



TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Financial Statements
For the Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Select Board
Town of North Hampton, New Hampshire

Opinions

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 (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 of North Hampton, New Hampshire, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The Town'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.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



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 black ink that reads "Melanson".

Merrimack, New Hampshire
January 5, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of North Hampton, New Hampshire (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

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 and 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 Town'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, health and welfare, culture and recreation, and conservation.

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. The Town's 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 the Town'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 Town's near-term financing decisions. Reconciliations are provided 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 Town. 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 programs.

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

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, net position in governmental activities was \$12,059,084, a change of \$643,241 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$6,269,470, a change of \$374,285 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,217,842, a change of \$(653,785) 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 year.

	NET POSITION	
	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 17,051,327	\$ 17,400,041
Capital assets	<u>17,452,817</u>	<u>17,075,293</u>
Total Assets	34,504,144	34,475,334
Deferred Outflows of Resources	2,086,783	2,603,284
Liabilities		
Current liabilities	846,090	1,435,357
Noncurrent liabilities	<u>13,507,444</u>	<u>15,696,347</u>
Total Liabilities	14,353,534	17,131,704
Deferred Inflows of Resources	10,178,309	8,531,071
Net Position		
Net investment in capital assets	12,908,346	12,572,556
Restricted	2,563,878	2,292,208
Unrestricted	<u>(3,413,140)</u>	<u>(3,448,921)</u>
Total Net Position	<u>\$ 12,059,084</u>	<u>\$ 11,415,843</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$12,059,084, a change of \$643,241 in comparison to the prior year.

The largest portion of net position, \$12,908,346, reflects our investment in capital assets (e.g., land, buildings and improvements, machinery, equipment, and furnishings, 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, \$2,563,878, 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 \$(3,413,140), primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION

	Governmental <u>Activities</u>	
	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,054,680	\$ 814,498
Operating grants and contributions	197,316	224,919
General revenues:		
Property taxes	6,009,164	7,822,987
Motor vehicle permits and fees	1,566,535	1,597,077
Grants and contributions not restricted to specific programs	560,474	370,565
Investment income	8,048	11,914
Other	95,816	30,970
Total Revenues	<u>9,492,033</u>	<u>10,872,930</u>
Expenses		
General government	1,991,162	1,742,949
Public safety	4,367,664	4,980,101
Highways and streets	1,323,175	1,349,680
Sanitation	128,746	129,757
Health and welfare	76,349	82,614
Culture and recreation	835,975	619,060
Conservation	6,899	11,754
Interest on long-term debt	118,822	140,435
Total Expenses	<u>8,848,792</u>	<u>9,056,350</u>
Change in Net Position	643,241	1,816,580
Net Position - Beginning of Year	<u>11,415,843</u>	<u>9,599,263</u>
Net Position - End of Year	<u>\$ 12,059,084</u>	<u>\$ 11,415,843</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$643,241. Key elements of this change are as follows:

Change in net pension and net OPEB liabilities, including deferred outflows and inflows	\$ (309,249)
Capital assets acquired from primary government revenue sources	983,988
Other	<u>(31,498)</u>
Total	<u>\$ 643,241</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 the Town’s net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,217,842, while total fund balance was \$3,781,817. Unassigned fund balance decreased by \$653,785 due to favorable budgetary results netted with an increase in committed fund balance as a result of use of fund balance of \$930,274 appropriated for Town building renovations. 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>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>	<u>% of Total General Fund Appropriations including School & County</u>
Unassigned fund balance	\$ 1,217,842	\$ 1,871,627	\$ (653,785)	5.73%
Total fund balance	\$ 3,781,817	\$ 3,651,689	\$ 130,128	17.81%

The total fund balance of the General Fund changed by \$130,128 during the current fiscal year. Key factors in this change are as follows:

Revenues (and transfers) in excess of budget	\$ 149,819
Expenditures less than budget	86,812
Library (component of General Fund) results	20,105
Other	<u>(126,608)</u>
Total	<u>\$ 130,128</u>

Included in the total fund balance of the General Fund are the Town's capital reserve accounts with the following balances:

	<u>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>
Capital reserves	\$ <u>1,148,542</u>	\$ <u>1,392,009</u>	\$ <u>(243,467)</u>

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$244,157 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 Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental activities at year-end amounted to \$17,452,817 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, and furnishings, and infrastructure.

