

TOWN OF HAMPSTEAD, NEW HAMPSHIRE

Financial Statements

December 31, 2022

and

Independent Auditor's Report

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2022

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FINANCIAL STATEMENTS
December 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Hampstead, New Hampshire

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hampstead, New Hampshire (the Town), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hampstead, New Hampshire's basic financial statements as listed in the table of contents.

Summary of Opinions:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Permanent Funds	Unmodified
Cable Advisory Board Fund	Unmodified
Police Special Details Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Hampstead, New Hampshire, as of December 31, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

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

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Hampstead, New Hampshire, 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability, deferred outflows of resources, or deferred inflows of resources for the Town of Hampstead, New Hampshire's single employer other postemployment benefits plan in governmental activities and, accordingly, has not recorded an expense for the current period change in the liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, deferred outflows and deferred inflows of resources, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, deferred outflows and deferred inflows of resources, net position, and expenses of the governmental activities is not reasonably determinable.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hampstead, New Hampshire's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Hampstead, New Hampshire'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 the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hampstead, New Hampshire's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vashon Clukay & Company PC

Manchester, New Hampshire
January 8, 2024

Town of Hampstead Management's Discussion and Analysis

As management of the Town of Hampstead we offer readers this narrative overview and analysis of the financial activities of the Town of Hampstead for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Hampstead's 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 the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

The **Statement of Activities** presents information showing how the Town's net position changed during the 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 not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements display information about the Town as a whole and include the financial activities of the primary government with the exception of the fiduciary funds.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the Town government and report the Town's operations in more detail than the government-wide statements. The Town's funds are divided into 2 categories—governmental and fiduciary. For governmental funds, only those funds that are considered Major Funds are reported in individual columns in the Fund Financial Statements with combining schedules in the Supplementary Section to support the non-major activities. Fiduciary Funds are reported by fiduciary type (private-purpose trusts and custodial funds).

Governmental Funds: Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the government-wide financial statements.

An annual appropriated budget is adopted for the general fund and a comparison statement has been provided to demonstrate compliance with the budget.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The fiduciary fund category consists of two classifications: private purpose and custodial funds. The Town's custodial fund accounts for the performance deposits held by the Town for developers, capital reserve funds of the Hampstead School District, property taxes collected on behalf of Hampstead School District and Rockingham County, and motor vehicle fees collected on behalf of the State of New Hampshire. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the accrual basis of accounting.

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

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by the Governmental Accounting Standards Board (GASB). Additional combining statements and schedules are presented immediately following the notes to the financial statements.

B. FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the Town exceeded total liabilities and deferred inflows of resources at fiscal year ending December 31, 2022 with a balance of \$4,101,608 (Total net position) which is an increase from the balance of 2021 by \$2,454,104.
- As of the close of the fiscal year 2022, the Town's governmental funds reported a combined ending fund balance of \$3,766,008 which is an increase of \$1,424,446 from 2021.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	2022	2021
Current Assets	\$ 4,451,954.00	\$ 2,959,058.00
Capital Assets	\$ 5,483,691.00	\$ 4,519,202.00
Total Assets	\$ 9,935,645.00	\$ 7,478,260.00
Deferred Outflows of Resources	\$ 1,177,574.00	\$ 1,279,263.00
Current Liabilities	\$ 689,800.00	\$ 683,077.00
Non Current Liabilities	\$ 6,120,432.00	\$ 5,225,913.00
Total Liabilities	\$ 6,810,232.00	\$ 5,908,990.00
Deferred Inflows of Resources	\$ 201,379.00	\$ 1,201,029.00
Net investment in Capital Assets	\$ 5,032,969.00	\$ 4,039,790.00
Restricted	\$ 888,811.00	\$ 928,444.00
Unrestricted	\$ (1,820,172.00)	\$ (3,022,747.00)
Total Net Position	\$ 4,101,608.00	\$ 1,647,504.00

Net Position

As stated earlier, the Town’s net position (the amount of assets and deferred outflows of resources exceed liabilities and deferred inflows of resources) from governmental activities totaled \$4,101,608 at the end of 2022, an increase of \$2,454,104 when compared to the end of the previous year.

GASB 34 required the recording of Town’s investment in capital assets (land, building, machinery and equipment, vehicles, etc.) at cost, calculating the accumulated depreciation and arriving at net capital assets. The total noncurrent assets at December 31, 2022 amounted to \$4,451,954 which is an increase of \$1,492,896 from December 31, 2021. The recognition of the capital assets, net accumulated depreciation, is required to be reported in government-wide statements.

Keeping in mind that net position may serve over time as a useful indicator of a government’s financial position, it should be noted that the Town’s collections in property tax revenue, taxes and licenses, as well as a 96% property tax collection rate for 2021 property tax billing have also had impact on financial operations.

