



**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE**

Annual Financial Statements  
For the Year Ended June 30, 2021

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	11
Statement of Activities	13
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance Sheet	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
<b>Notes to Financial Statements</b>	20
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
<b>Budget and Actual:</b>	
Statement of Revenues and Other Sources, and Expenditures and Other Uses – Budget and Actual – General Fund	48
Note to Required Supplementary Information for Budget for General Fund	49

**Pension:**

Schedule of Proportionate Share of the Net Pension Liability	50
Schedule of Pension Contributions	51

**OPEB:**

Schedules of Proportionate Share of Net OPEB Liability and Contributions New Hampshire Retirement System Medical Subsidy	52
Schedules of Changes in the Total OPEB Liability and Contributions Town OPEB Plan	53



## 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, each major fund, and the aggregate remaining fund information of the Town of North Hampton, New Hampshire (the Town), as of and for the year ended June 30, 2021, 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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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.

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

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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, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2021, 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.

***Emphasis of Matter***

As discussed in Note 18 to the financial statements, in 2021 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

***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 dark ink that reads "Melanson".

Merrimack, New Hampshire  
January 24, 2022

## 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, 2021.

### **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 \$11,415,843 (i.e., net position), a change of \$1,816,580 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$5,895,185 a change of \$(986,951) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,871,627 , a change of \$147,613 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.

<b>NET POSITION</b>		Governmental <u>Activities</u>	
	<u>2021</u>	<u>2020</u>	
Current and other assets	\$ 17,400,041	\$ 17,412,736	
Capital assets	<u>17,075,293</u>	<u>13,109,967</u>	
Total assets	34,475,334	30,522,703	
Deferred outflows of resources	2,603,284	1,163,993	
Current liabilities	1,435,357	872,121	
Noncurrent liabilities	<u>15,696,347</u>	<u>10,998,343</u>	
Total liabilities	17,131,704	11,870,464	
Deferred inflows of resources	8,531,071	10,216,969	
Net investment in capital assets	12,572,556	10,559,179	
Restricted	2,292,208	2,712,813	
Unrestricted	<u>(3,448,921)</u>	<u>(3,672,729)</u>	
Total net position	<u>\$ 11,415,843</u>	<u>\$ 9,599,263</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 \$11,415,843, a change of \$1,816,580 in comparison to the prior year.

The largest portion of net position, \$12,572,556, 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, \$2,292,208, 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 \$(3,448,921), primarily resulting from the unfunded pension and OPEB liabilities.

### CHANGES IN NET POSITION

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 814,498	\$ 579,299
Operating grants and contributions	224,919	107,094
General revenues:		
Property taxes	7,822,987	5,781,201
Motor vehicle permits and fees	1,597,077	1,446,599
Grants and contributions not restricted to specific programs	370,565	361,039
Investment income	11,914	70,149
Other	30,970	43,167
Total revenues	<u>10,872,930</u>	<u>8,388,548</u>
Expenses:		
General government	1,742,949	1,733,440
Public safety	4,980,101	4,164,650
Highways and streets	1,349,680	1,244,553
Sanitation	129,757	113,414
Health and welfare	82,614	24,825
Culture and recreation	619,060	796,497
Conservation	11,754	11,675
Interest on long-term debt	140,435	99,634
Total expenses	<u>9,056,350</u>	<u>8,188,688</u>
Change in net position	1,816,580	199,860
Net position - beginning of year	<u>9,599,263</u>	<u>9,399,403</u>
Net position - end of year	<u>\$ 11,415,843</u>	<u>\$ 9,599,263</u>

**Governmental Activities**

Governmental activities for the year resulted in a change in net position of \$1,816,580. Key elements of this change are as follows:

