



TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Annual Financial Statements
For the Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Select Board
Town of North Hampton, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of North Hampton, New Hampshire, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Town's 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison for the General fund, and certain Pension and OPEB schedules 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

A handwritten signature in cursive script that reads "Melanson".

Manchester, New Hampshire
February 2, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of North Hampton (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required 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 our finances in a manner similar to a private-sector business.

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

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

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues. The governmental activities include general government, public safety, highways and streets, sanitation, and culture and recreation.

Fund Financial Statements

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

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 statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes To 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.

Required Supplementary Information (Other Than MD&A)

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

Financial Highlights

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$9,599,263 (i.e., net position), a change of \$199,860 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$6,882,138, a change of \$(67,644) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,724,014, a change of \$(706,175) in comparison to the prior year.

Government-Wide Financial Analysis

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

	<u>NET POSITION</u>	
	Governmental <u>Activities</u>	
	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 17,412,736	\$ 17,322,382
Capital assets	<u>13,109,967</u>	<u>12,843,169</u>
Total assets	30,522,703	30,165,551
Deferred outflows of resources	1,163,993	1,506,968
Current liabilities	872,121	1,024,656
Noncurrent liabilities	<u>10,998,343</u>	<u>11,248,516</u>
Total liabilities	11,870,464	12,273,172
Deferred inflows of resources	10,216,969	9,999,944
Net investment in capital assets	10,559,179	10,105,408
Restricted	2,712,813	2,533,278
Unrestricted	<u>(3,672,729)</u>	<u>(3,239,283)</u>
Total net position	\$ <u><u>9,599,263</u></u>	\$ <u><u>9,399,403</u></u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$9,599,263, a change of \$199,860 in comparison to the prior year.

The largest portion of net position, \$10,559,179, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$2,712,813, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(3,672,729), primarily resulting from the unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 579,299	\$ 726,137
Operating grants and contributions	107,094	88,801
General revenues:		
Property taxes	5,781,201	5,550,215
Motor vehicle permits and fees	1,446,599	1,568,452
Grants and contributions not restricted to specific programs	361,039	377,220
Investment income	70,149	87,219
Other	43,167	22,150
Total revenues	8,388,548	8,420,194
Expenses:		
General government	1,733,440	1,564,716
Public safety	4,164,650	3,469,339
Highways and streets	1,244,553	1,191,128
Sanitation	113,414	107,719
Health and welfare	24,825	17,960
Culture and recreation	796,497	639,820
Conservation	11,675	12,562
Interest on long-term debt	99,634	99,352
Total expenses	8,188,688	7,102,596
Change in net position	199,860	1,317,598
Net position - beginning of year	9,399,403	8,081,805
Net position - end of year	\$ 9,599,263	\$ 9,399,403

Governmental Activities.

Governmental activities for the year resulted in a change in net position of \$199,860. Key elements of this change are as follows:

Depreciation expense in excess of principal debt service	\$ (370,675)
Change in Net Pension and Net OPEB liabilities, including deferred outflows and inflows	(214,771)
Capital assets acquired from primary government revenue sources	774,895
Other	<u>10,411</u>
Total	<u>\$ 199,860</u>

FINANCIAL ANALYSIS OF FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing 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 the end of the current fiscal year, governmental funds reported combined ending fund balances of \$6,882,137, a change of \$(67,644) in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ (250,021)
Nonmajor funds results:	
Library	23,141
Ambulance capital	130,512
Other	<u>28,724</u>
Total	<u>\$ (67,644)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,724,014, while total fund balance was \$4,166,483. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>	% of Total General Fund Appropriations including School & County
Unassigned fund balance	\$ 1,724,014	\$ 2,430,189	\$ (706,175)	7.77%
Total fund balance	\$ 4,166,483	\$ 4,416,504	\$ (250,021)	18.77%

The total fund balance of the general fund changed by \$(250,021) during the current fiscal year. Key factors in this change are as follows:

Use of fund balances as a funding source	\$ (515,000)
Revenues (and transfers) in excess of budget	78,828
Expenditures less than budget	89,997
Expenditures of prior year encumbrances over current year encumbrances	(125,791)
Change in capital reserves	<u>221,945</u>
Total	<u>\$ (250,021)</u>

Included in the total general fund balance are the Town's capital reserve account(s) with the following balance(s):

	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>
Capital reserves	\$ <u>1,686,088</u>	\$ <u>1,464,143</u>	\$ <u>221,945</u>
Total	\$ <u><u>1,686,088</u></u>	\$ <u><u>1,464,143</u></u>	\$ <u><u>221,945</u></u>

General Fund Budgetary Highlights

There was no change between the original budget and the final budget.

