum maturity of fifteen years. The Town's sensitivity of the fair value of the Town's investments to market interest rate fluctuations is as follows:

|                          | Fair<br>Value              | Investment Maturities (in years) |                            |                          |
|--------------------------|----------------------------|----------------------------------|----------------------------|--------------------------|
|                          |                            | Less<br>than 1                   | 1 to 5                     | 5 to 10                  |
| U.S. Government Agencies | \$ 3,049,678               | \$ 150,117                       | \$ 2,681,838               | \$ 217,723               |
| Certificates of Deposit  | 719,213                    | 250,275                          | 468,938                    | -                        |
| Corporate Bonds          | 498,718                    | -                                | 498,718                    | -                        |
|                          | <u><u>\$ 4,267,609</u></u> | <u><u>\$ 400,392</u></u>         | <u><u>\$ 3,649,494</u></u> | <u><u>\$ 217,723</u></u> |

**III.A.3. Receivables, Uncollectible Accounts and Deferred Revenue**

*Property Taxes Receivable and Property Tax Calendar*

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on all taxes levied, not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien should be executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of liened taxes levied prior to 2019, and 14% per annum for the redemption of taxes levied thereafter. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current fiscal year, the tax collector executed a lien for uncollected 2020 property taxes on August 25th.

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The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Bow School District and Merrimack County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2021, on which the 2021 property tax levy was based was:

|                                     |                  |
|-------------------------------------|------------------|
| For the New Hampshire education tax | \$ 1,180,994,717 |
| For all other taxes                 | \$ 1,281,541,817 |

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

|                               | Per \$1,000 of<br>Assessed Valuation |                            |
|-------------------------------|--------------------------------------|----------------------------|
| Municipal portion             | \$7.15                               | \$ 9,164,388               |
| School portion:               |                                      |                            |
| State of New Hampshire        | \$1.86                               | 2,197,686                  |
| Local                         | \$14.00                              | 17,945,156                 |
| County portion                | \$2.48                               | 3,172,253                  |
| Total property taxes assessed |                                      | <u><u>\$32,479,483</u></u> |

The following details the taxes receivable at year-end:

|   |                            |  |
|---|----------------------------|--|
| Property:   |                            |  |
| Levy of 2022                                      | \$ 1,354,626               |  |
| Levy of 2021                                      | 101,527                    |  |
| Unredeemed (under tax lien):                      |                            |  |
| Levy of 2020                                      | 88,171                     |  |
| Levies of 2019 and prior                          | 41,135                     |  |
| Timber  | 576                        |  |
| Excavation  | 1,612                      |  |
| Less: allowance for estimated uncollectible taxes | (50,000)                   |  |
| Net taxes receivable                              | <u><u>\$ 1,537,647</u></u> |  |

*Other Receivables and Uncollectible/Unavailable Accounts*

Other receivables include amounts due for sewer, ambulance, water, police, solid waste, and land sales. The accounts receivable are reported net of any allowance for uncollectible accounts. The allowance consists of an amount for potential adjustments to ambulance receivables. Related amounts are as follow:

|   |                            |
|---|----------------------------|
| Accounts                                  | \$ 522,517                 |
| Intergovernmental                         | 1,936,932                  |
| Less: allowance for uncollectible amounts | (350,402)                  |
| Net total receivables                     | <u><u>\$ 2,109,047</u></u> |

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Deferred revenue in the governmental funds consists of \$411,836 of taxes, \$54,363 of ambulance charges, \$5,890 of water charges and \$5,186 of sewer charges that were not received within sixty days of year-end; \$4,130,617 of property taxes committed for the fiscal year 2023; \$30,115 of tax overpayments and \$53 of sewer overpayments to be applied to the next billing; and \$252,781 of unspent grant funds. In the governmental activities, the amounts that were not received within the sixty days are not considered to be deferred, and the other amounts are reported as unearned.

**III.A.4. Capital Assets**

*Changes in Capital Assets*

The following provides a summary of changes in capital assets:

|   | Balance,<br>beginning | Additions           | Deletions             | Balance,<br>ending   |
|---|-----------------------|---------------------|-----------------------|----------------------|
| <b>At cost:</b>   |                       |                     |                       |                      |
| Not being depreciated:                                  |                       |                     |                       |                      |
| Land  | \$ 7,507,338          | \$ 247,500          | \$ -                  | \$ 7,754,838         |
| Construction in progress                                | 2,136,689             | 26,636              | (2,000,068)           | 163,257              |
| <b>Total capital assets not being depreciated</b>       | <b>9,644,027</b>      | <b>274,136</b>      | <b>(2,000,068)</b>    | <b>7,918,095</b>     |
| Being depreciated:                                      |                       |                     |                       |                      |
| Vehicles  | 4,898,794             | 575,697             | (399,629)             | 5,074,862            |
| Buildings and improvements                              | 9,365,682             | 452,500             | -                     | 9,818,182            |
| Machinery and equipment                                 | 2,542,334             | 257,599             | (154,047)             | 2,645,886            |
| Sewer lines   | 1,703,756             | -                   | -                     | 1,703,756            |
| Roads   | 42,515,644            | 1,300,520           | (152,000)             | 43,664,164           |
| Bridges   | 1,680,619             | 1,235,986           | (552,815)             | 2,363,790            |
| Water and sewer system                                  | 13,740,462            | -                   | -                     | 13,740,462           |
| Other infrastructure                                    | 602,606               | -                   | -                     | 602,606              |
| <b>Total capital assets being depreciated</b>           | <b>77,049,897</b>     | <b>3,822,302</b>    | <b>(1,258,491)</b>    | <b>79,613,708</b>    |
| <b>Total all capital assets</b>                         | <b>86,693,924</b>     | <b>4,096,438</b>    | <b>(3,258,559)</b>    | <b>87,531,803</b>    |
| <b>Less accumulated depreciation:</b>                   |                       |                     |                       |                      |
| Vehicles  | (3,019,031)           | (313,314)           | 399,629               | (2,932,716)          |
| Buildings and improvements                              | (1,581,445)           | (124,430)           | -                     | (1,705,875)          |
| Machinery and equipment                                 | (1,922,049)           | (120,434)           | 153,356               | (1,889,127)          |
| Sewer lines   | (965,577)             | (34,075)            | -                     | (999,652)            |
| Roads   | (27,661,695)          | (780,258)           | 152,000               | (28,289,953)         |
| Bridges   | (555,492)             | (55,200)            | 176,896               | (433,796)            |
| Water and sewer system                                  | (2,748,090)           | (274,809)           | -                     | (3,022,899)          |
| Other infrastructure                                    | (122,763)             | (12,652)            | -                     | (135,415)            |
| <b>Total accumulated depreciation</b>                   | <b>(38,576,142)</b>   | <b>(1,715,172)</b>  | <b>881,881</b>        | <b>(39,409,433)</b>  |
| <b>Net book value, capital assets being depreciated</b> | <b>38,473,755</b>     | <b>2,107,130</b>    | <b>(376,610)</b>      | <b>40,204,275</b>    |
| <b>Net book value, all capital assets</b>               | <b>\$ 48,117,782</b>  | <b>\$ 2,381,266</b> | <b>\$ (2,376,678)</b> | <b>\$ 48,122,370</b> |