Change in Net Pension and Net OPEB liabilities, including deferred outflows and inflows	\$ (719,621)
Capital assets acquired from primary government revenue sources	2,142,146
Other	<u>394,055</u>
Total	<u>\$ 1,816,580</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 \$6,738,503, a change of \$(986,951) in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ (923,797)
Nonmajor funds results	(63,154)
Total	<u>\$ (986,951)</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 \$1,871,627, while total fund balance was \$3,651,689. 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>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>	<u>% of Total General Fund Appropriations including School &amp; County</u>
Unassigned fund balance	\$ 1,871,627	\$ 1,724,014	\$ 147,613	7.77%
Total fund balance, as reclassified	\$ 3,651,689	\$ 4,575,486	\$ (923,797)	18.77%

The total fund balance of the general fund changed by \$(923,797) during the current fiscal year. Key factors in this change are as follows:

Use of fund balances as a funding source	\$ (735,000)
Revenues (and transfers) in excess of budget	366,405
Expenditures (and transfers) less than budget	26,062
Library (component of general fund) results	286,437
Change in capital reserves	(294,079)
Other	<u>161,378</u>
Total	<u>\$ (923,797)</u>

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

	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>
Capital reserves	\$ <u>1,392,009</u>	\$ <u>1,686,088</u>	\$ <u>(294,079)</u>
Total	\$ <u>1,392,009</u>	\$ <u>1,686,088</u>	\$ <u>(294,079)</u>

### **Capital Project Major Fund**

The capital project major funds accounts for all resources provided for and the construction of the new Library.

### **Nonmajor Governmental Funds**

The nonmajor fund balance changed by \$(63,154) primarily from timing differences between the receipt and disbursement of grants and permanent funds.

### **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 \$17,075,293 (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:

- Town building improvements \$82,208
- Ambulance \$246,543
- Library building \$3,478,386
- Two police cruiser's \$89,909
- John Deere backhoe \$116,822

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 \$4,410,675, 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 2021 fiscal year was \$1,871,627. 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 2021 Annual Town Meeting the taxpayers approved a combined \$8,154,056 for its operating budget and other capital and financial articles. The funding sources that comprise the \$8,154,056 in total voted appropriations are: \$2,035,040 from various licenses, permits, charges for services, and state aid; \$30,000 in transfers from other funds; 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 - 2<sup>nd</sup> Floor  
North Hampton, NH 03862

**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE**

Statement of Net Position  
June 30, 2021

		<u>Governmental Activities</u>
<b>Assets</b>		
Current:		
Cash and short-term investments	\$	15,310,808
Receivables, net of allowance for uncollectibles:		
Property taxes		1,758,127
Departmental and other		86,252
Other assets		244,854
Total Current Assets		17,400,041
Noncurrent:		
Capital assets:		
Capital assets being depreciated, net of accumulated depreciation		5,629,394
Capital assets not being depreciated		11,445,899
Total Noncurrent Assets		17,075,293
Total Assets		34,475,334
<b>Deferred Outflows of Resources</b>		
Related to pensions		2,510,629
Related to OPEB		92,655
Total Deferred Outflows of Resources		2,603,284

(continued)

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

**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE**

Statement of Net Position  
June 30, 2021

(continued)		Governmental <u>Activities</u>
<b>Liabilities</b>		
Current:		
Accounts payable	\$	851,728
Accrued liabilities		320,481
Retainage payable		168,816
Due to other governments		5,101
Other current liabilities		89,231
Current portion of long-term liabilities:		
Bonds payable		223,241
Compensated absences		23,634
Landfill		22,816
Capital leases		<u>22,008</u>
Total Current Liabilities		1,727,056
Noncurrent:		
Bonds payable, net of current portion		4,431,759
Net pension liability		8,972,755
Net OPEB liability		1,580,495
Compensated absences - noncurrent		212,698
Landfill		136,887
Capital leases		<u>70,054</u>
Total Noncurrent Liabilities		<u>15,404,648</u>
Total Liabilities		17,131,704
<b>Deferred Inflows of Resources</b>		
Related to pensions		222,540
Related to OPEB		6,755
Related to taxes		<u>8,301,776</u>
Total Deferred Inflows of Resources		8,531,071
<b>Net Position</b>		
Net investment in capital assets		12,572,556
Restricted for:		
Grants and other statutory restrictions		1,684,202
Permanent funds:		
Nonexpendable		583,650
Expendable		24,356
Unrestricted		<u>(3,448,921)</u>
<b>Total Net Position</b>	<b>\$</b>	<b><u><u>11,415,843</u></u></b>