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

- Library building \$198,665
- Library shelving and furnishings \$121,490
- Library audio/visual equipment \$31,754
- Philbrick Pond culvert \$97,687
- Road reconstruction \$340,935
- Safety building \$59,725
- DPW medium duty truck \$54,704

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

Long-Term Debt

At the end of the current fiscal year, total bonded debt and loans outstanding was \$4,312,362, all of which was backed by the full faith and credit of the Town.

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 2022 fiscal year was \$1,217,842. 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 2022 Annual Town Meeting the taxpayers approved a combined \$20,489,784 for its operating budget and other capital and financial articles, including \$10,857,877 for the construction of a new safety building and the expansion and renovation of the former library building into Town offices. The funding sources that comprise the \$20,489,784 in total voted appropriations are: \$9,307,965 from bond proceeds; \$2,705,668 from various licenses, permits, charges for services, and state aid; \$1,013,750 in transfers from other funds; \$930,274 use of fund balance; 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. As of July 1, 2022, non-represented employees were transitioned to the same high deductible plan which will further 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 Town'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
237A Atlantic Avenue
North Hampton, NH 03862

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Statement of Net Position

June 30, 2022

	Governmental <u>Activities</u>
Assets	
Current:	
Cash and short-term investments	\$ 14,999,891
Receivables, net of allowance for uncollectibles:	
Property taxes	1,678,296
Departmental and other	85,334
Other assets	<u>287,806</u>
Total Current Assets	17,051,327
Noncurrent:	
Capital assets:	
Capital assets being depreciated, net of accumulated depreciation	9,475,529
Capital assets not being depreciated	<u>7,977,288</u>
Total Noncurrent Assets	<u>17,452,817</u>
Total Assets	34,504,144
Deferred Outflows of Resources	
Related to pension	2,013,303
Related to OPEB	<u>73,480</u>
Total Deferred Outflows of Resources	2,086,783

(continued)

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

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Statement of Net Position
June 30, 2022

(continued)	Governmental <u>Activities</u>
Liabilities	
Current:	
Accounts payable	\$ 246,530
Accrued liabilities	244,146
Unearned revenue	234,819
Due to other governments	2,174
Other current liabilities	118,421
Current portion of long-term liabilities:	
Bonds payable	237,216
Notes payable	32,276
Compensated absences liability	21,854
Landfill liability	<u>22,816</u>
Total Current Liabilities	1,160,252
Noncurrent:	
Bonds payable, net of current portion	4,194,543
Notes payable, net of current portion	80,436
Compensated absences liability - noncurrent	196,686
Landfill liability - noncurrent	114,071
Net pension liability	6,549,449
Net OPEB liability	<u>2,058,097</u>
Total Noncurrent Liabilities	<u>13,193,282</u>
Total Liabilities	14,353,534
Deferred Inflows of Resources	
Related to pension	1,958,559
Related to OPEB	9,188
Related to taxes	<u>8,210,562</u>
Total Deferred Inflows of Resources	10,178,309
Net Position	
Net investment in capital assets	12,908,346
Restricted for:	
Grants and other statutory restrictions	1,969,788
Permanent funds:	
Nonexpendable	535,813
Expendable	58,277
Unrestricted	<u>(3,413,140)</u>
Total Net Position	<u>\$ 12,059,084</u>

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, 2022

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General government	\$ 1,991,162	\$ 199,246	\$ -	\$ (1,791,916)
Public safety	4,367,664	342,942	89,900	(3,934,822)
Highways and streets	1,323,175	-	82,529	(1,240,646)
Sanitation	128,746	16,240	-	(112,506)
Health and welfare	76,349	-	-	(76,349)
Culture and recreation	835,975	496,252	24,887	(314,836)
Conservation	6,899	-	-	(6,899)
Interest on long-term debt	118,822	-	-	(118,822)
Total Governmental Activities	\$ 8,848,792	\$ 1,054,680	\$ 197,316	(7,596,796)
		General Revenues		
				6,009,164
				1,566,535
				560,474
				8,048
				95,816
				8,240,037
				643,241
		Net Position		
				11,415,843
				\$ 12,059,084