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

|                            |                            |
|----------------------------|----------------------------|
| Governmental activities:   |                            |
| General government         | \$ 76,396                  |
| Public safety              | 245,340                    |
| Highways and streets       | 1,027,408                  |
| Sanitation                 | 336,843                    |
| Culture and recreation     | 29,185                     |
| Total depreciation expense | <u><u>\$ 1,715,172</u></u> |

### **III.B. Liabilities**

#### ***III.B.1. Intergovernmental Payable***

The amounts due to other governments at June 30, 2022 consist of \$6,215 of miscellaneous fees due to the State of New Hampshire, and the portions of the June property tax commitment due to the School District (\$10,711,350) and Merrimack County (\$1,115,539)

#### ***III.B.2. PSNH Settlement***

Public Service Company of New Hampshire (PSNH), doing business as Eversource Energy, had filed litigation involving the tax years from 2014 through 2018. During fiscal year 2019, a settlement was reached which stipulates the assessment of Eversource property in Bow for the years 2019 through 2023 which Eversource will not challenge. The Town was bound by the settlement agreement to refund \$10,000,000 to PSNH in the form of \$4,250,000 in three scheduled payments during calendar year 2020, and four years of tax credits in fiscal years 2021-2024 totaling the balance. In the event that the taxes owed are less than the credit for each year, the difference will be refunded. During the current year, \$1,387,675 of abatements were issued, and \$12,325 was refunded. The two additional years of credits are reported as a long-term liability in the Governmental Activities.

#### ***III.B.3. Long-Term Liabilities***

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These liabilities are backed by the full faith and credit of the Town. Long-term liabilities also include unamortized bond premium, capital leases, compensated absences, accrued landfill postclosure care costs, the net pension liability, and the OPEB liability.

State and federal laws and regulations require that the Town continue to perform certain monitoring and maintenance functions at the landfill site for at least ten more years. The amount recorded as the accrued postclosure care costs represents the estimate of what it will cost for these monitoring and maintenance costs over the next ten years. The actual cost of postclosure care could be higher or lower.

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Long-term liabilities currently outstanding are as follow:

|   | Original<br>Amount | Issue<br>Date | Maturity<br>Date | Interest<br>Rate % | Outstanding<br>at<br>June 30, 2022 | Current<br>Portion |
|---|--------------------|---------------|------------------|--------------------|------------------------------------|--------------------|
| General obligation bonds payable:       |                    |               |                  |                    |                                    |                    |
| Land purchase                           | \$880,600          | 2007          | 2023             | 4.00-5.00          | \$ 55,000                          | \$ 55,000          |
| Water/sewer system                      | \$2,212,020        | 2008          | 2029             | 4.00-5.00          | 770,000                            | 110,000            |
| Water/sewer project                     | \$9,805,300        | 2011          | 2027             | 2.00-4.00          | 3,255,000                          | 655,000            |
| Public safety                           | \$3,571,850        | 2017          | 2032             | 2.02-5.02          | 2,370,000                          | 240,000            |
|   |                    |               |                  |                    | 6,450,000                          | 1,060,000          |
| Unamortized bond premium                |                    |               |                  |                    | 411,891                            | 54,305             |
| Capital lease payable:                  |                    |               |                  |                    |                                    |                    |
| Telephone system                        | \$39,830           | 2018          | 2023             | 6.20               | 1,536                              | 1,536              |
| Compensated absences payable            |                    |               |                  |                    | 307,368                            | 17,135             |
| Accrued landfill postclosure care costs |                    |               |                  |                    | 46,800                             | 11,700             |
| Net pension liability                   |                    |               |                  |                    | 5,788,146                          | -                  |
| Other postemployment benefits liability |                    |               |                  |                    | 2,605,234                          | -                  |
| PSNH settlement                         |                    |               |                  |                    | 2,800,000                          | 1,400,000          |
|   |                    |               |                  |                    | \$ 18,410,975                      | \$ 2,544,676       |

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

|                    | General<br>Obligation<br>Bonds<br>Payable | Unamortized<br>Bond<br>Premium | Capital<br>Lease<br>Payable | Compensated<br>Absences<br>Payable | Accrued<br>Landfill<br>Postclosure<br>Care Costs | Net<br>Pension<br>Liability | OPEB<br>Liability   | PSNH<br>Settlement  | Total                |
|--------------------|---|--------------------------------|-----------------------------|------------------------------------|--|-----------------------------|---------------------|---------------------|----------------------|
| Balance, beginning | \$ 7,510,000                              | \$ 466,196                     | \$ 10,424                   | \$ 342,265                         | \$ 90,000  | \$ 8,457,641                | \$ 1,493,563        | \$ 4,200,000        | \$ 22,570,089        |
| Additions          | -   | -                              | -                           | -                                  | -  | -                           | 1,111,671           | -                   | 1,111,671            |
| Reductions         | (1,060,000)                               | (54,305)                       | (8,888)                     | (34,897)                           | (43,200)   | (2,669,495)                 | -                   | (1,400,000)         | (5,270,785)          |
| Balance, ending    | <u>\$ 6,450,000</u>                       | <u>\$ 411,891</u>              | <u>\$ 1,536</u>             | <u>\$ 307,368</u>                  | <u>\$ 46,800</u>                                 | <u>\$ 5,788,146</u>         | <u>\$ 2,605,234</u> | <u>\$ 2,800,000</u> | <u>\$ 18,410,975</u> |

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

| Year Ending<br>June 30, | Principal           | Interest          | Total               |
|-------------------------|---------------------|-------------------|---------------------|
| 2023                    | \$ 1,060,000        | \$ 195,953        | \$ 1,255,953        |
| 2024                    | 1,000,000           | 153,024           | 1,153,024           |
| 2025                    | 1,000,000           | 121,892           | 1,121,892           |
| 2026                    | 1,000,000           | 70,766            | 1,070,766           |
| 2027                    | 995,000             | 47,100            | 1,042,100           |
| 2028-2032               | 1,395,000           | 99,572            | 1,494,572           |
| Totals                  | <u>\$ 6,450,000</u> | <u>\$ 688,307</u> | <u>\$ 7,138,307</u> |

The remaining debt service requirement for the capital lease which will mature in 2023 totals \$1,548, of which \$1,536 represents principal and \$12 is interest.

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

**III.C.1. *Receivables and Payables***

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

The following shows the interfund balances at June 30, 2022:

| Receivable Fund | Payable Fund     | Amount              |
|-----------------|------------------|---------------------|
| General         | Expendable trust | \$ 1,184,793        |
| General         | Nonmajor         | 1,701,268           |
| Nonmajor        | Expendable trust | 170,476             |
| Nonmajor        | Nonmajor         | 9,488               |
|                 |                  | <u>\$ 3,066,025</u> |

The amount due to the General Fund from the Expendable Trust Fund represents reimbursement for capital and health expenditures, and the amount due to the General Fund from the Nonmajor Funds represents reimbursement of capital project expenditures and police detail revenue in excess of expenditures. The amount due to the Nonmajor Funds from the Expendable Trust Fund represents reimbursement for capital expenditures, and the amount due to the Nonmajor Funds from other Nonmajor Funds represents income earned on trust funds in the Permanent Fund due to the Library Fund.

**III.C.2. *Transfers***

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which an appropriation was made, funding capital projects, and making additions to and using capital reserve accounts. The government-wide statement of activities eliminates transfers reported within the activities’ columns.