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





**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE**

Governmental Funds  
Balance Sheet  
June 30, 2021

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and short-term investments	\$ 13,095,568	\$ -	\$ 2,215,240	\$ 15,310,808
Receivables:				
Property taxes	1,860,199	-	-	1,860,199
Departmental and other	-	-	14,207	14,207
Due from other funds	41,030	830,443	66,199	937,672
Other assets	244,854	-	78,272	323,126
Total Assets	<u>\$ 15,241,651</u>	<u>\$ 830,443</u>	<u>\$ 2,373,918</u>	<u>\$ 18,446,012</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 180,342	\$ 661,627	\$ 9,759	\$ 851,728
Accrued liabilities	243,825	-	-	243,825
Due to other funds	909,488	-	28,184	937,672
Due to other governments	5,101	-	-	5,101
Other liabilities	89,231	168,816	92,479	350,526
TOTAL LIABILITIES	1,427,987	830,443	130,422	2,388,852
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	1,860,199	-	-	1,860,199
Property tax collected in advance	8,301,776	-	-	8,301,776
<b>Fund Balances</b>				
Nonspendable	244,854	-	514,373	759,227
Restricted	122,566	-	1,729,123	1,851,689
Committed	1,392,009	-	-	1,392,009
Assigned	20,633	-	-	20,633
Unassigned	1,871,627	-	-	1,871,627
Total Fund Balances	<u>3,651,689</u>	<u>-</u>	<u>2,243,496</u>	<u>5,895,185</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,241,651</u>	<u>\$ 830,443</u>	<u>\$ 2,373,918</u>	<u>\$ 18,446,012</u>

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 Position of Governmental Activities  
in the Statement of Net Position  
June 30, 2021

<b>Total governmental fund balances</b>	\$ 5,895,185
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	17,075,293
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,844,379
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.	(4,655,000)
Pension liability, net of related deferred inflows and outflows of	(6,684,666)
OPEB liability, net of related deferred inflows and outflows of	(1,494,595)
Comp abs	(236,332)
Landfill	(159,703)
Capital leases	(92,062)
Accrued interest payable	<u>(76,656)</u>
<b>Net position of governmental activities</b>	<u>\$ 11,415,843</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, 2021

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property taxes	\$ 6,098,610	\$ -	\$ 14,000	\$ 6,112,610
Licenses and permits	1,597,077	-	-	1,597,077
Intergovernmental	514,619	-	80,865	595,484
Charges for services	65,629	-	551,645	617,274
Investment income	8,275	-	3,639	11,914
Miscellaneous	193,449	-	34,745	228,194
	<u>8,477,659</u>	<u>-</u>	<u>684,894</u>	<u>9,162,553</u>
<b>Expenditures</b>				
Current:				
General government	1,550,018	-	165,699	1,715,717
Public safety	4,026,101	-	189,923	4,216,024
Highways and streets	1,138,268	-	-	1,138,268
Sanitation	152,573	-	-	152,573
Welfare	82,614	-	-	82,614
Culture and recreation	682,869	-	95,691	778,560
Conservation	11,754	-	-	11,754
Debt service	335,787	-	-	335,787
Capital outlay	631,644	3,478,386	-	4,110,030
	<u>8,611,628</u>	<u>3,478,386</u>	<u>451,313</u>	<u>12,541,327</u>
Excess (deficiency) of revenues over (under) expenditures	(133,969)	(3,478,386)	233,581	(3,378,774)
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	-	2,030,675	-	2,030,675
Bond premium	-	244,325	-	244,325
Issuance of capital lease	116,823	-	-	116,823
Transfers in	296,735	1,203,386	-	1,500,121
Transfers out	(1,203,386)	-	(296,735)	(1,500,121)
	<u>(789,828)</u>	<u>3,478,386</u>	<u>(296,735)</u>	<u>2,391,823</u>
Total Other Financing Sources (Uses)	<u>(789,828)</u>	<u>3,478,386</u>	<u>(296,735)</u>	<u>2,391,823</u>
Changes in fund balances	(923,797)	-	(63,154)	(986,951)
Fund Balances, at Beginning of Year, as reclassified	<u>4,575,486</u>	<u>-</u>	<u>2,306,650</u>	<u>6,882,136</u>
Fund Balances, at End of Year	<u>\$ 3,651,689</u>	<u>\$ -</u>	<u>\$ 2,243,496</u>	<u>\$ 5,895,185</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, 2021