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

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
June 30, 2022

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and short-term investments	\$ 12,498,620	\$ 2,501,271	\$ 14,999,891
Receivables:			
Property taxes	1,815,737	-	1,815,737
Departmental and other	-	91,562	91,562
Due from other funds	61,445	79,488	140,933
Other assets	<u>241,722</u>	<u>46,084</u>	<u>287,806</u>
Total Assets	<u>\$ 14,617,524</u>	<u>\$ 2,718,405</u>	<u>\$ 17,335,929</u>
Liabilities			
Accounts payable	\$ 168,785	\$ 77,745	\$ 246,530
Accrued liabilities	205,721	-	205,721
Unearned revenue	234,819	-	234,819
Due to other funds	79,488	61,445	140,933
Due to other governments	2,174	-	2,174
Other liabilities	<u>118,421</u>	<u>91,562</u>	<u>209,983</u>
Total Liabilities	809,408	230,752	1,040,160
Deferred Inflows of Resources			
Unavailable revenues	1,815,737	-	1,815,737
Property tax collected in advance	8,210,562	-	8,210,562
Fund Balances			
Nonspendable	241,722	567,812	809,534
Restricted	194,717	2,042,150	2,236,867
Committed	2,078,816	-	2,078,816
Assigned	48,720	-	48,720
Unassigned	<u>1,217,842</u>	<u>(122,309)</u>	<u>1,095,533</u>
Total Fund Balances	<u>3,781,817</u>	<u>2,487,653</u>	<u>6,269,470</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,617,524</u>	<u>\$ 2,718,405</u>	<u>\$ 17,335,929</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, 2022

Total Governmental Fund Balances	\$ 6,269,470
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	17,452,817
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,763,631
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(4,431,759)
Notes payable	(112,712)
Compensated absences liability	(218,540)
Landfill liability	(136,887)
Pension liability, net of related deferred inflows and outflows of resources	(6,494,705)
OPEB liability, net of related deferred inflows and outflows of resources	(1,993,805)
Accrued interest payable	<u>(38,426)</u>
Net Position of Governmental Activities	<u>\$ 12,059,084</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, 2022

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 6,132,566	\$ -	\$ 6,132,566
Licenses and permits	1,566,535	-	1,566,535
Intergovernmental	687,755	70,035	757,790
Charges for services	72,566	646,015	718,581
Investment income	5,482	2,566	8,048
Other	<u>125,981</u>	<u>263,278</u>	<u>389,259</u>
Total Revenues	8,590,885	981,894	9,572,779
Expenditures			
Current:			
General government	1,636,466	141,824	1,778,290
Public safety	4,012,265	83,481	4,095,746
Highways and streets	1,209,917	-	1,209,917
Sanitation	151,562	-	151,562
Health and welfare	76,349	-	76,349
Culture and recreation	532,943	172,929	705,872
Conservation	6,899	-	6,899
Debt service	414,890	-	414,890
Capital outlay	<u>346,070</u>	<u>468,148</u>	<u>814,218</u>
Total Expenditures	<u>8,387,361</u>	<u>866,382</u>	<u>9,253,743</u>
Excess of revenues over expenditures	203,524	115,512	319,036
Other Financing Sources (Uses)			
Issuance of notes	55,249	-	55,249
Transfers in	38,278	166,923	205,201
Transfers out	<u>(166,923)</u>	<u>(38,278)</u>	<u>(205,201)</u>
Total Other Financing Sources (Uses)	<u>(73,396)</u>	<u>128,645</u>	<u>55,249</u>
Changes in Fund Balances	130,128	244,157	374,285
Fund Balances, at Beginning of Year	<u>3,651,689</u>	<u>2,243,496</u>	<u>5,895,185</u>
Fund Balances, at End of Year	<u>\$ 3,781,817</u>	<u>\$ 2,487,653</u>	<u>\$ 6,269,470</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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 374,285

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	1,039,237
Depreciation	(661,713)

The issuance of long-term debt 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 notes	(55,249)
Repayments of bonds	211,025
Repayment of notes	34,599