The following shows the transfers within the reporting entity:

|                       | Transfers In:       |                   |                  |                     |
|-----------------------|---------------------|-------------------|------------------|---------------------|
|                       | Expendable          |                   |                  |                     |
|                       | General Fund        | Trust Fund        | Nonmajor Funds   | Total               |
| <b>Transfers out:</b> |                     |                   |                  |                     |
| General fund          | \$ -                | \$ 567,500        | \$ 12,531        | \$ 580,031          |
| Expendable trust fund | 1,135,890           | -                 | 55,094           | 1,190,984           |
| Nonmajor funds        | 475,716             | -                 | 503              | 476,219             |
|                       | <u>\$ 1,611,606</u> | <u>\$ 567,500</u> | <u>\$ 68,128</u> | <u>\$ 2,247,234</u> |

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The transfers from the General Fund represent voted appropriations. The transfers from the Expendable Trust Fund represent amounts to reimburse for expenditures made in accordance with the purposes of the accounts. The amounts transferred from the Nonmajor Funds represent \$58,900 from the Conservation Commission Fund to the General Fund toward the bond payment on the land purchase; \$413,283 from the Roads and Bridges Capital Project Fund and \$3,533 from the Police Details Fund to the General Fund for reimbursement of expenditures; and \$503 of investment earnings in the Permanent Fund transferred to the Library Fund.

**III.D. Net Position and Fund Balances**

**III.D.1. *Restricted Net Position***

The government-wide statement of net position includes restricted net position of \$326,766 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures, \$199,650 for the Library Fund, and \$4,008 of unexpended grant proceeds.

**III.D.2. *Components of Fund Balances***

Fund balance is categorized in the following components as described in Note I.C.4.:

|                                  | General<br>Fund     | Expendable<br>Trust<br>Fund | Nonmajor<br>Funds       |
|----------------------------------|---------------------|-----------------------------|-------------------------|
| <b>Nonspendable:</b>             |                     |                             |                         |
| Endowments                       | \$ -                | \$ -                        | \$ 222,583              |
| Prepaid items                    | 78,839              | -                           | -                       |
| Tax deeded property              | 26,160              | -                           | -                       |
| <b>Total nonspendable</b>        | <b>104,999</b>      | <b>-</b>                    | <b>222,583</b>          |
| <b>Restricted:</b>               |                     |                             |                         |
| General government               | -                   | -                           | 108,271                 |
| Culture and recreation           | -                   | -                           | 199,650                 |
| <b>Total restricted</b>          | <b>-</b>            | <b>-</b>                    | <b>307,921</b>          |
| <b>Committed:</b>                |                     |                             |                         |
| General government               | -                   | -                           | 763,936                 |
| Public safety                    | -                   | -                           | 2,553                   |
| Highways and streets             | -                   | -                           | 345,712                 |
| Sanitation                       | -                   | -                           | 1,413,959               |
| Water distribution and treatment | -                   | -                           | 15,643                  |
| Culture and recreation           | -                   | -                           | 339,755                 |
| Conservation                     | -                   | -                           | 540,506                 |
| Capital outlay                   | -                   | <u>3,033,658</u>            | -                       |
| <b>Total committed</b>           | <b>-</b>            | <b><u>3,033,658</u></b>     | <b><u>3,422,064</u></b> |
| <b>Assigned:</b>                 |                     |                             |                         |
| General government               | 16,575              | -                           | -                       |
| Public safety                    | 510                 | -                           | -                       |
| <b>Total assigned</b>            | <b>17,085</b>       | <b>-</b>                    | <b>-</b>                |
| <b>Unassigned</b>                | <b>2,770,564</b>    | <b>-</b>                    | <b>-</b>                |
| <b>Total fund balance</b>        | <b>\$ 2,892,648</b> | <b>\$ 3,033,658</b>         | <b>\$ 3,952,568</b>     |

**TOWN OF BOW, NEW HAMPSHIRE**  
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**III.D.3. Restatement of Beginning Equity Balances**

The beginning equity balances were restated as follow:

|   | Govermental<br>Activities   | Expendable<br>Trust<br>Fund | Nonmajor<br>Funds          |
|---|-----------------------------|-----------------------------|----------------------------|
| To correct capital asset balances                 | \$ (14,500)                 | \$ -                        | \$ -                       |
| To correct interfund balance                      | -                           | 113,169                     | (113,169)                  |
| Net position/fund balance, as previously reported | 37,365,801                  | 3,808,931                   | 3,618,905                  |
| Net position/fund balance, as restated            | <u><u>\$ 37,351,301</u></u> | <u><u>\$ 3,922,100</u></u>  | <u><u>\$ 3,505,736</u></u> |

**IV. Other Information**

**IV.A. Risk Management**

The Town's risk management activities are reported with governmental activities and recorded in the General Fund. During the fiscal year, the Town was a member of the NH Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

Primex's Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage was provided for the fiscal year for property/liability, and for the calendar year for workers' compensation. Contributions billed and paid in fiscal year 2022 to be recorded as an insurance expenditure/expense totaled \$82,395 for property/liability and \$104,039 for workers' compensation. The member agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at [www.nhrs.org](http://www.nhrs.org) or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

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Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, firefighters, and other employees were 11.55%, 11.80%, and 7.0%, respectively, of gross earnings. During fiscal year 2022, the rates of contribution from the Town were 33.88% for police, 32.99% for fire personnel, and 14.06% for other employees, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the fiscal years, 2020, 2021, and 2022 were \$587,421, \$595,539, and \$714,442, respectively.

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

At June 30, 2022, the Town reported a liability of \$5,788,146 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2021, the Town's proportion was 0.1306%, which was a decrease of 0.0016% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$427,382. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows<br>of<br>Resources | Deferred<br>Inflows<br>of<br>Resources |
|---|---|--|
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$ 68,104                               | \$ 68,110                              |
| Net differences between projected and actual earnings on pension plan investments                             | -                                       | 1,618,812                              |
| Changes in assumptions  | 604,539                                 | -                                      |
| Differences between expected and actual experience  | 162,076                                 | 60,598                                 |
| Town contributions subsequent to the measurement date   | 714,442                                 | -                                      |
|   | <u>\$ 1,549,161</u>                     | <u>\$ 1,747,520</u>                    |

The Town reported \$714,442 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

**TOWN OF BOW, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follow:

| Year<br>Ending<br>June 30, |  |
|----------------------------|--|
| 2023                       | \$ (119,610)                                 |
| 2024                       | (102,109)                                    |
| 2025                       | (149,466)                                    |
| 2026                       | (541,616)                                    |
|                            | <u style="font-size: 10pt;">\$ (912,801)</u> |

*Actuarial Assumptions*

The total pension liability in the June 30, 2021 valuation was determined using the valuation as of June 30, 2020 rolled forward, using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015. Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

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

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

|   | 1%                  | Current<br>Discount<br>Rate | 1%                  |
|---|---------------------|-----------------------------|---------------------|
|   | Decrease<br>(5.75%) | (6.75%)                     | Increase<br>(7.75%) |
| Town's proportionate share of net pension liability | \$8,277,712         | \$5,788,146                 | \$3,711,443         |

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

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

**IV.C. Contingent Liabilities**

Amounts received from grantor agencies are subject to audit and adjustments by such agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures that may be disallowed by the grantors cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**IV.D. Other Postemployment Benefits (OPEB)**

*Plan Description*

The Town is part of two different OPEB plans, one that is a retiree health care benefits program operating as a single-employer plan that is used to provide OPEB for all permanent full-time employees (implicit rate subsidy); and the other that consists of benefits to its retired employees and their beneficiaries as required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The latter are provided through the New Hampshire Retirement System (NHRS) operating as a cost-sharing, multiple-employer OPEB medical subsidy healthcare plan (medical insurance subsidy). Further information on this plan can be found in the audited report of the NHRS Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan, which is available on the NHRS website at [www.nhrs.org](http://www.nhrs.org).