Capital Asset and Debt Administration

Capital Assets

Total investment in capital assets for governmental activities at year-end amounted to \$13,109,967 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- Road Reconstruction \$322,828
- Paving Town Complex \$86,827
- Library building \$77,217
- Police department locker \$62,649
- Fire station boiler \$54,395

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt

At the end of the current fiscal year, total bonded debt outstanding was \$2,525,000, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The unassigned General Fund balance at the end of the 2020 fiscal year was \$1,724,014. The fund balance is used to support the irregular cash flow requirements of payments to the School, County, Village District and State for taxes collected on their behalf. Furthermore, the Select Board may appropriate unassigned fund balance to offset property taxes, make a contribution to a capital reserve fund or expendable trust fund, purchase one-time capital items, and for emergency purposes. The Town has identified significant activities or events, which will have an impact on future Town finances, including:

1. At the 2020 Annual Town Meeting the taxpayers approved a combined \$12,001,696 for its operating budget and other capital and financial articles. This is a significant increase over prior years due to the approval of a municipal capital project of \$3,594,774 for the purpose of design and construction of a new library building. The various funding sources that comprise the \$12,001,696 in total voted appropriations are: \$2,275,000 from the proceeds of long-term bonds; \$1,901,712 from various licenses, permits, charges for services, and state aid; \$869,774 in transfers from other funds; \$735,000 use of unassigned General Fund balance; \$300,000 from donations; and the remainder from taxation.
2. The State of New Hampshire's responsibility for funding local education remains a subject of legislative debate and adjustment. Accordingly, the amount of state aid remains inconsistent and subject to annual fluctuation.
3. Health insurance rates continue to rise intermittently at significant levels. The Town has collective bargaining agreements with its union represented employees in the Police, Public Works and Fire Departments which provides health insurance to eligible individuals

under a high deductible plan, which should promote health rate stability. Town Administration is also currently seeking alternative benefit plans to make available to non-represented employees to help alleviate the cost of increasing health insurance rates. The Town currently receives its healthcare insurance from HealthTrust.

Requests for Information

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

Finance Director
North Hampton, New Hampshire
233 Atlantic Avenue - 2nd Floor
North Hampton, NH 03862

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Statement of Net Position

June 30, 2020

	Governmental <u>Activities</u>
Assets	
Current:	
Cash and short-term investments	\$ 14,626,750
Receivables, net of allowance for uncollectibles:	
Property taxes	2,579,065
Departmental and other	42,681
Other assets	60,633
Due from external parties	<u>2,080</u>
Total Current Assets	17,311,209
Noncurrent:	
Property taxes	101,527
Capital assets:	
Capital assets being depreciated, net of accumulated depreciation	5,111,201
Capital assets not being depreciated	<u>7,998,766</u>
Total Noncurrent Assets	<u>13,211,494</u>
Total Assets	30,522,703
Deferred Outflows of Resources	
Related to pensions	1,082,722
Related to OPEB	<u>81,271</u>
Total Deferred Outflows of Resources	1,163,993

(continued)

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Statement of Net Position

June 30, 2020

(continued)		<u>Governmental Activities</u>
Liabilities		
Current:		
Accounts payable		227,037
Accrued liabilities		282,598
Tax refunds payable		102,337
Other current liabilities		43,462
Current portion of long-term liabilities:		
Bonds payable		145,000
Other		71,687
Total Current Liabilities		872,121
Noncurrent:		
Bonds payable, net of current portion		2,380,000
Net pension liability		6,651,387
Net OPEB liability		1,599,511
Other, net of current portion		367,445
Total Noncurrent Liabilities		10,998,343
Total Liabilities		11,870,464
Deferred Inflows of Resources		
Related to pensions		396,380
Related to OPEB		2,966
Other		9,817,623
Total Deferred Inflows of Resources		10,216,969
Net Position		
Net investment in capital assets		10,559,179
Restricted for:		
Grants and other statutory restrictions		2,170,210
Permanent funds:		
Nonexpendable		518,336
Expendable		24,267
Unrestricted		(3,672,729)
Total Net Position		\$ 9,599,263

The accompanying notes are an integral part of these financial statements.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues		Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
Governmental Activities				Governmental Activities
General government	\$ 1,733,440	\$ 169,625	\$ -	\$ (1,563,815)
Public safety	4,164,650	209,141	104,241	(3,851,268)
Highways and streets	1,244,553	-	-	(1,244,553)
Sanitation	113,414	9,299	-	(104,115)
Health and welfare	24,825	-	-	(24,825)
Culture and recreation	796,497	191,234	2,853	(602,410)
Conservation	11,675	-	-	(11,675)
Interest on long-term debt	99,634	-	-	(99,634)
Total Governmental Activities	\$ 8,188,688	\$ 579,299	\$ 107,094	(7,502,295)
		General Revenues		
		Property taxes		5,781,201
		Motor vehicle permits and fees		1,446,599
		Grants and contributions not restricted to specific programs		361,039
		Investment income		70,149
		Other		43,167
		Total general revenues		7,702,155
		Change in Net Position		199,860
		Net Position		
		Beginning of year		9,399,403
		End of year		\$ 9,599,263