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. (123,402)

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

Amortization of bond premium	12,216
Change in compensated absences liability	17,792
Change in landfill liability	22,816
Change in pension expense from GASB 68	189,961
Change in OPEB expense from GASB 75	(499,210)
Other	80,884

Change in Net Position of Governmental Activities \$ 643,241

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, 2022

	Custodial Funds
Assets	
Cash and short-term investments	\$ <u>835,741</u>
Total Assets	835,741
Net Position	
Restricted for other governments	<u>835,741</u>
Total Net Position	\$ <u><u>835,741</u></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, 2022

	<u>Custodial Funds</u>
Additions	
Gifts and contributions	\$ 32,012
Taxes collected for North Hampton School District	12,415,005
Taxes collected for County of Rockingham	1,089,055
Fees collected for State of New Hampshire	399,845
Investment income	<u>864</u>
Total Additions	13,936,781
Deductions	
General	27,711
Payments of taxes to North Hampton School District	12,415,005
Payments of taxes to County of Rockingham	1,089,055
Payments of fees to State of New Hampshire	399,845
Payments on behalf of School District	<u>12,742</u>
Total Deductions	<u>13,944,358</u>
Change in Net Position	(7,577)
Restricted Net Position	
Beginning of year	<u>843,318</u>
End of year	\$ <u><u>835,741</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, New Hampshire (the Town) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of significant policies of the Town:

Reporting Entity

The Town is a municipal corporation governed by an elected three-member Select Board. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2022, it was determined that no entities met the component unit requirements of GASB 14 (as amended).

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 are 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 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 Town. 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 fund:

- The *General Fund* is the Town'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 fund:

- 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.

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 Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five 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, and furniture	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 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 current assets/deferred outflows and current liabilities/ deferred inflows. 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, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) 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 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 to reduce the subsequent year's tax rate.
- *Unassigned* represents amounts that are available to be spent in future periods and deficit nonmajor governmental funds.

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, consists 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 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 GAAP 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 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 Municipal Budget Law. After reviewing the budget, the Budget 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. 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 states, "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, except 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, 2022, none of the Town's bank balance of \$15,786,203 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, 2022 consisted of the following:

Real estate taxes	\$ 1,690,507
Tax liens	36,650
Deferred taxes	<u>88,580</u>
Gross property taxes	1,815,737
Allowance	<u>(137,441)</u>
Net	<u>\$ 1,678,296</u>

5. Taxes Collected for Others

The Town collects property taxes for the State of New Hampshire, the North Hampton 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 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 composition of interfund balances at June 30, 2022 is as follows

<u>Governmental Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 61,445	\$ 79,488
Nonmajor Governmental Funds:		
Safety Building	-	61,445
Police Details	5,991	-
Recreation	31,952	-
PEG TV	3,593	-
IT fund	4,100	-
Ambulance operating	3,287	-
Fire Equipment Apparatus	<u>30,565</u>	<u>-</u>
Subtotal Nonmajor Governmental Funds	<u>79,488</u>	<u>61,445</u>
Total	<u>\$ 140,933</u>	<u>\$ 140,933</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 a schedule of major interfund transfers.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 38,278	\$ 166,923
Nonmajor Governmental Funds:		
Capital Project Funds	166,923	-
Grants and Revolving Funds	-	38,278
Subtotal Nonmajor Governmental Funds	-	38,278
Total	\$ <u>205,201</u>	\$ <u>205,201</u>