*Benefits Provided*

The Town provides its eligible retirees and terminated employees including certain beneficiaries, the ability to purchase health, dental and prescription drug coverage at the Town's group rates. The Town does not supplement the cost of these plans directly, but recognizes the liability for the inclusion of implicit rate subsidies to the retirees. The subsidy occurs because when a blended rate is used for a group of individuals that includes younger and presumably healthier people along with older, retired people, implicitly, the premiums for the active employees are subsidizing the retirees. As of June 30, 2022, there were eleven retirees with five spouses, and forty-five active employees with nineteen spouses participating in the plan.

The Town provides medical, dental and prescription drug coverage to retirees and their eligible spouses and dependents. All active employees who retire from the Town and meet the eligibility requirements can receive these benefits. Retirees contribute all of the premiums as determined by the Town, but the remainder of the costs as derived from the implicit rate subsidy are paid by the Town on a pay-as-you-go basis.

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her spouse, and dependent children who are living in the retiree's household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the

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premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants.

*Total OPEB Liability, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB*

The Town's total OPEB liability of \$2,605,234, consists of \$2,069,204 for the implicit rate subsidy, measured as of June 30, 2022 and determined using the Alternative Measurement Method; and \$536,030 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2020 with roll-forward procedures used to determine the liability as of June 30, 2021. For the year ended June 30, 2022, the Town recognized OPEB expense of \$1,777,516.

At year-end, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows<br>of<br>Resources | Deferred<br>Inflows<br>of<br>Resources |
|---|---|--|
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$ -                                    | \$ 130                                 |
| Net differences between projected and actual earnings on pension plan investments                             | -                                       | 6,696                                  |
| Differences between expected and actual experience  | -                                       | 112                                    |
| Town contributions subsequent to the measurement date   | 54,029                                  | -                                      |
|   | <u><u>\$ 54,029</u></u>                 | <u><u>\$ 6,938</u></u>                 |

The Town reported \$54,029 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability in fiscal year 2023.

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Amounts recognized as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follow:

| Year<br>Ending<br>June 30, |                          |
|----------------------------|--------------------------|
| 2023                       | \$ (1,773)               |
| 2024                       | (1,407)                  |
| 2025                       | (1,577)                  |
| 2026                       | (2,181)                  |
|                            | <u><u>\$ (6,938)</u></u> |

*Actuarial Assumptions and Other Inputs*

The total OPEB liability was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement unless otherwise specified:

|                              |   |
|------------------------------|---|
| Implicit rate subsidy:       |   |
| Discount rate:               | 3.50%   |
| Healthcare cost trend rates: |   |
| Medical                      | 4.70%, decreasing 0.0-0.1% per year to ultimate rate of 4.20% in FY29   |
| Pharmacy                     | 5.20%, decreasing 0.0-1.1% per year to ultimate rate of 4.20% in FY29   |
| Dental                       | 3.5%, decreasing 0.5% per year to ultimate rate of 3.00% in FY24  |
| Vision                       | 3.00%   |
| Salary increases             | 2.50%   |
| Medical insurance subsidy:   |   |
| Payroll growth               | 3.25%   |
| Discount rate                | 6.75%   |
| Inflation                    | 2.5%  |
| Investment rate of return    | 7.25%, net of investment expense, including inflation   |
| Mortality                    | RP-2014 Healthy Annuitant and Employee Generational Mortality Tables with credibility adjustments and adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study |
| Healthcare cost trend rates  | N/A, benefits are fixed stipends  |

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

| Implicit Rate Subsidy:      | Current             |                 |                     |
|-----------------------------|---------------------|-----------------|---------------------|
|                             | 1%                  | Discount        | 1%                  |
|                             | Decrease<br>(2.50%) | Rate<br>(3.50%) | Increase<br>(4.50%) |
| Town's total OPEB liability | \$2,208,456         | \$2,069,204     | \$1,869,065         |

**TOWN OF BOW, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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| Medical Subsidy:            | 1%<br>Decrease<br>(5.75%) | Current<br>Discount<br>Rate<br>(6.75%) | 1%<br>Increase<br>(7.75%) |
|-----------------------------|---------------------------|--|---------------------------|
| Town's total OPEB liability | \$582,707                 | \$536,030                              | \$495,418                 |

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following presents what the total OPEB liability for the implicit rate subsidy would be if it were calculated using a healthcare cost trend rate that is one percentage lower or one percentage rate higher than the current rate.

|                             | Current<br>Healthcare<br>Cost<br>Trend<br>Rate | 1%<br>Decrease<br>\$1,748,816 | 1%<br>Increase<br>\$2,466,804 |
|-----------------------------|--|-------------------------------|-------------------------------|
| Town's total OPEB liability | \$2,069,204                                    |                               |                               |

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 10**  
**TOWN OF BOW, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Pension Liability*  
*New Hampshire Retirement System*

|   | Fiscal<br>Year<br>2022 | Fiscal<br>Year<br>2021 | Fiscal<br>Year<br>2020 | Fiscal<br>Year<br>2019 | Fiscal<br>Year<br>2018 | Fiscal<br>Year<br>2017 | Fiscal<br>Year<br>2016 | Fiscal<br>Year<br>2015 | Fiscal<br>Year<br>2014 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Town's proportion of net pension liability  | 0.1306%                | 0.1322%                | 0.1313%                | 0.1293%                | 0.1281%                | 0.1303%                | 0.1268%                | 0.1310%                | 0.1329%                |
| Town's proportionate share of the net pension liability   | \$5,788,146            | \$8,457,641            | \$6,321,114            | \$6,227,647            | \$6,302,166            | \$6,926,213            | \$5,012,730            | \$4,918,796            | \$5,719,047            |
| Town's covered-employee payroll   | \$3,389,032            | \$3,321,790            | \$3,243,913            | \$3,152,042            | \$3,062,615            | \$2,785,559            | \$2,776,708            | \$2,705,900            | \$2,638,463            |
| Town's proportionate share of the net pension liability as a percentage of covered-employee payroll | 170.79%                | 254.61%                | 194.86%                | 197.58%                | 205.78%                | 248.65%                | 180.53%                | 181.78%                | 216.76%                |
| Plan fiduciary position as a percentage of the total pension liability                              | 72.2%                  | 58.7%                  | 65.6%                  | 64.7%                  | 62.7%                  | 58.3%                  | 65.5%                  | 66.3%                  | 59.8%                  |