**Net change in fund balances - total governmental funds** \$ (986,951)

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	4,533,969
Depreciation	(568,643)

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:

Issuance of bonds and related premium	(2,275,000)
Issuance of capital leases	(116,823)
Repayments of debt	195,549

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.

1,710,377

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	(719,621)
Change in OPEB expense from GASB 75	26,611
Other	(197)
Change in landfill liability	22,816
Change in accrued employee benefits	(5,507)

**Change in net position of governmental activities** \$ 1,816,580

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, 2021

	Custodial <u>Fund</u>
<b>Assets</b>	
Cash and short-term investments	\$ 843,318
Other assets	-
Total Assets	<u>843,318</u>
<b>Liabilities</b>	
Accounts payable	-
Due to external parties	-
Other liabilities	-
Total Liabilities	<u>-</u>
<b>Net Position</b>	
Restricted for other governments	<u>843,318</u>
Total Net Position	<u>\$ 843,318</u>

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, 2021

	<u>Custodial Fund</u>
<b>Additions</b>	
Gifts and contributions	\$ 116,674
Contributions from School Districts	-
Taxes Collected for School Districts	12,880,872
Taxes Collected for County	1,077,587
Fees Collected for State of New Hampshire	404,589
Investment income	<u>1,240</u>
Total additions	14,480,962
<b>Deductions</b>	
General expenses	12,871
Payments of Taxes to School Districts	12,880,872
Payments of Taxes to County	1,077,587
Payments of fees to State of New Hampshire	404,589
Payments on behalf of School Districts	<u>27,157</u>
Total deductions	<u>14,403,076</u>
Net change	77,886
<b>Net position restricted for other purposes</b>	
Beginning of year	<u>765,432</u>
End of year	<u>\$ 843,318</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 2021, 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 *capital projects fund* is the Town's primary fund that represents the construction costs of the North Hampton Public Library.

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 *custodial funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements.

#### ***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	10-50
Machinery & Equipment	5-20
Road Infrastructure	10-15
Vehicles	5-15

***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, 2021, \$98,386 of the Town’s bank balance of \$16,174,381 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, 2021 consist of the following:

	Property taxes receivable
Real estate taxes	\$ 1,743,349
Tax liens	40,013
Deferred taxes	<u>76,837</u>
Gross property taxes	1,860,199
Allowance	<u>(102,072)</u>
Net	<u>\$ 1,758,127</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, 2021 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 41,030	\$ 909,488
Capital Projects Fund	830,443	-
Nonmajor Funds:		
Police Details	-	20,297
Recreation	10,133	-
Heritage & Sidewalk	17,550	-
PEG TV	962	-
IT fund	461	-
Ambulance operating	2,027	-
Conservation	-	7,887
Fire Equipment Apparatus	35,066	-
Subtotal Nonmajor Funds	<u>66,199</u>	<u>28,184</u>
Total	<u>\$ 937,672</u>	<u>\$ 937,672</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	\$ 296,735	\$ 1,203,386
Capital Project Funds	1,203,386	-
Nonmajor funds:		
Special Revenue Funds:		
Police Details	-	90,000
Fire Equip Apparatus	-	206,735
Subtotal Nonmajor Funds	<u>-</u>	<u>296,735</u>
Total	<u>\$ 1,500,121</u>	<u>\$ 1,500,121</u>

\*Transfers represent annual funding.