The accompanying notes are an integral part of these financial statements.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
June 30, 2020

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and short-term investments	\$ 11,921,708	\$ 2,705,044	\$ 14,626,752
Receivables:			
Property taxes	2,782,664	-	2,782,664
Departmental and other	-	48,908	48,908
Due from other funds	11,509	42,577	54,086
Other assets	60,633	-	60,633
	<u>14,776,514</u>	<u>2,796,529</u>	<u>17,573,043</u>
Total Assets	\$ 14,776,514	\$ 2,796,529	\$ 17,573,043
Liabilities			
Accounts payable	\$ 220,716	\$ 6,321	\$ 227,037
Accrued liabilities	206,139	-	206,139
Due to other funds	42,577	9,429	52,006
Due to other governments	5,925	-	5,925
Other liabilities	123,659	16,215	139,874
	<u>599,016</u>	<u>31,965</u>	<u>630,981</u>
TOTAL LIABILITIES	599,016	31,965	630,981
Deferred Inflows of Resources			
Unavailable revenues	2,735,450	48,909	2,784,359
Property tax collected in advance	7,275,565	-	7,275,565
Fund Balances			
Nonspendable	-	521,178	521,178
Restricted	-	2,194,477	2,194,477
Committed	2,421,088	-	2,421,088
Assigned	21,381	-	21,381
Unassigned	1,724,014	-	1,724,014
	<u>4,166,483</u>	<u>2,715,655</u>	<u>6,882,138</u>
Total Fund Balances	4,166,483	2,715,655	6,882,138
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,776,514	\$ 2,796,529	\$ 17,573,043

The accompanying notes are an integral part of these financial statements.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
in the Statement of Net Position
June 30, 2020

Total governmental fund balances	\$ 6,882,138
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	13,109,967
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	134,001
Long-term liabilities, including bonds payable, net pension liability, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(2,964,132)
Pension liability, net of related deferred inflows and outflows of resources	(5,965,045)
OPEB liability, net of related deferred inflows and outflows of resources	(1,521,206)
Other	<u>(76,460)</u>
Net position of governmental activities	<u><u>\$ 9,599,263</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues			
Property taxes	\$ 5,731,429	\$ -	\$ 5,731,429
Licenses and permits	1,446,599	-	1,446,599
Intergovernmental	465,280	-	465,280
Charges for services	62,126	559,111	621,237
Investment income	47,602	22,547	70,149
Miscellaneous	36,301	10,233	46,534
	<u>7,789,337</u>	<u>591,891</u>	<u>8,381,228</u>
Total Revenues			
Expenditures			
Current:			
General government	1,583,132	153,602	1,736,734
Public safety	3,811,998	124,824	3,936,822
Highways and streets	1,029,598	-	1,029,598
Sanitation	136,230	-	136,230
Welfare	24,825	-	24,825
Culture and recreation	319,292	538,628	857,920
Conservation	11,675	-	11,675
Debt service	295,966	-	295,966
Capital outlay	419,102	-	419,102
	<u>7,631,818</u>	<u>817,054</u>	<u>8,448,872</u>
Total Expenditures			
Excess (deficiency) of revenues over (under) expenditures	157,519	(225,163)	(67,644)
Other Financing Sources (Uses)			
Transfers in	-	407,540	407,540
Transfers out	(407,540)	-	(407,540)
	<u>(407,540)</u>	<u>407,540</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Changes in fund balances	(250,021)	182,377	(67,644)
Fund Balances, at Beginning of Year	4,416,504	2,533,278	6,949,782
Fund Balances, at End of Year	<u>\$ 4,166,483</u>	<u>\$ 2,715,655</u>	<u>\$ 6,882,138</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NORTH HAMPTON, 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, 2020

Net change in fund balances - total governmental funds \$ (67,644)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	774,895
Depreciation	(508,097)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of principal long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayments of debt	137,422
Repayment of capital lease	49,552

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property taxes) differ between the two statements. This amount represents the net change in deferred revenue. 7,319

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 the governmental funds:

Change in pension expense from GASB 68	(183,364)
Change in OPEB expense from GASB 75	(31,407)

Other differences. 21,184

Change in net position of governmental activities \$ 199,860

The accompanying notes are an integral part of these financial statements.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020