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

**EXHIBIT 11**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Schedule of the Town's Pension Contributions**  
**New Hampshire Retirement System**

|  | Fiscal<br>Year<br>2022 | Fiscal<br>Year<br>2021 | Fiscal<br>Year<br>2020 | Fiscal<br>Year<br>2019 | Fiscal<br>Year<br>2018 | Fiscal<br>Year<br>2017 | Fiscal<br>Year<br>2016 | Fiscal<br>Year<br>2015 | Fiscal<br>Year<br>2014 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Contractually required contribution                                    | \$ 714,442             | \$ 595,539             | \$ 587,421             | \$ 572,193             | \$ 607,762             | \$ 523,683             | \$ 497,074             | \$ 459,361             | \$ 425,133             |
| Contribution in relation to the<br>contractually required contribution | (714,442)              | (595,539)              | (587,421)              | (572,193)              | (607,762)              | (523,683)              | (497,074)              | (459,361)              | (425,133)              |
| Contribution deficiency  | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   |
| Town's covered-employee payroll  | \$3,389,032            | \$3,321,790            | \$3,243,913            | \$3,152,042            | \$3,062,615            | \$2,785,559            | \$2,776,708            | \$2,705,900            | \$2,638,463            |
| Contributions as a percentage of covered-employee payroll              | 21.08%                 | 17.93%                 | 18.11%                 | 18.15%                 | 19.84%                 | 18.80%                 | 17.90%                 | 16.98%                 | 16.11%                 |

**EXHIBIT 12**  
**TOWN OF BOW**  
*Schedule of Changes in the Town's Total OPEB Liability and Related Ratios*

|  | Fiscal<br>Year<br>2022     | Fiscal<br>Year<br>2021     | Fiscal<br>Year<br>2020     | Fiscal<br>Year<br>2019     | Fiscal<br>Year<br>2018     |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Total OPEB liability:</b>   |                            |                            |                            |                            |                            |
| Service cost   | \$ 53,389                  | \$ 64,142                  | \$ 39,517                  | \$ 28,086                  | \$ 20,247                  |
| Interest   | 40,842                     | 73,256                     | 63,343                     | 18,610                     | 30,106                     |
| Effect of economic/demographic gains or losses                                   | 2,790,107                  | 250,744                    | 612,752                    | 365,011                    | (6,124)                    |
| Changes of assumptions<br>and differences between expected and actual experience | (1,125,536)                | 209,096                    | 257,082                    | 363,953                    | 817,166                    |
| Benefit payments   | (647,131)                  | (672,451)                  | (649,797)                  | (587,240)                  | (705,635)                  |
| Net change in total OPEB liability   | 1,111,671                  | (75,213)                   | 322,897                    | 188,420                    | 155,760                    |
| Total OPEB liability, beginning  | <u>1,493,563</u>           | <u>1,568,776</u>           | <u>1,245,879</u>           | <u>1,057,459</u>           | <u>901,699</u>             |
| Total OPEB liability, ending   | <u><u>\$ 2,605,234</u></u> | <u><u>\$ 1,493,563</u></u> | <u><u>\$ 1,568,776</u></u> | <u><u>\$ 1,245,879</u></u> | <u><u>\$ 1,057,459</u></u> |
| <br>Covered-employee payroll   | <br>\$3,389,032            | <br>\$3,321,790            | <br>\$3,243,913            | <br>\$3,152,042            | <br>\$3,062,615            |
| <br>Total OPEB liability as a percentage of covered-employee payroll             | <br>76.87%                 | <br>44.96%                 | <br>48.36%                 | <br>39.53%                 | <br>34.53%                 |

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

**EXHIBIT 13**  
**TOWN OF BOW**  
*Schedule of the Town's OPEB Contributions*

|  | Fiscal<br>Year<br>2022 | Fiscal<br>Year<br>2021 | Fiscal<br>Year<br>2020 | Fiscal<br>Year<br>2019 | Fiscal<br>Year<br>2018 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Actuarially determined contribution                                  | \$ 647,131             | \$ 672,166             | \$ 645,365             | \$ 652,514             | \$ 747,371             |
| Contributions in relation to the actuarially determined contribution | (54,029)               | (64,042)               | (63,779)               | (65,274)               | (61,124)               |
| Contribution deficiency  | <u>\$ 593,102</u>      | <u>\$ 608,124</u>      | <u>\$ 581,586</u>      | <u>\$ 587,240</u>      | <u>\$ 686,247</u>      |
| <br>Covered-employee payroll   | <br>\$3,389,032        | <br>\$3,321,790        | <br>\$3,243,913        | <br>\$3,152,042        | <br>\$3,062,615        |
| Contributions as a percentage of covered-employee payroll            | 19.09%                 | 20.24%                 | 19.89%                 | 20.70%                 | 24.40%                 |

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

**TOWN OF BOW, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The pension and OPEB schedules are meant to present related information for ten years. Because this is the ninth year that the Town has presented the pension information and the fifth year for the OPEB information, only nine years and five years respectively, are presented. An additional year's information will be added each year until there are ten years shown.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 14**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