The \$1,203,386 transferred out of the general fund represents Town Meeting's action to finance a significant portion of the Library project without borrowing. 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, 2021 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental Activities</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,815,905	\$ 82,208	\$ -	\$ 3,898,113
Machinery, equipment, and furnishings	3,807,677	634,146	39,809	4,481,632
Infrastructure	<u>2,835,411</u>	<u>330,673</u>	<u>-</u>	<u>3,166,084</u>
Total capital assets, being depreciated	10,458,993	1,047,027	39,809	11,545,829
Less accumulated depreciation for:				
Buildings and improvements	(1,739,273)	(97,012)	-	(1,836,285)
Machinery, equipment, and furnishings	(2,680,693)	(283,798)	-	(2,964,491)
Infrastructure	<u>(927,826)</u>	<u>(187,833)</u>	<u>-</u>	<u>(1,115,659)</u>
Total accumulated depreciation	<u>(5,347,792)</u>	<u>(568,643)</u>	<u>-</u>	<u>(5,916,435)</u>
Total capital assets, being depreciated, net	5,111,201	478,384	39,809	5,629,394
Capital assets, not being depreciated:				
Land	7,881,739	-	-	7,881,739
Construction in progress	<u>117,027</u>	<u>3,486,942</u>	<u>(39,809)</u>	<u>3,564,160</u>
Total capital assets, not being depreciated	<u>7,998,766</u>	<u>3,486,942</u>	<u>(39,809)</u>	<u>11,445,899</u>
Governmental activities capital assets, net	<u>\$ 13,109,967</u>	<u>\$ 3,965,326</u>	<u>\$ -</u>	<u>\$ 17,075,293</u>

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

Governmental Activities	
General government	\$ 76,421
Public safety	179,409
Highways & streets	284,134
Culture and recreation	<u>28,679</u>
Total governmental activities	<u>\$ 568,643</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 2021 expenditures paid in fiscal year 2022.

**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, 2021:

	<u>Fiscal Year</u>	<u>Capital Leases</u>
	2022	\$ 24,761
	2023	24,761
	2024	24,761
	2025	<u>24,762</u>
Total payments		99,045
Less amounts representing interest		<u>(6,983)</u>
Present Value of Minimum Lease Payments		<u>\$ 92,062</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 6/30/21</u>
Public offerings*			
Public works facility	2028	4.0 - 5.0 %	\$ 335,000
Conservation land acquisition	2037	4.0 - 5.0 %	1,590,000
General obligation bond	2032	3.83%	455,000
General obligation bond Library	2040	2.1 - 5.1%	<u>2,030,675</u>
Total Governmental Activities			<u>\$ 4,410,675</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, 2021 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 211,025	\$ 166,513	\$ 377,538
2023	225,000	152,760	377,760
2024	224,650	142,375	367,025
2025	245,000	131,083	376,083
2026	255,000	124,155	379,155
2027 - 2031	1,275,000	443,638	1,718,638
2032 - 2036	1,210,000	192,691	1,402,691
2037 - 2040	<u>765,000</u>	<u>36,676</u>	<u>801,676</u>
Total	<u>\$ 4,410,675</u>	<u>\$ 1,389,891</u>	<u>\$ 5,800,566</u>

The general fund has been designated as the source to repay the general obligation long-term debt outstanding as of June 30, 2021.