The \$166,923 transfer from the General Fund to the Capital Project Funds was related to the construction of the new library. The Town's 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, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,898,113	\$ 3,795,824	\$ -	\$ 7,693,937
Machinery, equipment, and furnishings	4,481,632	273,402	-	4,755,034
Infrastructure	<u>3,166,084</u>	<u>438,622</u>	<u>-</u>	<u>3,604,706</u>
Total capital assets, being depreciated	11,545,829	4,507,848	-	16,053,677
Less accumulated depreciation for:				
Buildings and improvements	(1,836,285)	(137,795)	-	(1,974,080)
Machinery, equipment, and furnishings	(2,964,491)	(310,442)	-	(3,274,933)
Infrastructure	<u>(1,115,659)</u>	<u>(213,476)</u>	<u>-</u>	<u>(1,329,135)</u>
Total accumulated depreciation	(5,916,435)	(661,713)	-	(6,578,148)
Total capital assets, being depreciated, net	5,629,394	3,846,135	-	9,475,529
Capital assets, not being depreciated:				
Land	7,881,739	-	-	7,881,739
Construction in progress	<u>3,564,160</u>	<u>95,549</u>	<u>(3,564,160)</u>	<u>95,549</u>
Total capital assets, not being depreciated	<u>11,445,899</u>	<u>95,549</u>	<u>(3,564,160)</u>	<u>7,977,288</u>
Governmental activities capital assets, net	\$ <u>17,075,293</u>	\$ <u>3,941,684</u>	\$ <u>(3,564,160)</u>	\$ <u>17,452,817</u>

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

Governmental Activities	
General government	\$ 75,441
Public safety	190,470
Highways and streets	307,361
Culture and recreation	<u>88,441</u>
Total governmental activities	<u>\$ 661,713</u>

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets 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 pension 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 2022 expenditures paid in fiscal year 2023.

10. Unearned Revenue

The balance reported as unearned revenue represents the unspent portion of the American Rescue Plan Act (ARPA) grant at June 30, 2022.

11. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The Town enters into loan agreements for the acquisition of vehicles and equipment.

General obligation bonds and loans outstanding are as follows:

	Original <u>Issue</u>	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Outstanding as of <u>6/30/22</u>
<u>General Obligation Bonds</u>				
Public offerings*				
Public works facility	2008	2028	4.0 - 5.0 %	\$ 295,000
Conservation land acquisition	2008	2037	4.0 - 5.0 %	1,520,000
General obligation bond	2012	2032	3.83%	420,000
General obligation bond Library	2021	2040	2.1 - 5.1%	<u>1,964,650</u>
Total General Obligation Bonds				\$ <u>4,199,650</u>
 <u>Notes</u>				
Direct borrowings				
John Deere Backhoe Loader	2021	2025	2.95%	\$ 70,054
Ford F-350	2022	2026	6.99%	<u>42,658</u>
Total Notes				\$ <u>112,712</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 bonds and loans outstanding as of June 30, 2022 are as follows:

General Obligation Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 225,000	\$ 152,760	\$ 377,760
2024	224,650	142,372	367,022
2025	245,000	131,083	376,083
2026	255,000	124,155	379,155
2027	260,000	112,360	372,360
2028 - 2032	1,280,000	386,538	1,666,538
2033 - 2037	1,200,000	152,476	1,352,476
2038 - 2041	<u>510,000</u>	<u>21,631</u>	<u>531,631</u>
Total General Obligation Bonds	\$ <u>4,199,650</u>	\$ <u>1,223,375</u>	\$ <u>5,423,025</u>

Notes

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 32,276	\$ 5,076	\$ 37,352
2024	33,625	3,727	37,352
2025	35,043	2,310	37,353
2026	<u>11,768</u>	<u>823</u>	<u>12,591</u>
Total Notes	\$ <u>112,712</u>	\$ <u>11,936</u>	\$ <u>124,648</u>

The General Fund has been designated as the source to repay the general obligation bonds and loans outstanding as of June 30, 2022.

Changes in Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable	\$ 4,410,675	\$ -	\$ (211,025)	\$ 4,199,650	\$ (225,000)	\$ 3,974,650
Unamortized premium	244,325	-	(12,216)	232,109	(12,216)	219,893
Subtotal	4,655,000	-	(223,241)	4,431,759	(237,216)	4,194,543
Notes payable	92,062	55,249	(34,599)	112,712	(32,276)	80,436
Compensated absences	236,332	-	(17,792)	218,540	(21,854)	196,686
Landfill closure	159,703	-	(22,816)	136,887	(22,816)	114,071
Net pension liability	8,972,755	-	(2,423,306)	6,549,449	-	6,549,449
Net OPEB liability	1,580,495	477,602	-	2,058,097	-	2,058,097
Totals	\$ 15,696,347	\$ 532,851	\$ (2,721,754)	\$ 13,507,444	\$ (314,162)	\$ 13,193,282