|   | Special Revenue Funds |                   |                  |                  |                   |                  |                     |                 |                  |                  |                   |                   |                   | Capital Projects Fund | Permanent Fund    | Total               |         |  |
|---|-----------------------|-------------------|------------------|------------------|-------------------|------------------|---------------------|-----------------|------------------|------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|---------------------|---------|--|
|   | Recreation            |                   | Heritage         |                  | Conservation      |                  | Water               |                 | Sewer            |                  | 300th Anniversary |                   | Welfare           |                       |                   |                     |         |  |
|   | Library               | Fields            | Water            | Sewer            | 300th Anniversary | Holiday Baskets  | Police Detail       | Drug Forfeiture | TIF Districts    | Grants           | Roads and Bridges |                   |                   |                       |                   |                     |         |  |
| <b>ASSETS</b>   |                       |                   |                  |                  |                   |                  |                     |                 |                  |                  |                   |                   |                   |                       |                   |                     |         |  |
| Cash and cash equivalents   | \$ 199,626            | \$ 338,879        | \$ 20,989        | \$ 21,888        | \$ 540,707        | \$ 43,374        | \$ 1,358,902        | \$ 1,902        | \$ 60,358        | \$ -             | \$ 2,553          | \$ 923,446        | \$ 293,385        | \$ -                  | \$ 20,781         | \$ 3,826,790        |         |  |
| Investments   | -                     | -                 | -                | -                | -                 | -                | -                   | -               | -                | -                | -                 | -                 | -                 | -                     | \$ 315,473        | \$ 315,473          |         |  |
| Receivables:  |                       |                   |                  |                  |                   |                  |                     |                 |                  |                  |                   |                   |                   |                       |                   |                     |         |  |
| Accounts  | -                     | -                 | -                | -                | -                 | 8,329            | 61,764              | -               | -                | 13,459           | -                 | -                 | -                 | -                     | -                 | 83,552              |         |  |
| Intergovernmental   | -                     | -                 | -                | -                | -                 | -                | -                   | -               | -                | -                | -                 | -                 | -                 | -                     | -                 | 1,854,885           |         |  |
| Interfund receivable  | 9,488                 | -                 | -                | -                | -                 | -                | -                   | -               | -                | -                | -                 | -                 | -                 | -                     | -                 | 179,964             |         |  |
| Total assets  | <u>\$ 209,114</u>     | <u>\$ 338,879</u> | <u>\$ 20,989</u> | <u>\$ 21,888</u> | <u>\$ 540,707</u> | <u>\$ 51,703</u> | <u>\$ 1,420,666</u> | <u>\$ 1,902</u> | <u>\$ 60,358</u> | <u>\$ 13,459</u> | <u>\$ 2,553</u>   | <u>\$ 923,446</u> | <u>\$ 293,385</u> | <u>\$ 2,025,361</u>   | <u>\$ 336,254</u> | <u>\$ 6,260,664</u> |         |  |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                       |                   |                  |                  |                   |                  |                     |                 |                  |                  |                   |                   |                   |                       |                   |                     |         |  |
| Liabilities:  |                       |                   |                  |                  |                   |                  |                     |                 |                  |                  |                   |                   |                   |                       |                   |                     |         |  |
| Accounts payable  | \$ 1,304              | \$ 43,903         | \$ -             | \$ -             | \$ 201            | \$ 30,170        | \$ 1,468            | \$ -            | \$ -             | \$ -             | \$ -              | \$ 44,288         | \$ 36,516         | \$ -                  | \$ -              | \$ 157,850          |         |  |
| Intergovernmental   | 8,160                 | -                 | -                | -                | -                 | -                | -                   | -               | -                | 13,459           | -                 | -                 | -                 | -                     | 1,679,649         | 9,488               |         |  |
| Total liabilities   | <u>9,464</u>          | <u>43,903</u>     | <u>-</u>         | <u>-</u>         | <u>201</u>        | <u>30,170</u>    | <u>1,468</u>        | <u>-</u>        | <u>-</u>         | <u>13,459</u>    | <u>-</u>          | <u>44,288</u>     | <u>36,516</u>     | <u>1,679,649</u>      | <u>9,488</u>      | <u>1,868,606</u>    |         |  |
| Deferred inflows of resources:                                      |                       |                   |                  |                  |                   |                  |                     |                 |                  |                  |                   |                   |                   |                       |                   |                     |         |  |
| Deferred revenue  | -                     | -                 | -                | -                | -                 | -                | 5,890               | 5,239           | -                | -                | -                 | -                 | 175,580           | 252,781               | -                 | -                   | 439,490 |  |
| Fund balances:  |                       |                   |                  |                  |                   |                  |                     |                 |                  |                  |                   |                   |                   |                       |                   |                     |         |  |
| Nonspendable  | -                     | -                 | -                | -                | -                 | -                | -                   | -               | -                | -                | -                 | -                 | -                 | -                     | -                 | 222,583             |         |  |
| Restricted  | 199,650               | -                 | -                | -                | -                 | -                | -                   | -               | -                | -                | -                 | -                 | -                 | -                     | -                 | 104,183             |         |  |
| Committed   | -                     | 294,976           | 20,989           | 21,888           | 540,506           | 15,643           | 1,413,959           | 1,902           | 60,358           | -                | 2,553             | 703,578           | -                 | 345,712               | -                 | 3,422,064           |         |  |
| Total fund balances   | <u>199,650</u>        | <u>294,976</u>    | <u>20,989</u>    | <u>21,888</u>    | <u>540,506</u>    | <u>15,643</u>    | <u>1,413,959</u>    | <u>1,902</u>    | <u>60,358</u>    | <u>-</u>         | <u>2,553</u>      | <u>703,578</u>    | <u>-</u>          | <u>345,712</u>        | <u>-</u>          | <u>3,952,568</u>    |         |  |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 209,114</u>     | <u>\$ 338,879</u> | <u>\$ 20,989</u> | <u>\$ 21,888</u> | <u>\$ 540,707</u> | <u>\$ 51,703</u> | <u>\$ 1,420,666</u> | <u>\$ 1,902</u> | <u>\$ 60,358</u> | <u>\$ 13,459</u> | <u>\$ 2,553</u>   | <u>\$ 923,446</u> | <u>\$ 293,385</u> | <u>\$ 2,025,361</u>   | <u>\$ 336,254</u> | <u>\$ 6,260,664</u> |         |  |

**EXHIBIT 15**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

|   | Special Revenue Funds |            |                   |           |              |           |              |                   |                         |               |                 |               |           | Capital Projects Fund | Roads and Bridges | Permanent Fund | Total      |
|---|-----------------------|------------|-------------------|-----------|--------------|-----------|--------------|-------------------|-------------------------|---------------|-----------------|---------------|-----------|-----------------------|-------------------|----------------|------------|
|   | Library               | Recreation | Recreation Fields | Heritage  | Conservation | Water     | Sewer        | 300th Anniversary | Welfare Holiday Baskets | Police Detail | Drug Forfeiture | TIF Districts | Grants    |                       |                   |                |            |
|   |                       |            |                   |           |              |           |              |                   |                         |               |                 |               |           |                       |                   |                |            |
| <b>REVENUES</b>   |                       |            |                   |           |              |           |              |                   |                         |               |                 |               |           |                       |                   |                |            |
| Taxes   | \$ -                  | \$ -       | \$ -              | \$ -      | \$ 91,658    | \$ -      | \$ -         | \$ -              | \$ -                    | \$ -          | \$ -            | \$ 353,099    | \$ -      | \$ -                  | \$ -              | \$ -           | \$ 444,757 |
| Intergovernmental   | -                     | -          | -                 | -         | 8,350        | -         | -            | -                 | -                       | -             | -               | -             | 180,994   | 1,218,412             | -                 | -              | 1,407,756  |
| Charges for services                                      | 16,067                | 832,721    | 650               | -         | -            | 89,933    | 246,160      | -                 | -                       | 46,748        | -               | -             | -         | -                     | -                 | -              | 1,232,279  |
| Miscellaneous   | 3,752                 | 10,685     | 2,610             | 327       | 2,249        | 151       | 4,593        | 6                 | 6,954                   | 6,473         | 719             | 1,602         | 3,050     | -                     | (32,820)          | 10,351         |            |
| Total revenues  | 19,819                | 843,406    | 3,260             | 327       | 102,257      | 90,084    | 250,753      | 6                 | 6,954                   | 53,221        | 719             | 354,701       | 184,044   | 1,218,412             | (32,820)          | 3,095,143      |            |
| <b>EXPENDITURES</b>                                       |                       |            |                   |           |              |           |              |                   |                         |               |                 |               |           |                       |                   |                |            |
| Current:  |                       |            |                   |           |              |           |              |                   |                         |               |                 |               |           |                       |                   |                |            |
| General government  | -                     | -          | -                 | -         | -            | -         | -            | -                 | -                       | -             | -               | -             | 18,115    | -                     | 3,027             | 21,142         |            |
| Public safety   | -                     | -          | -                 | -         | -            | -         | -            | -                 | -                       | 49,688        | -               | -             | 35,003    | -                     | -                 | 84,691         |            |
| Highways and streets                                      | -                     | -          | -                 | -         | -            | -         | -            | -                 | -                       | -             | -               | -             | 4,534     | -                     | -                 | 4,534          |            |
| Sanitation  | -                     | -          | -                 | -         | -            | -         | 254,805      | -                 | -                       | -             | -               | -             | -         | -                     | -                 | 254,805        |            |
| Water distribution and treatment                          | -                     | -          | -                 | -         | -            | 132,489   | -            | -                 | -                       | -             | -               | -             | -         | -                     | -                 | 132,489        |            |
| Welfare   | -                     | -          | -                 | -         | -            | -         | -            | 5,023             | -                       | -             | -               | -             | -         | -                     | -                 | 5,023          |            |
| Culture and recreation                                    | -                     | 679,481    | -                 | -         | -            | -         | -            | -                 | -                       | -             | -               | -             | 2,000     | -                     | -                 | 681,481        |            |
| Conservation  | -                     | -          | -                 | -         | 10,645       | -         | -            | -                 | -                       | -             | -               | -             | -         | -                     | -                 | 10,645         |            |
| Capital outlay  | -                     | -          | -                 | -         | -            | -         | -            | -                 | -                       | -             | -               | 190,116       | 139,676   | 715,618               | -                 | 1,045,410      |            |
| Total expenditures  | -                     | 679,481    | -                 | -         | 10,645       | 132,489   | 254,805      | -                 | 5,023                   | 49,688        | -               | 190,116       | 199,328   | 715,618               | 3,027             | 2,240,220      |            |
| Excess (deficiency) of revenues over (under) expenditures | 19,819                | 163,925    | 3,260             | 327       | 91,612       | (42,405)  | (4,052)      | 6                 | 1,931                   | 3,533         | 719             | 164,585       | (15,284)  | 502,794               | (35,847)          | 854,923        |            |
| Other financing sources (uses):                           |                       |            |                   |           |              |           |              |                   |                         |               |                 |               |           |                       |                   |                |            |
| Transfers in  | 10,366                | -          | -                 | 2,668     | -            | -         | -            | -                 | -                       | -             | -               | -             | 55,094    | -                     | -                 | 68,128         |            |
| Transfers out   | -                     | -          | -                 | -         | (58,900)     | -         | -            | -                 | -                       | (3,533)       | -               | -             | (413,283) | (503)                 | (476,219)         |                |            |
| Total other financing sources and uses                    | 10,366                | -          | -                 | 2,668     | (58,900)     | -         | -            | -                 | -                       | (3,533)       | -               | -             | (358,189) | (503)                 | (408,091)         |                |            |
| Net change in fund balances                               | 30,185                | 163,925    | 3,260             | 2,995     | 32,712       | (42,405)  | (4,052)      | 6                 | 1,931                   | -             | 719             | 164,585       | (15,284)  | 144,605               | (36,350)          | 446,832        |            |
| Fund balances, beginning, as restated, see Note III.D.1.  | 169,465               | 131,051    | 17,729            | 18,893    | 507,794      | 58,048    | 1,418,011    | 1,896             | 58,427                  | -             | 1,834           | 538,993       | 19,372    | 201,107               | 363,116           | 3,505,736      |            |
| Fund balances, ending                                     | \$ 199,650            | \$ 294,976 | \$ 20,989         | \$ 21,888 | \$ 540,506   | \$ 15,643 | \$ 1,413,959 | \$ 1,902          | \$ 60,358               | \$ -          | \$ 2,553        | \$ 703,578    | \$ 4,088  | \$ 345,712            | \$ 326,766        | \$ 3,952,568   |            |