**Changes in General Long-Term Liabilities**

During the year ended June 30, 2021, 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>
<b>Governmental Activities</b>						
Bonds payable	\$ 2,525,000	\$ 2,030,675	\$ (145,000)	\$ 4,410,675	\$ (211,025)	\$ 4,199,650
Unamortized premium	-	<u>244,325</u>	-	<u>244,325</u>	<u>(12,216)</u>	<u>232,109</u>
Subtotal	2,525,000	2,275,000	(145,000)	4,655,000	(223,241)	4,431,759
Net pension liability	6,651,387	2,321,368	-	8,972,755	-	8,972,755
Net OPEB liability	1,599,511	-	(19,016)	1,580,495	-	1,580,495
Compensated absences	230,825	5,507	-	236,332	(23,634)	212,698
Landfill closure	182,519	-	(22,816)	159,703	(22,816)	136,887
Capital leases	<u>25,788</u>	<u>116,823</u>	<u>(50,549)</u>	<u>92,062</u>	<u>(22,008)</u>	<u>70,054</u>
Totals	<u>\$ 11,215,030</u>	<u>\$ 4,718,698</u>	<u>\$ (237,381)</u>	<u>\$ 15,696,347</u>	<u>\$ (291,699)</u>	<u>\$ 15,404,648</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 \$159,703 reported as landfill postclosure care liability at June 30, 2021 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2021. 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, 2021:

### ***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, 2021:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Nonspendable</b>			
Prepaid expenditures	\$ 244,854	\$ -	\$ 244,854
Nonexpendable permanent funds	<u>-</u>	<u>514,373</u>	<u>514,373</u>
Total Nonspendable permanent funds	244,854	514,373	759,227
<b>Restricted</b>			
Grants and revolving funds	-	38,245	38,245
Agriculture commission	-	796	796
Ambulance operating	-	47,547	47,547
Conservation	-	307,995	307,995
Fire equipment apparatus	-	884,831	884,831
Heritage commission	-	24,272	24,272
Information internet technology	-	33,824	33,824
Library	122,566	-	122,566
PEG television	-	176,730	176,730
Recreation	-	172,700	172,700
Sidewalk kids project	-	2,826	2,826
Expendable permanent funds	<u>-</u>	<u>39,357</u>	<u>39,357</u>
Total Restricted	122,566	1,729,123	1,851,689
<b>Committed</b>			
Building maintenance	213,437	-	213,437
Library building	181,313	-	181,313
Tennis court	31,047	-	31,047
Town buildings	244,918	-	244,918
Coakley	154,547	-	154,547
Document management	31,262	-	31,262
Health stabilization	183,181	-	183,181
Accrued benefit liability	2	-	2
Earned time settlement	125,471	-	125,471
Paramedic training	13,743	-	13,743
Revaluation	56,157	-	56,157
Municipal transportation	69,137	-	69,137
EPA stormwater	50,264	-	50,264
Radio management	30,024	-	30,024
Expendable trust	<u>7,506</u>	<u>-</u>	<u>7,506</u>
Total Committed	1,392,009	-	1,392,009
<b>Assigned</b>			
For encumbrances			
Campus Lighting Project	8,906	-	8,906
Cemetery	4,160	-	4,160
Public safety	<u>7,567</u>	<u>-</u>	<u>7,567</u>
Total Assigned	20,633	-	20,633
<b>Unassigned</b>			
General fund	<u>1,871,627</u>	<u>-</u>	<u>1,871,627</u>
Total Fund Balance	<u>\$ 3,651,689</u>	<u>\$ 2,243,496</u>	<u>\$ 5,895,185</u>

## 15. 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, 2021 was \$667,360, 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, 2021, the Town reported a liability of \$8,972,755 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the Town's proportion was 0.14028367%.

For the year ended June 30, 2021, the Town recognized pension expense of \$1,367,592. 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	\$ 554,975	\$ -
Changes of assumptions	887,583	-
Differences between projected and actual earnings on pension plan investments	242,308	(96,342)
Changes in proportion and differences between contributions and proportionate share of contributions	158,403	(126,198)
Contributions subsequent to the measurement date	<u>667,360</u>	<u>-</u>
Total	<u>\$ 2,510,629</u>	<u>\$ (222,540)</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:

2022	\$ 339,174
2023	383,381
2024	464,009
2025	<u>434,165</u>
Total	<u>\$ 1,620,729</u>