Statement of Activities

The Town’s total revenue for fiscal 2022 of \$11,215,161 exceeded the total expenses of \$8,761,057 resulting in a net position increase of \$2,454,104. The excess of revenues before contributions to permanent fund principal was \$2,445,642.

The following is a summary of condensed government-wide financial data of the net position for the current year and the prior year as required under GASB 34 rules.

		2022	2021	Increase (Decrease)	% Change
Revenues:					
Program Revenues:					
Charges for Services		\$ 454,812	\$ 373,276	\$ 81,536	22%
Operating and Capital Grants & Contributions		\$ 653,448	\$ 648,276	\$ 5,172	1%
Capital Grants & Contributions		\$ 436,237	\$ -	\$ 436,237	100%
General Revenue:					
Property & Other Taxes		\$ 6,318,439	\$ 3,230,744	\$3,087,695	96%
Licenses & Permits		\$ 2,575,685	\$ 2,622,526	\$ (46,841)	-2%
Intergovernmental		\$ 794,465	\$ 642,070	\$ 152,395	24%
Interest Investment Income		\$ (128,601)	\$ 92,713	\$ (221,314)	-239%
Miscellaneous		\$ 102,214	\$ 153,802	\$ (51,588)	-34%
Contributions to Permanent Funds		\$ 8,462	\$ 3,562	\$ 4,900	138%
Total Revenues		\$11,215,161	\$ 7,766,969	\$3,448,192	44%
Expenses:					
General Government		\$ 2,058,766	\$ 1,862,462	\$ 196,304	11%
Public Safety		\$ 3,572,963	\$ 3,512,509	\$ 60,454	2%
Highway & Streets		\$ 1,116,128	\$ 949,009	\$ 167,119	18%
Sanitation		\$ 730,197	\$ 735,424	\$ (5,227)	-1%
Health & Welfare		\$ 121,613	\$ 118,943	\$ 2,670	2%
Culture & Recreation		\$ 1,136,553	\$ 916,562	\$ 219,991	24%
Conservation		\$ 9,758	\$ 20,704	\$ (10,946)	-53%
Interest & Fiscal Charges		\$ 15,079	\$ 22,108	\$ (7,029)	-32%
Total Expenses		\$ 8,761,057	\$ 8,137,721	\$ 623,336	8%
Changes in Net Position		\$ 2,454,104	\$ (370,752)	\$2,824,856	762%
Net Position	Beginning of Year, as restated	\$ 1,647,504	\$ 2,018,256	\$ (370,752)	-18%
Net Position	End of Year	\$ 4,101,608	\$ 1,647,504	\$2,454,104	149%

Property and other taxes amounted to \$6,318,439 in revenues. Licenses and permits amounted to \$2,575,685 in revenue. Other revenues consisted of municipal aid, rooms and meals tax distribution, interest and investment earnings, and miscellaneous revenues.

The Town's \$8,761,057 in expenses covered a range of services such as the Highway department and Sanitation expenses which amounted to \$1,846,325. Public safety amounted to \$3,572,963 along with General Government at \$2,058,766. Culture and Recreation was at \$1,136,553, Conservation at \$9,758 and Health and Welfare at \$121,613.

D. FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the 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 or to use to offset the tax rate. As of the end of the current fiscal year, governmental funds reported a combined ending fund balances of \$3,766,008, an increase of \$1,424,446 in comparison with the prior year.

The general fund is the chief operating fund of the Town. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. At the end of the current fiscal year, the general fund had an unassigned fund balance of \$965,230.

The goal of the Town of Hampstead is to retain an unreserved fund balance of 8%-15% of total appropriations. For fiscal 2022 total Town appropriations (not including school or county) amounted to \$10,063,866. Setting the unassigned fund balance from the ranges (8% to 15%) would give a fund balance from \$805,109 to \$1,509,580. The unassigned budgetary fund balance as of December 31, 2022, is \$1,150,667 (see notes to the RSI on page 36). The practice of the Hampstead Board of Selectmen historically is to retain on the lower end of the range.

Permanent Funds: Total fund balance of this major governmental fund decreased by (\$150,692) in fiscal 2022.

Cable Advisory Board Fund: Total fund balance of this major governmental fund increased by \$14,302 in fiscal 2022.

Police Special Details Fund: Total fund balance of this major governmental fund decreased by (\$3,011) in fiscal 2022.

Other Governmental Funds: Total fund balance in the other governmental funds increased by \$53,381 in fiscal 2022.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, budgets for both appropriations and revenues increased by offsetting amounts for unanticipated revenues received from several outside sources totaling \$166,887. Additionally, the original budget decreased by (\$1,469,270) due to carryforward appropriations into the subsequent year.