	Private Purpose Trust <u>Fund</u>	Agency <u>Fund</u>
Assets		
Cash and short-term investments	\$ 765,432	\$ 29,612
Other assets	-	28,435
Total Assets	765,432	58,047
Liabilities		
Accounts payable	-	1,201
Due to external parties	-	2,080
Other liabilities	-	54,766
Total Liabilities	-	\$ 58,047
Net Position		
Restricted for other purposes	765,432	
Total Net Position	\$ 765,432	

The accompanying notes are an integral part of these financial statements.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	<u>Private Purpose Trust Fund</u>
Additions	
Gifts and contributions	\$ 185,452
Deductions	
General expenses	<u>11,381</u>
Net change	174,071
Net position restricted for other purposes	
Beginning of year	<u>591,361</u>
End of year	<u><u>\$ 765,432</u></u>

The accompanying notes are an integral part of these financial statements.

NORTH HAMPTON, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of North Hampton (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

Reporting Entity

The government is a municipal corporation governed by an elected three-member Select Board. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2020, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Government-wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when

earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

- The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities and, therefore, have no measurement focus.

Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments are carried at market value.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from/to other funds" (i.e., the current portion of interfund loans).

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Equipment and vehicles	5-20
Infrastructure	40

Compensated Absences

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “Net Position”.

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/ deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/ deferred outflows and liabilities/deferred inflows. Net investment in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external

restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Town's budget is originally prepared by the Select board's office with the cooperation of the various department heads. It is then submitted to the Budget Committee, in accordance with the Municipal Budget Law. After reviewing the budget, the Committee holds a public hearing for discussion.

The final version of the budget is then submitted for approval at the annual Town meeting. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

The Select Board cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

3. Cash and Short-Term Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank." The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2020, none of the Town's bank balance of \$14,696,875 was exposed to custodial credit risk as uninsured and/or uncollateralized.

4. Property Taxes Receivable

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 8% interest. In March of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 12%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property taxes receivable at June 30, 2020 consist of the following:

<u>Receivables</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Long- Term Portion</u>
Real estate taxes	\$ 2,589,272	\$ (10,207)	\$ 2,579,065
Tax liens	112,377	(45,675)	66,702
Deferred taxes	<u>81,015</u>	<u>(35,983)</u>	<u>45,032</u>
Total property taxes	<u>\$ 2,782,664</u>	<u>\$ (91,865)</u>	<u>\$ 2,690,799</u>

5. Taxes Collected for Others

The Town collects property taxes for the State of New Hampshire, the School District, the Little Boars Head Village District, and the County of Rockingham. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the Town.

6. Interfund Fund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2020 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 11,509	\$ 42,577
Nonmajor Funds:		
Special Revenue Funds:		
Police Details	-	5,103
Recreation	21,916	-
PEG TV	-	261
IT fund	7,532	-
Ambulance operating	-	722
Ambulance capital	13,129	-
Permanent trust funds	-	3,343
Subtotal Nonmajor Funds	<u>42,577</u>	<u>9,429</u>
Agency	-	2,080
Total	<u>\$ 54,086</u>	<u>\$ 54,086</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 407,540
Nonmajor funds:		
Special Revenue Funds:		
Library*	<u>407,540</u>	<u>-</u>
Subtotal Nonmajor Funds	<u>407,540</u>	<u>-</u>
Total	<u>\$ 407,540</u>	<u>\$ 407,540</u>

*Transfers represent annual funding.

The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to

other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

7. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,530,134	\$ 285,771	\$ -	\$ 3,815,905
Machinery, equipment, and furnishings	3,731,013	76,664	-	3,807,677
Infrastructure	<u>2,512,583</u>	<u>322,828</u>	<u>-</u>	<u>2,835,411</u>
Total capital assets, being depreciated	9,773,730	685,263	-	10,458,993
Less accumulated depreciation for:				
Buildings and improvements	(1,650,485)	(88,788)	-	(1,739,273)
Machinery, equipment, and furnishings	(2,427,798)	(252,895)	-	(2,680,693)
Infrastructure	<u>(761,412)</u>	<u>(166,414)</u>	<u>-</u>	<u>(927,826)</u>
Total accumulated depreciation	<u>(4,839,695)</u>	<u>(508,097)</u>	<u>-</u>	<u>(5,347,792)</u>
Total capital assets, being depreciated, net	4,934,035	177,166	-	5,111,201
Capital assets, not being depreciated:				
Land	7,881,739	-	-	7,881,739
Construction in progress	<u>27,395</u>	<u>117,027</u>	<u>(27,395)</u>	<u>117,027</u>
Total capital assets, not being depreciated	<u>7,909,134</u>	<u>117,027</u>	<u>(27,395)</u>	<u>7,998,766</u>
Governmental activities capital assets, net	<u>\$ 12,843,169</u>	<u>\$ 294,193</u>	<u>\$ (27,395)</u>	<u>\$ 13,109,967</u>

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

Governmental Activities	
General government	\$ 74,792
Public safety	158,365
Highways & streets	259,145
Culture and recreation	<u>15,795</u>
Total governmental activities	<u>\$ 508,097</u>

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related

to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

9. Accounts Payable

Accounts payable represent fiscal year 2020 expenditures paid in 2019.