### ***Actuarial Assumptions***

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%, previously 2.50%
Wage inflation	2.75%, previously 3.25%
Salary increases	5.6% average, including inflation
Investment rate of return	6.75%, net of investment expenses including inflation, previously 7.25%

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

Actuarial assumptions also reflect benefit changes resulting from CH 340 laws of 2019 (HB 616), which grants a one-time, 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

### ***Target Allocation***

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 %	3.71%
Small/Mid Cap Equities	<u>7.50</u>	4.15%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	3.96%
Emerging Int'l Equities	<u>7.00</u>	6.20%
Total international equities	20.00	
Core Bonds	9.00	0.42%
Global Multi-Sector Fixed Income	10.00	1.66%
Absolute Return Fixed Income	<u>6.00</u>	0.92%
Total fixed income	25.00	
Private equity	10.00	7.71%
Private debt	5.00	4.81%
Real estate	<u>10.00</u>	2.95%
Total alternative investments	<u>25.00</u>	
Total	<u>100.00</u> %	

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. 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 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 or one percentage-point higher than the current rate:

1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
\$ 11,616,067	\$ 8,972,755	\$ 6,812,820

***Pension Plan Fiduciary Net Position***

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

**16. 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, 2021.

***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, 2021, 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, 2021, 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	2.00% per year
Salary increases	5.60% average, including inflation
Discount rate	1.92%
Healthcare cost trend rates	7.0% as of 2021, decreasing to an ultimate rate of 3.0% 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, 2021.

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, 2021 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 \$838,957 was measured as of June 30, 2021, and was determined by the alternative method as of June 30, 2021.

*Changes in the Total OPEB Liability*

	Total OPEB <u>Liability</u>
Balances, beginning of year	\$ 819,773
Changes for the year:	
Service cost	62,990
Interest	16,108
Changes in assumptions or other inputs	105,925
Benefit payments	<u>(94,611)</u>
Net Changes	<u>19,184</u>
Balances, end of year	\$ <u><u>838,957</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13% in 2020 to 3.45% in 2021. 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:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 1,024,009	\$ 838,957	\$ 703,306

*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:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 774,159	\$ 838,957	\$ 909,007

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

For the year ended June 30, 2021, the Town recognized an OPEB expense of \$28,010. At June 30, 2021, 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, 2020 was \$741,538, representing 0.17785540%.

For the year ended June 30, 2021, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$36,684. At June 30, 2021, 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	\$ 85,112	\$ -
Difference between expected and actual experience	2,775	(2,149)
Changes in proportion	-	(4,606)
Change in assumptions	4,768	-
Total	<u>\$ 92,655</u>	<u>\$ (6,755)</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, 2022.

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

<u>Year Ended June 31:</u>	
2022	\$ (1,777)
2023	821
2024	979
2025	<u>765</u>
Total	<u>\$ 788</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>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$	1,024,009	\$ 838,957	\$ 703,306

***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, 2021:

	<u>Total/Net OPEB Liability</u>	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred (Inflows) of Resources</u>	<u>Total OPEB Expense</u>
Town OPEB Plan	\$ 838,957	\$ -	\$ -	\$ 28,010
Proportionate share of NHRS Medical Subsidy Plan	<u>741,538</u>	<u>92,655</u>	<u>(6,755)</u>	<u>36,684</u>
Total	<u>\$ 1,580,495</u>	<u>\$ 92,655</u>	<u>\$ (6,755)</u>	<u>\$ 64,694</u>

**17. 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 \$20,633 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 extent 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 remains uncertain.

**18. Change in Accounting Principle**

During 2021 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This required moving certain items previously recorded through a general fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund.

**19. Beginning Fund Balance Reclassification**

During fiscal year 2021, Management assessed its practice of reporting all Library funds in nonmajor governmental funds and determined that the amounts and activities were more appropriately reported in the Town's general fund. Accordingly, \$409,005 of funds previously reported in nonmajor governmental funds are now reported in the general fund.