**EXHIBIT 16**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Year Ended June 30, 2022*

|  | Estimated            | Actual               | Variance<br>Positive<br>(Negative) |
|--|----------------------|----------------------|------------------------------------|
| Taxes:                                     |                      |                      |                                    |
| Property                                   | \$ 8,677,573         | \$ 8,804,075         | \$ 126,502                         |
| Timber                                     | 7,000                | 13,269               | 6,269                              |
| Excavation                                 | 7,000                | 3,820                | (3,180)                            |
| Interest and penalties on delinquent taxes | 95,000               | 55,908               | (39,092)                           |
| Total taxes                                | <u>8,786,573</u>     | <u>8,877,072</u>     | <u>90,499</u>                      |
| Licenses, permits and fees:                |                      |                      |                                    |
| Business licenses and permits              | 2,500                | 3,323                | 823                                |
| Motor vehicle permits                      | 2,400,000            | 2,633,037            | 233,037                            |
| Building permits                           | 70,000               | 82,185               | 12,185                             |
| Other                                      | 15,250               | 33,331               | 18,081                             |
| Total licenses, permits and fees           | <u>2,487,750</u>     | <u>2,751,876</u>     | <u>264,126</u>                     |
| Intergovernmental:                         |                      |                      |                                    |
| State sources:                             |                      |                      |                                    |
| Meals and rooms distributions              | 582,675              | 582,675              | -                                  |
| Highway block grant                        | 219,227              | 218,359              | (868)                              |
| State and federal forest land              | 84                   | 83                   | (1)                                |
| Railroad tax                               | 1,145                | 8,657                | 7,512                              |
| Other government sources:                  |                      |                      |                                    |
| Bow School District                        | -                    | 1,230                | 1,230                              |
| Total intergovernmental                    | <u>803,131</u>       | <u>811,004</u>       | <u>7,873</u>                       |
| Charges for services:                      |                      |                      |                                    |
| Income from departments                    | <u>508,975</u>       | <u>514,293</u>       | <u>5,318</u>                       |
| Miscellaneous:                             |                      |                      |                                    |
| Sale of property                           | 10,000               | 78                   | (9,922)                            |
| Interest on investments                    | 50,000               | 24,286               | (25,714)                           |
| Other                                      | 6,400                | 163,100              | 156,700                            |
| Total miscellaneous                        | <u>66,400</u>        | <u>187,464</u>       | <u>121,064</u>                     |
| Other financing sources:                   |                      |                      |                                    |
| Transfers in:                              |                      |                      |                                    |
| Expendable trust fund                      | 944,677              | 1,135,890            | 191,213                            |
| Nonmajor funds                             | 78,900               | 475,716              | 396,816                            |
| Total other financing sources              | <u>1,023,577</u>     | <u>1,611,606</u>     | <u>588,029</u>                     |
| Total revenues and other financing sources | <u>\$ 13,676,406</u> | <u>\$ 14,753,315</u> | <u>\$ 1,076,909</u>                |

**EXHIBIT 17**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**General Fund**  
*Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)*  
*For the Year Ended June 30, 2022*