10. Capital Lease Obligations

The Town is the lessee of certain equipment under capital leases expiring in various years through 2021. Future minimum lease payments under the capital leases consisted of the following as of June 30, 2020:

	<u>Fiscal Year</u>	<u>Capital Leases</u>
	2021	\$ <u>27,456</u>
Total payments		27,456
Less amounts representing interest		<u>(1,668)</u>
Present Value of Minimum Lease Payments		<u><u>\$ 25,788</u></u>

11. Long-Term Debt

Long-Term Debt Supporting Activities

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/20</u>
Public offerings*			
Public works facility	2028	4.0 - 5.0 %	\$ 375,000
Conservation land acquisition	2037	4.0 - 5.0 %	1,660,000
General obligation bond	2032	3.83%	<u>490,000</u>
Total Governmental Activities			<u><u>\$ 2,525,000</u></u>

*The Town utilizes the New Hampshire Municipal Bond Bank, all bonds outstanding at year end were issued through the New Hampshire Municipal Bond Bank and are considered Public Offerings.

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2020 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 145,000	103,356	\$ 248,356
2022	145,000	97,282	242,282
2023	155,000	88,513	243,513
2024	155,000	81,686	236,686
2025	170,000	72,570	242,570
2026 - 2030	820,000	274,269	1,094,269
2031 - 2035	670,000	119,891	789,891
2035 - 2037	<u>265,000</u>	<u>11,000</u>	<u>276,000</u>
Total	<u>\$ 2,525,000</u>	<u>\$ 848,567</u>	<u>\$ 3,373,567</u>

The general fund has been designated as the source to repay the general obligation long-term debt outstanding as of June 30, 2020.

Changes in General Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion</u>
Governmental Activities						
Bonds payable	\$ 2,662,422	\$ -	\$ (137,422)	\$ 2,525,000	\$ (145,000)	\$ 2,380,000
Net pension liability	6,687,444	-	(36,057)	6,651,387	-	6,651,387
Net OPEB liability	1,629,914	-	(30,403)	1,599,511	-	1,599,511
Other:						
Landfill closure	205,335	-	(22,816)	182,519	(22,816)	159,703
Compensated absences	219,834	10,991	-	230,825	(23,083)	207,742
Capital leases	<u>75,339</u>	<u>-</u>	<u>(49,551)</u>	<u>25,788</u>	<u>(25,788)</u>	<u>-</u>
Subtotal - other	<u>500,508</u>	<u>10,991</u>	<u>(72,367)</u>	<u>439,132</u>	<u>(71,687)</u>	<u>367,445</u>
Totals	<u>\$ 11,480,288</u>	<u>\$ 10,991</u>	<u>\$ (276,249)</u>	<u>\$ 11,215,030</u>	<u>\$ (216,687)</u>	<u>\$ 10,998,343</u>

12. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$182,519 reported as landfill postclosure care liability at June 30, 2020 represents the remaining estimated postclosure maintenance costs. These amounts are based on

what it would cost to perform all postclosure care in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

13. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

14. Governmental Funds – Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented *GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2020:

Nonspendable

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing special article appropriations approved at Town Meeting, capital reserve funds, and various special revenue funds.

Assigned

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.

Unassigned

Represents amounts that are available to be spent in future periods and deficit funds.

Following is a breakdown of the Town's fund balances at June 30, 2020:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Nonexpendable permanent funds	\$ -	\$ 521,178	\$ 521,178
Total Nonexpendable permanent funds	-	521,178	521,178
Restricted			
Grants and revolving funds	-	38,188	38,188
Police details	-	108,117	108,117
Recreation	-	109,237	109,237
Library	-	409,003	409,003
Heritage and sidewalk	-	8,584	8,584
PEG television	-	205,421	205,421
Bandstand	-	795	795
Ambulance operating	-	35,188	35,188
Ambulance capital	-	916,515	916,515
Cemetery	-	28,862	28,862
Conservation	-	310,300	310,300
Expendable permanent funds	-	24,267	24,267
Total Restricted	-	2,194,477	2,194,477
Committed			
Library building	735,000	-	735,000
Capital Reserves			
Building maintenance	217,483	-	217,483
Library building	538,757	-	538,757
Tennis court	30,998	-	30,998
Information technology	35	-	35
Town buildings	244,528	-	244,528
Coakley	104,379	-	104,379
Document management	34,456	-	34,456
Health stabilization	182,889	-	182,889
Accrued benefit liability	1,662	-	1,662
Earned time settlement	132,370	-	132,370
Paramedic training	25,123	-	25,123
Revaluation	46,083	-	46,083
Municipal transportation	70,011	-	70,011
EPA Stormwater	57,314	-	57,314
Total Committed	2,421,088	-	2,421,088
Assigned			
For encumbrances			
Campus Lighting Project	12,500	-	12,500
Public safety	8,881	-	8,881
Total Assigned	21,381	-	21,381
Unassigned			
General fund	1,724,014	-	1,724,014
Total Unassigned	1,724,014	-	1,724,014
Total Fund Balance	\$ 4,166,483	\$ 2,715,655	\$ 6,882,138

15. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how unassigned fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$	1,724,014
Unavailable revenue		170,437
Allowance for abatements		(128,889)
Other		<u>327,133</u>
Tax Rate Setting Balance	\$	<u><u>2,092,695</u></u>

16. Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

Benefits Provided

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

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

<u>Years of creditable service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rates are 7% for employees and teachers, 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The Town’s contributions to NHRS for the year ended June 30, 2020 was \$642,589, which is equal to its annual required contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS’ fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At June 30, 2020, the Town reported a liability of \$6,651,387 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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 employers, actuarially determined. At the most recent measurement date of June 30, 2019, the Town’s proportion was 0.013823493%.

For the year ended June 30, 2020, the Town recognized pension expense of \$831,517. In addition, the Town reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 36,776	\$ (143,024)
Changes of assumptions	238,649	-
Differences between projected and actual earnings on pension plan investments	-	(54,332)
Changes in proportion and differences between contributions and proportionate share of contributions	164,709	(199,024)
Contributions subsequent to the measurement date	<u>642,588</u>	<u>-</u>
Total	<u>\$ 1,082,722</u>	<u>\$ (396,380)</u>

The amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as pension expense in 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 216,765
2022	(112,786)
2023	(70,190)
2024	<u>9,965</u>
Total	<u>\$ 43,754</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5% per year
Wage inflation	3.25% per year
Salary increases	5.6% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using scale MP-2015.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recently performed in 2016.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Average Long-Term Expected Real Rate of Return</u>
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	<u>7.50</u>	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	<u>7.00</u>	6.00%
Total international equities	20.00	
Core Bonds	9.00	1.12%
Global Multi-Sector Fixed Income	10.00	2.46%
Absolute Return Fixed Income	<u>6.00</u>	1.50%
Total fixed income	25.00	
Private equity	10.00	7.90%
Private debt	5.00	4.86%
Real estate	<u>10.00</u>	3.00%
Total alternative investments	25.00	
Total	<u><u>100.00</u></u> %	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
\$ 8,906,482	\$ 6,651,387	\$ 4,787,570

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued NHRS financial report.

17. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Town OPEB Plan

All the following OPEB disclosures for the Town OPEB Plan are based on a measurement date of June 30, 2020.

General Information about the OPEB Plan

Plan Description

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town’s healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

The Town’s OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Plan Membership

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	4
Active employees	<u>38</u>
Total	<u><u>42</u></u>

Funding Policy

The Town’s funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the alternative measurement method as of June 30, 2020, in accordance with the parameters of GASB Statement No. 75. Alternative measurement method valuations of an ongoing plan are allowed for a sole employer with fewer than one hundred total plan members and involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future, similar to broad measurement steps as would be used by an actuarial valuation for plans whose members exceed one hundred. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The alternative measurement method used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Salary increases	5.60% average, including inflation
Discount rate	2.45%
Healthcare cost trend rates	7.5% as of 2020, decreasing to an ultimate rate of 3.5% in 8 years.
Retirees' share of benefit-related costs	100%

The discount rate was based on the long-term municipal bond rate at June 30, 2020.

Mortality rates were based on mortality tables at the National Center for Health Statistics. The 2014 United States Life Tables for Males and Females were used.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent experience study of the New Hampshire Retirement System.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.45%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The Town's total OPEB liability of \$819,773 was measured as of June 30, 2020, and was determined by the alternative method as of June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB <u>Liability</u>
Balances, beginning of year	\$ 808,714
Changes for the year:	
Service cost	131,608
Interest	20,084
Changes in assumptions or other inputs	(10,060)
Benefit payments	<u>(130,573)</u>
Net Changes	<u>11,059</u>
Balances, end of year	\$ <u><u>819,773</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13% in 2019 to 3.45% in 2020. All other assumptions were the same as those used in the previous measurement.