**20. Subsequent Events**

Management has evaluated subsequent events through January 24, 2022, which is the date the financial statements were available to be issued.

## **21. New Pronouncements**

Management is currently evaluating the impact of implementing the following GASB pronouncement.

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, 2021

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 5,957,725	\$ 5,957,725	\$ 6,098,610	\$ 140,885
Licenses and permits	1,478,410	1,478,410	1,597,077	118,667
Intergovernmental	356,277	356,277	514,619	158,342
Charges for services	26,600	26,600	29,734	3,134
Investment income	2,400	2,400	4,058	1,658
Miscellaneous	4,025	4,025	16,009	11,984
	7,825,437	7,825,437	8,260,107	434,670
<b>Expenditures</b>				
General government	1,402,956	1,402,956	1,379,577	23,379
Public safety	3,930,799	3,930,799	4,013,370	(82,571)
Highways and streets	1,037,631	1,037,631	1,010,745	26,886
Sanitation	137,330	137,330	152,573	(15,243)
Welfare	93,350	93,350	82,614	10,736
Culture and recreation	80,551	80,551	89,596	(9,045)
Conservation	13,126	13,126	11,754	1,372
Debt service	299,979	299,979	335,787	(35,808)
Capital outlay	708,000	708,000	631,644	76,356
	7,703,722	7,703,722	7,707,660	(3,938)
Excess (deficiency) of revenues over expenditures	121,715	121,715	552,447	430,732
<b>Other Financing Sources/Uses</b>				
Transfers in	395,000	395,000	326,735	(68,265)
Transfers out	(1,251,715)	(1,251,715)	(1,221,715)	30,000
Use of fund balance	735,000	735,000	735,000	
	(121,715)	(121,715)	(159,980)	(38,265)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 392,467	\$ 392,467

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	\$ 8,477,659	\$ 8,611,628	\$ (789,828)
Reverse beginning of year appropriation carryforwards from expenditures	-	(21,381)	-
Add end-of-year appropriation carryforwards from expenditures	-	20,633	-
To eliminate capital reserve activity	(38,632)	(191,825)	140,886
To eliminate library fund activity	(178,920)	(594,572)	(129,215)
To reverse capital lease proceeds and related expenditure	-	(116,823)	(116,823)
Other GAAP timing differences Recognize use of fund balance as funding source	-	-	735,000
Budgetary Basis	<u>\$ 8,260,107</u>	<u>\$ 7,707,660</u>	<u>\$ (159,980)</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, 2021	June 30, 2020	0.14028367%	\$8,972,755	\$ 2,955,844	303.56%	58.72%
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>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	June 30, 2020	\$ 667,360	\$ 667,360	\$ -	\$ 3,031,847	22.01%
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						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
June 30, 2021	June 30, 2020	0.16941348%	\$741,538	\$ 2,955,844	25.09%	7.74%
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						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
June 30, 2021	June 30, 2020	\$85,112	\$85,112	\$ -	\$3,031,847	2.81%
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)  
 (Amounts expressed in thousands)

North Hampton OPEB Plan \*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 62,990	\$ 131,608	\$ 123,134	\$ 111,484	\$ -	\$ -
Interest on unfunded liability - time value of money	16,108	20,084	25,313	53,915	-	-
Other	(88,005)	-	-	-	-	-
Changes in other inputs	16,777	-	-	-	-	-
Changes of assumptions	105,925	(10,060)	(742,340)	(317,478)	-	-
Benefit payments, including refunds of member contributions	<u>(94,611)</u>	<u>(130,573)</u>	<u>(111,859)</u>	<u>(154,483)</u>	-	-
Net change in total OPEB liability	19,184	11,059	(705,752)	(306,562)	-	-
Total OPEB liability - beginning	<u>819,773</u>	<u>808,714</u>	<u>1,514,466</u>	<u>1,821,028</u>	-	-
Total OPEB liability - ending	\$ <u>838,957</u>	\$ <u>819,773</u>	\$ <u>808,714</u>	\$ <u>1,514,466</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.