12. Landfill Closure and Post-Closure 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 \$136,887 reported as landfill post-closure care liability at June 30, 2022 represents the remaining estimated post-closure maintenance costs. These amounts are based on what it would cost to perform all post-closure care in 2022. 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 assets 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 are 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 – Fund Balances

The Town's fund balances at June 30, 2022 are comprised of the following:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable			
Prepaid expenditures	\$ 241,722	\$ 46,084	\$ 287,806
Permanent funds	-	<u>521,728</u>	<u>521,728</u>
Total Nonspendable permanent funds	241,722	567,812	809,534
Restricted			
Grants	52,045	-	52,045
Library	142,672	-	142,672
Agriculture commission	-	987	987
Ambulance operating	-	57,102	57,102
Conservation	-	297,269	297,269
Fire equipment apparatus	-	1,075,106	1,075,106
Heritage commission	-	25,233	25,233
Information internet technology	-	44,122	44,122
PEG television	-	163,573	163,573
Police details	-	53,539	53,539
Recreation	-	250,027	250,027
Sidewalk kids project	-	2,830	2,830
Permanent funds	-	<u>72,362</u>	<u>72,362</u>
Total Restricted	194,717	2,042,150	2,236,867
Committed			
Town offices	930,274	-	930,274
Capital Reserves:			
Building maintenance	160,795	-	160,795
Library building	13,263	-	13,263
Tennis court	28,223	-	28,223
Town buildings	185,692	-	185,692
Coakley	208,195	-	208,195
Document management	28,048	-	28,048
Health stabilization	183,389	-	183,389
Accrued benefit liability	2	-	2
Earned time settlement	118,420	-	118,420
Paramedic training	13,679	-	13,679
Revaluation	56,221	-	56,221
Municipal transportation	73,876	-	73,876
EPA stormwater	41,150	-	41,150
Radio management	30,059	-	30,059
Town land environmental remediation	16	-	16
Expendable trust	<u>7,514</u>	<u>-</u>	<u>7,514</u>
Total Committed	2,078,816	-	2,078,816
Assigned			
Public safety	26,264	-	26,264
Highways and streets	18,800	-	18,800
Conservation	<u>3,656</u>	<u>-</u>	<u>3,656</u>
Total Assigned	48,720	-	48,720
Unassigned			
Safety Building	-	(122,309)	(122,309)
General Fund	<u>1,217,842</u>	<u>-</u>	<u>1,217,842</u>
Total Unassigned	1,217,842	(122,309)	1,095,533
Total Fund Balance	<u>\$ 3,781,817</u>	<u>\$ 2,487,653</u>	<u>\$ 6,269,470</u>

15. New Hampshire 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). The following pension disclosures for the New Hampshire Retirement System pension plan are based upon an actuarial valuation performed as of June 30, 2020, using a measurement date of June 30, 2021.

Plan Description

Full-time employees participate in the 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. NHRS 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 NHRS. 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 NHRS, 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:

Years of creditable service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>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 earnable compensation to the pension plan. 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 13.75% to 19.48% of covered compensation. The Town’s contribution to NHRS for the year ended June 30, 2022 was \$774,503, which was 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 Pension

At June 30, 2022, the Town reported a liability of \$6,549,449 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, utilizing procedures incorporating the actuarial valuation. 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, 2021, the Town’s proportion was 0.14777908%.

For the year ended June 30, 2022, the Town recognized pension expense of \$596,118. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 183,394	\$ 68,568
Changes of assumptions	684,053	-
Differences between projected and actual earnings on pension plan investments	-	1,831,731
Changes in proportion and differences between contributions and proportionate share of contributions	371,353	58,260
Contributions subsequent to the measurement date	<u>774,503</u>	<u>-</u>
Total	<u>\$ 2,013,303</u>	<u>\$ 1,958,559</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as pension expense in 2023. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized as a reduction of pension expense as follows:

Year Ended June 30:	
2023	\$ (109,090)
2024	(26,736)
2025	(58,371)
2026	<u>(525,562)</u>
Total	<u>\$ (719,759)</u>