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

The following presents the total OPEB liability, as well as 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 discount rate:

1% <u>Decrease</u>	Current Discount <u>Rate</u>	1% <u>Increase</u>
\$ 963,993	\$ 819,773	\$ 693,951

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1%	Current	1%
	<u>Decrease</u>	Healthcare Cost Trend <u>Rates</u>	<u>Increase</u>
\$	748,655	\$ 819,773	\$ 873,906

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

For the year ended June 30, 2020, the Town recognized an OPEB expense of \$28,876. At June 30, 2020, the Town did not have any deferred outflows or (inflows) of resources related to the total OPEB liability.

New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

In addition to the Town's OPEB plan discussed above, the Town participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their website at <http://www.nhrs.org>.

Benefits Provided

The NHRS Medical Subsidy Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

1 Person - \$375.56
2 Person - \$751.12
1 Person Medicare Supplement - \$236.84
2 Person Medicare Supplement - \$473.68

Contributions

Pursuant to RSA 100-A:16,III, and the biennial actuarial valuation, funding for the medical subsidy payment is via the employer contribution rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of Earnable Compensation. The Town contributed 0.29% of gross payroll for Group I employees, 3.66% and 3.66% of gross payroll for Group II fire and police department members, respectively. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the medical subsidy plan.

Actuarial Assumptions and Other Inputs

Actuarial assumptions are the same in the Retirement System footnote.

Net OPEB Liability, Expense, and Deferred Outflows and (Inflows)

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2019 was \$779,738, representing 0.17785540%.

For the year ended June 30, 2020, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$287,366. At June 30, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Contributions subsequent to the measurement date	\$ 81,271	\$ -
Changes in proportion	-	(733)
Differences between projected and actual OPEB investment earnings	<u>-</u>	<u>(2,233)</u>
Total	<u>\$ 81,271</u>	<u>\$ (2,966)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2021.

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

Year Ended June 30:

2021	\$ (2,671)
2022	(581)
2023	60
2024	<u>226</u>
Total	<u>\$ (2,966)</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability, as well as 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 discount rate:

<u>1% Decrease</u>	Current Discount <u>Rate</u>	<u>1% Increase</u>
\$ 845,744	\$ 779,738	\$ 722,382

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and (Inflows)

The following consolidates the Town's total OPEB liability and related deferred outflows/inflows, and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at June 30, 2020:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred (Inflows) of Resources	Total OPEB Expense
Town OPEB Plan	\$ 819,773	\$ -	\$ -	\$ 28,876
Proportionate share of NHRS Medical Subsidy Plan	<u>779,738</u>	<u>81,271</u>	<u>(2,966)</u>	<u>98,058</u>
Total	<u>\$ 1,599,511</u>	<u>\$ 81,271</u>	<u>\$ (2,966)</u>	<u>\$ 126,934</u>

18. Commitments and Contingencies

Outstanding Legal Issues

There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Abatements

There are several cases pending before the New Hampshire Superior Court and Bureau of Tax and Land Appeals in regard to alleged discrepancies in property assessments. According to the Town's counsel, the probable outcome of these cases at the present time is indeterminable, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end the Town's general fund has \$21,831 in encumbrances that will be honored in the next fiscal year.

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extend of the of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

19. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the Town beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Required Supplementary Information
General Fund

Statement of Revenues and Other Sources, and Expenditures and Other Uses – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
	Budget	Budget	Amounts	Positive
				(Negative)
Revenues				
Property taxes	\$ 5,660,374	\$ 5,660,374	\$ 5,731,429	\$ 71,055
Licenses and permits	1,549,725	1,549,725	1,446,599	(103,126)
Intergovernmental	338,961	338,961	465,280	126,319
Charges for services	33,940	33,940	29,365	(4,575)
Investment income	40,000	40,000	24,911	(15,089)
Miscellaneous	500	500	34,742	34,242
	7,623,500	7,623,500	7,732,326	108,826
Total Revenues				
Expenditures				
General government	1,405,718	1,405,718	1,419,293	(13,575)
Public safety	3,784,472	3,784,472	3,721,982	62,490
Highways and streets	1,014,262	1,014,262	1,021,848	(7,586)
Sanitation	136,896	136,896	136,230	666
Welfare	33,826	33,826	24,825	9,001
Culture and recreation	82,020	82,020	77,192	4,828
Conservation	12,800	12,800	11,675	1,125
Debt service	295,966	295,966	295,966	-
Capital outlay	452,150	452,150	419,102	33,048
	7,218,110	7,218,110	7,128,113	89,997
Total Expenditures				
Excess (deficiency) of revenues over expenditures	405,390	405,390	604,213	198,823
Other Financing Sources/Uses				
Transfers in	92,150	92,150	62,152	(29,998)
Transfers out	(1,012,540)	(1,012,540)	(1,012,540)	-
Use of fund balance:				
Transfer to capital reserves	375,000	375,000	375,000	-
To reduce the tax rate	140,000	140,000	140,000	-
	(405,390)	(405,390)	(435,388)	(29,998)
Total Other Financing Sources/Uses				
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 168,825	\$ 168,825

See Independent Auditors' Report.