|                                    | Encumbered<br>from<br>Prior<br>Year | Appropriations   | Expenditures     | Encumbered<br>to<br>Subsequent<br>Year | Variance<br>Positive<br>(Negative) |
|------------------------------------|-------------------------------------|------------------|------------------|--|------------------------------------|
| <b>Current:</b>                    |                                     |                  |                  |  |                                    |
| General government:                |                                     |                  |                  |  |                                    |
| Executive                          | \$ -                                | \$ 303,193       | \$ 303,010       | \$ -                                   | \$ 183                             |
| Election and registration          | -                                   | 254,504          | 244,458          | -                                      | 10,046                             |
| Financial administration           | -                                   | 359,160          | 348,785          | 16,575                                 | (6,200)                            |
| Revaluation of property            | -                                   | 156,325          | 114,052          | -                                      | 42,273                             |
| Legal                              | -                                   | 1,460,000        | 1,440,200        | -                                      | 19,800                             |
| Personnel administration           | -                                   | 9,244            | 20,273           | -                                      | (11,029)                           |
| Planning and zoning                | -                                   | 444,477          | 437,355          | -                                      | 7,122                              |
| General government buildings       | -                                   | 422,741          | 449,932          | -                                      | (27,191)                           |
| Cemeteries                         | -                                   | 40,650           | 27,965           | -                                      | 12,685                             |
| Insurance, not otherwise allocated | -                                   | 88,327           | 88,327           | -                                      | -                                  |
| Total general government           | -                                   | <u>3,538,621</u> | <u>3,474,357</u> | <u>16,575</u>                          | <u>47,689</u>                      |
| Public safety:                     |                                     |                  |                  |  |                                    |
| Police                             | -                                   | 1,876,598        | 1,653,243        | -                                      | 223,355                            |
| Fire                               | -                                   | 1,363,526        | 1,350,817        | 510                                    | 12,199                             |
| Emergency management               | -                                   | 29,868           | 34,500           | -                                      | (4,632)                            |
| Total public safety                | -                                   | <u>3,269,992</u> | <u>3,038,560</u> | <u>510</u>                             | <u>230,922</u>                     |
| Highways and streets:              |                                     |                  |                  |  |                                    |
| Administration                     | -                                   | 1,272,695        | 1,209,052        | -                                      | 63,643                             |
| Highways and streets               | 3,000                               | 445,180          | 767,933          | -                                      | (319,753)                          |
| Street lighting                    | -                                   | 40,000           | 43,173           | -                                      | (3,173)                            |
| Total highways and streets         | <u>3,000</u>                        | <u>1,757,875</u> | <u>2,020,158</u> | <u>-</u>                               | <u>(259,283)</u>                   |
| Sanitation:                        |                                     |                  |                  |  |                                    |
| Solid waste disposal               | -                                   | <u>844,255</u>   | <u>779,531</u>   | <u>-</u>                               | <u>64,724</u>                      |
| Health:                            |                                     |                  |                  |  |                                    |
| Administration                     | -                                   | 2,581            | 1,937            | -                                      | 644                                |
| Health agencies                    | -                                   | 3,400            | 3,400            | -                                      | -                                  |
| Total health                       | -                                   | <u>5,981</u>     | <u>5,337</u>     | <u>-</u>                               | <u>644</u>                         |
| Welfare:                           |                                     |                  |                  |  |                                    |
| Administration                     | -                                   | 3,613            | 1,966            | -                                      | 1,647                              |
| Direct assistance                  | -                                   | 3,000            | 300              | -                                      | 2,700                              |
| Total welfare                      | -                                   | <u>6,613</u>     | <u>2,266</u>     | <u>-</u>                               | <u>4,347</u>                       |
| Culture and recreation:            |                                     |                  |                  |  |                                    |
| Parks and recreation               | -                                   | 13,500           | 9,077            | -                                      | 4,423                              |
| Public library                     | -                                   | 481,469          | 539,276          | -                                      | (57,807)                           |
| Patriotic purposes                 | -                                   | 500              | 500              | -                                      | -                                  |
| Other                              | -                                   | 1,318            | 332              | -                                      | 986                                |
| Total culture and recreation       | -                                   | <u>496,787</u>   | <u>549,185</u>   | <u>-</u>                               | <u>(52,398)</u>                    |

(continued)

**EXHIBIT 17 (continued)**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2022**

|  | Encumbered<br>from<br>Prior<br>Year | Appropriations       | Expenditures         | Encumbered<br>to<br>Subsequent<br>Year | Variance<br>Positive<br>(Negative) |
|--|-------------------------------------|----------------------|----------------------|--|------------------------------------|
| <b>Debt service:</b>   |                                     |                      |                      |  |                                    |
| Principal  | -                                   | 1,060,000            | 1,060,000            | -                                      | -                                  |
| Interest on long-term debt   | -                                   | 266,407              | 263,906              | -                                      | 2,501                              |
| Interest on tax anticipation note  | -                                   | 1                    | -                    | -                                      | 1                                  |
| <b>Total debt service</b>  | <b>-</b>                            | <b>1,326,408</b>     | <b>1,323,906</b>     | <b>-</b>                               | <b>2,502</b>                       |
| <b>Capital outlay:</b>   |                                     |                      |                      |  |                                    |
| Land   | -                                   | 700,000              | 700,000              | -                                      | -                                  |
| Machinery, vehicles and equipment  | -                                   | 321,400              | 631,204              | -                                      | (309,804)                          |
| Buildings  | -                                   | 171,700              | 48,314               | -                                      | 123,386                            |
| Improvements other than buildings  | 38,000                              | 598,700              | 505,053              | -                                      | 131,647                            |
| <b>Total capital outlay</b>  | <b>38,000</b>                       | <b>1,791,800</b>     | <b>1,884,571</b>     | <b>-</b>                               | <b>(54,771)</b>                    |
| <b>Other financing uses:</b>   |                                     |                      |                      |  |                                    |
| Transfers out:   |                                     |                      |                      |  |                                    |
| Expendable trust fund  | -                                   | 567,500              | 567,500              | -                                      | -                                  |
| Nonmajor funds   | -                                   | 70,574               | 12,531               | -                                      | 58,043                             |
| <b>Total other financing uses</b>  | <b>-</b>                            | <b>638,074</b>       | <b>580,031</b>       | <b>-</b>                               | <b>58,043</b>                      |
| <b>Total encumbrances, appropriations,<br/>expenditures and other financing uses</b> | <b>\$ 41,000</b>                    | <b>\$ 13,676,406</b> | <b>\$ 13,657,902</b> | <b>\$ 17,085</b>                       | <b>\$ 42,419</b>                   |

**EXHIBIT 18**  
**TOWN OF BOW, NEW HAMPSHIRE**  
**General Fund**  
*Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)*  
*For the Year Ended June 30, 2022*

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|   |                            |
|---|----------------------------|
| Unassigned fund balance, beginning                | \$ 2,085,100               |
| Changes:  |                            |
| Budget summary:                                   |                            |
| Revenue surplus (Exhibit 16)                      | \$ 1,076,909               |
| Unexpended balance of appropriations (Exhibit 17) | <u>42,419</u>              |
| Budget surplus                                    | 1,119,328                  |
| Increase in nonspendable fund balance             | <u>(22,028)</u>            |
| Unassigned fund balance, ending                   | <u><u>\$ 3,182,400</u></u> |



## LETTER TO MANAGEMENT

To the Town Manager and Members of the Board of Selectmen  
Town of Bow  
10 Grandview Road  
Bow, NH 03304

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bow as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bow's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We continue to note the following that we have reported in the past.

### *Police Outside Details Revolving Fund*

As reported previously, N.H. RSA 31:95-h allows towns to establish revolving funds for certain specific purposes in order to accumulate monies from year to year that would not become part of the General Fund surplus, but would be available for expenditures only for the purposes for which the fund is created.

The 2008 Town Meeting established a revolving fund under the provisions of this RSA for police outside details. However, the warrant article for this fund (Article 23) was worded that revenues received for police details shall be deposited into this fund in an amount equal to the related cost. Although the article continued that the money in this fund would be allowed to accumulate from year to year, there is obviously, no money to accumulate if only an amount equal to the expenditures is being deposited therein. This fund is serving no purpose other than creating more work for the Finance Department to accumulate the expenditures separately from the General Fund, and then, transfer an amount of revenue equal to the expenditures into the fund. We recommend that a future Town Meeting amend the establishment of this fund to either abolish it, or set it up as a true revolving fund to accumulate monies for some specific purpose and account for all of the revenue and expenditures related to police

outside details. The future article should further state for what purpose the monies are being accumulated such as to offset the purchase of police equipment or cruisers.

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

February 28, 2023

*Roberts & Steene, PLLC*