Actuarial Assumptions

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

Inflation	2.00%
Wage inflation	2.75%, (2.25% for teachers)
Salary increases	5.60% average, including inflation
Investment rate of return	6.75%, net of investment expenses including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group and projected fully generational mortality improvements using scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

Target Allocations

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 following is a table presenting target allocations and geometric real rates of return for each asset class:

<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 %	6.46%
Small/Mid Cap Equities	<u>7.50</u>	1.14%
Total domestic equities	30.00	
Int'l Equities (unhedged)	14.00	5.53%
Emerging Int'l Equities	<u>6.00</u>	2.37%
Total international equities	20.00	
Core US Fixed Income	<u>25.00</u>	3.60%
Total fixed income	25.00	
Private equity	10.00	8.85%
Private debt	<u>5.00</u>	7.25%
Total alternative investments	15.00	
Real estate	<u>10.00</u>	6.60%
Total	<u><u>100.00</u></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>
\$ 9,366,462	\$ 6,549,449	\$ 4,199,601

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* (GASB 75), replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This 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, 2022.

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	1
Active employees	<u>33</u>
Total	<u><u>34</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, 2022, 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	4.09%, previously 1.92%
Healthcare cost trend rates	6.50% as of 2022, decreasing to an ultimate rate of 3.0% in 7 years.
Retirees' share of benefit-related costs	100%

The discount rate was based on the long-term municipal bond rate at June 30, 2022.

Mortality rates were based on mortality tables at the National Center for Health Statistics. The 2020 United States Life Tables for Males and Females were used.

The actuarial assumptions used in the June 30, 2022 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 4.09%. 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 \$1,334,685 was measured as of June 30, 2022, and was determined by the alternative method as of June 30, 2022.

Changes in the Total OPEB Liability

Balance, beginning of year	\$	838,957
Changes for the year:		
Service cost		83,752
Interest		54,589
Changes in assumptions or other inputs		468,476
Benefit payments		<u>(111,089)</u>
Net Changes		<u>495,728</u>
Balance, end of year	\$	<u><u>1,334,685</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.92% in 2021 to 4.09% in 2022. 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>
\$ 1,560,556	\$ 1,334,685	\$ 1,167,325

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>
\$ 1,231,060	\$ 1,334,685	\$ 1,445,534

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

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$27,170. At June 30, 2022, 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 0.31% of gross payroll for Group I employees, 3.21% and 3.21% 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 as the New Hampshire 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, 2021 was \$723,412, representing 0.18064674%.

For the year ended June 30, 2022, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$78,248. At June 30, 2022, 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	\$ 73,069	\$ -
Difference between expected and actual experience	-	151
Changes in proportion	411	-
Net difference between projected and actual OPEB investment earnings	-	9,037
Total	\$ <u>73,480</u>	\$ <u>9,188</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, 2023.

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

<u>Year Ended June 30:</u>	
2023	\$ (1,807)
2024	(1,899)
2025	(2,128)
2026	<u>(2,943)</u>
Total	\$ <u>(8,777)</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>
\$ 786,406	\$ 723,412	\$ 668,604

Healthcare Cost Trend Rate

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

Consolidation of Total 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, 2022:

	Total OPEB Liability	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Total OPEB Expense
Town OPEB Plan	\$ 1,334,685	\$ -	\$ -	\$ 27,170
Proportionate share of NHRS Medical Subsidy Plan	<u>723,412</u>	<u>73,480</u>	<u>9,188</u>	<u>78,248</u>
Total	<u>\$ 2,058,097</u>	<u>\$ 73,480</u>	<u>\$ 9,188</u>	<u>\$ 105,418</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 \$48,720 in encumbrances that will be honored in the next fiscal year.

18. Subsequent Events

Management has evaluated subsequent events through January 5, 2023, which is the date the financial statements were available to be issued.