Notes to the Required Supplemental Information

For General Fund Budget

Budgetary Basis

The general fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP Basis	\$ 7,789,337	\$ 7,631,818	\$ (407,540)
Reverse beginning of year appropriation carryforwards from expenditures	-	(147,172)	-
Add end-of-year appropriation carryforwards from expenditures	-	21,381	-
To eliminate capital reserve activity	(57,011)	(377,914)	(542,848)
Recognize use of fund balance as funding source	<u>-</u>	<u>-</u>	<u>515,000</u>
Budgetary Basis	<u>\$ 7,732,326</u>	<u>\$ 7,128,113</u>	<u>\$ (435,388)</u>

See Independent Auditors’ Report.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability (GASB 68)
 (Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Percentage of the Total Pension Liability</u>
June 30, 2020	June 30, 2019	0.13823493%	\$6,651,387	\$ 2,795,371	237.94%	65.59%
June 30, 2019	June 30, 2018	0.13888189%	\$6,687,444	\$ 2,712,950	246.50%	64.73%
June 30, 2018	June 30, 2017	0.14532733%	\$7,147,188	\$ 2,635,942	271.14%	62.66%
June 30, 2017	June 30, 2016	0.13602080%	\$7,233,036	\$ 2,453,285	294.83%	58.30%
June 30, 2016	June 30, 2015	0.13666659%	\$5,414,084	\$ 2,415,803	224.11%	65.47%
June 30, 2015	June 30, 2014	0.13595883%	\$5,103,331	\$ 2,320,089	219.96%	66.32%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Required Supplementary Information
 Schedule of Pension Contributions (GASB 68)
 (Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2020	June 30, 2019	\$ 642,589	\$ 642,589	\$ -	\$ 2,955,844	21.74%
June 30, 2019	June 30, 2018	\$ 596,007	\$ 596,007	\$ -	\$ 2,795,371	21.32%
June 30, 2018	June 30, 2017	\$ 582,185	\$ 582,185	\$ -	\$ 2,712,950	21.46%
June 30, 2017	June 30, 2016	\$ 532,397	\$ 532,397	\$ -	\$ 2,635,942	20.20%
June 30, 2016	June 30, 2015	\$ 488,567	\$ 488,567	\$ -	\$ 2,453,285	19.91%
June 30, 2015	June 30, 2014	\$ 458,671	\$ 458,671	\$ -	\$ 2,415,803	18.99%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Proportionate Share and Contribution of the Net OPEB Liability (GASB 75)
(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy						
Fiscal Year	Measurement Date	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Net OPEB Liability
June 30, 2020	June 30, 2019	0.17785540%	\$779,738	\$ 2,795,371	27.89%	7.75%
June 30, 2019	June 30, 2018	0.17936166%	\$821,200	\$ 2,712,950	30.27%	7.53%
June 30, 2018	June 30, 2017	0.12471722%	\$570,249	\$ 2,635,942	21.63%	7.91%
June 30, 2017	June 30, 2016	0.11491046%	\$556,288	\$ 2,453,285	22.68%	5.21%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy						
Fiscal Year	Measurement Date	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2020	June 30, 2019	\$81,271	\$81,271	\$ -	\$2,955,844	2.75%
June 30, 2019	June 30, 2018	\$84,727	\$84,727	\$ -	\$2,795,371	3.03%
June 30, 2018	June 30, 2017	\$83,230	\$83,230	\$ -	\$2,712,950	3.07%
June 30, 2017	June 30, 2016	\$73,920	\$73,920	\$ -	\$2,635,942	2.80%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 131,608	\$ 123,134	\$ 111,484
Interest on unfunded liability - time value of money	20,084	25,313	53,915
Changes of assumptions	(10,060)	(742,340)	(317,478)
Benefit payments, including refunds of member contributions	<u>(130,573)</u>	<u>(111,859)</u>	<u>(154,483)</u>
Net change in total OPEB liability	11,059	(705,752)	(306,562)
Total OPEB liability - beginning	<u>808,714</u>	<u>1,514,466</u>	<u>1,821,028</u>
Total OPEB liability - ending	<u><u>\$ 819,773</u></u>	<u><u>\$ 808,714</u></u>	<u><u>\$ 1,514,466</u></u>

Does not include New Hampshire Retirement System Medical Subsidy.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.