19. New Pronouncements

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

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (P3s and APAs), and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), effective for the Town beginning with its fiscal year June 30, 2023. These statements establish new reporting and disclosure requirements for P3s, APAs and SBITAs. The Town has not evaluated the effect these statements will have on the financial statements.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Required Supplementary Information
 General Fund
 Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual
 For the Year Ended June 30, 2022
 (Unaudited)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
Property taxes	\$ 6,121,013	\$ 6,121,013	\$ 6,132,566	\$ 11,553
Licenses and permits	1,510,860	1,510,860	1,566,535	55,675
Intergovernmental	436,735	436,735	436,338	(397)
Charges for services	27,295	27,295	38,031	10,736
Investment income	2,400	2,400	3,454	1,054
Other	25,750	25,750	58,670	32,920
Total Revenues	8,124,053	8,124,053	8,235,594	111,541
Expenditures				
General government	1,436,220	1,436,220	1,409,447	26,773
Public safety	4,065,813	4,065,813	3,996,862	68,951
Highways and streets	1,040,265	1,040,265	1,070,168	(29,903)
Sanitation	147,984	147,984	151,562	(3,578)
Health and welfare	92,000	92,000	76,349	15,651
Culture and recreation	80,602	80,602	83,010	(2,408)
Conservation	12,127	12,127	6,899	5,228
Debt service	402,299	402,299	402,299	-
Capital outlay	330,243	330,243	324,145	6,098
Total Expenditures	7,607,553	7,607,553	7,520,741	86,812
Excess of revenues over expenditures	516,500	516,500	714,853	198,353
Other Financing Sources (Uses)				
Transfers in	30,000	30,000	68,278	38,278
Transfers out	(546,500)	(546,500)	(546,500)	-
Total Other Financing Sources (Uses)	(516,500)	(516,500)	(478,222)	38,278
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 236,631	\$ 236,631

See Independent Auditor's Report and Notes to Required Supplementary Information.

**Notes to Required Supplementary 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 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	\$ 8,590,885	\$ 8,387,361	\$ (73,396)
Reverse beginning of year appropriation carryforwards from expenditures	-	(20,633)	-
Add end-of-year appropriation carryforwards to expenditures	-	48,720	-
To eliminate capital reserve activity	(36,531)	(213,518)	66,482
To eliminate library fund activity	(45,593)	(441,547)	(416,059)
To reverse issuance of notes and related expenditures	-	(55,249)	(55,249)
To eliminate non-budgetary activity	<u>(273,167)</u>	<u>(184,393)</u>	<u>-</u>
Budgetary Basis	<u>\$ 8,235,594</u>	<u>\$ 7,520,741</u>	<u>\$ (478,222)</u>

See Independent Auditor’s Report and Notes to Required Supplementary Information.

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, 2022	June 30, 2021	0.14777908%	\$6,549,449	\$ 3,031,847	216.02%	72.22%
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 notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's 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, 2022	June 30, 2021	\$ 774,503	\$ 774,503	\$ -	\$ 3,008,791	25.74%
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 notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Proportionate Share of the Net OPEB Liability and Contributions (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, 2022	June 30, 2021	0.18064674%	\$723,412	\$ 3,031,847	23.86%	11.06%
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>Contributions Relative to 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, 2022	June 30, 2021	\$73,069	\$73,069	\$ -	\$3,008,791	2.43%
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 notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF NORTH HAMPTON, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)
(Unaudited)

North Hampton OPEB Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 83,752	\$ 62,990	\$ 131,608	\$ 123,134	\$ 111,484
Interest on unfunded liability - time value of money	54,589	16,108	20,084	25,313	53,915
Other	(412,019)	(88,005)	-	-	-
Changes in other inputs	202,729	16,777	-	-	-
Changes of assumptions	677,766	105,925	(10,060)	(742,340)	(317,478)
Benefit payments, including refunds of member contributions	<u>(111,089)</u>	<u>(94,611)</u>	<u>(130,573)</u>	<u>(111,859)</u>	<u>(154,483)</u>
Net change in total OPEB liability	495,728	19,184	11,059	(705,752)	(306,562)
Total OPEB liability - beginning	<u>838,957</u>	<u>819,773</u>	<u>808,714</u>	<u>1,514,466</u>	<u>1,821,028</u>
Total OPEB liability - ending	<u>\$ 1,334,685</u>	<u>\$ 838,957</u>	<u>\$ 819,773</u>	<u>\$ 808,714</u>	<u>\$ 1,514,466</u>

The above does not include the 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 Auditor's Report.