The actual budgetary revenues were up overall compared to the budget for estimated revenues by \$242,730. Property and other Taxes were more than the budgeted amount by \$64,252. Intergovernmental revenue was up by \$128,208 due to additional State funding. Licenses and Permits were down by \$38,274, Charges for Services was also up by \$37,143,

and miscellaneous income was up by \$6,215. Interest income revenue exceeded budgeted estimates by \$45,186 at year end due to favorable interest rates.

All of the Departments underspent their budget. The total underspent amounted to a combined total of \$333,311.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Town's investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$9,891,173. Accumulated depreciation amounts to \$4,460,737, leaving a net book value of \$5,430,436. This investment in capital assets includes vehicles and equipment, land, buildings, and improvements.

Additional information on the Town's capital assets can be found in Note 6 of the Notes to the Basic Financial Statements.

Debt Administration: The Town of Hampstead has various finance purchase obligations for equipment items such as for the Highway Department truck, the Building Department truck, Sanitation Department's rollout carts, and a fire truck. All of the agreements have an escape clause pending appropriation. At the December 31, 2022, the balances for these finance purchase obligations are \$463,974. The payments are aged out as far as 2026. See note 7 - Long Term Obligations for more information.

Net Pension Liability & OPEB: In the fiscal year ending December 31, 2015, The Town of Hampstead implemented GASB No. 68. See Note 9 for further information. In the fiscal year ending December 31, 2018, the Town of Hampstead implemented GASB 75, and see Note 8 for further information.

Fair Value Measurement of Investments: The Town of Hampstead implemented GASB Statement 72, *Fair Value Measurement and Application*, which categorized the fair measurements of its investments within the fair value hierarchy established by accounting principles of generally accepted in the United States. There are three levels and the Town of Hampstead has Mutual Funds in the amount of \$607,073 at Level 1. See note 4 for further information.

Leases

During the year ending December 31, 2022, the Town implemented GASB Statement No. 87. The town is required to record leases receivable and deferred inflows of resources for its leasing arrangements as a lessor. See Note 3 for information on the impact of adopting this new standard, which included recognizing a lease receivable of \$76,690 as of January 1, 2022. It was offset by recognition of deferred inflows of resources for the related issues.

ECONOMIC FACTORS

The fiscal year 2022 the town returned to all normal operations, such as the summer recreation program, more senior trips, and more programs at the library. The Town of Hampstead received funds from the Federal Government, called ARPA funds. American Rescue Plan Act provided the Town of Hampstead a total sum of \$903,681.04, with half received in 2021 and half in 2022. These funds allowed the town to purchase capital equipment. The Hampstead Fire Department built an addition to the Central Fire Station with a one-time appropriation request of \$1,745,793. Work started late in 2022, so the funds will carry over to 2023.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of Hampstead's citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Hampstead, Selectmen's Office at 11 Main Street, Hampstead, NH 03841.

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

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 3,249,375
Investments	784,604
Taxes receivable, net	324,041
Accounts receivable	40,405
Due from other governments	40,703
Prepaid items	816
Current portion of lease receivable	12,010
Total Current Assets	<u>4,451,954</u>
Noncurrent Assets:	
Lease receivable	53,255
Capital assets:	
Non-depreciable capital assets	1,301,826
Depreciable capital assets, net	4,128,610
Total Noncurrent Assets	<u>5,483,691</u>
Total Assets	<u>9,935,645</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB liability	25,952
Deferred outflows related to net pension liability	1,151,622
Total Deferred Outflows of Resources	<u>1,177,574</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	908
Accrued liabilities	92,576
Retainage payable	64,743
Advances from grantors	339,829
Current portion of financed purchase obligations payable	166,646
Current portion of compensated absences payable	25,098
Total Current Liabilities	<u>689,800</u>
Noncurrent Liabilities:	
Financed purchase obligations payable	297,328
Compensated absences payable	281,399
OPEB liability	398,402
Net pension liability	5,143,303
Total Noncurrent Liabilities	<u>6,120,432</u>
Total Liabilities	<u>6,810,232</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to lease receivable	63,908
Deferred inflows related to net pension liability	137,471
Total Deferred Inflows of Resources	<u>201,379</u>
NET POSITION	
Net investment in capital assets	5,032,969
Restricted	888,811
Unrestricted (deficit)	(1,820,172)
Total Net Position	<u>\$ 4,101,608</u>

See accompanying notes to the basic financial statements

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

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental Activities:					
General government	\$ 2,058,766	\$ 81,608	\$ 39,243		\$ (1,937,915)
Public safety	3,572,963	275,709	95,561	\$ 378,468	(2,823,225)
Highways and streets	1,116,128	576	460,910		(654,642)
Sanitation	730,197	29,752			(700,445)
Health and welfare	121,613				(121,613)
Culture and recreation	1,136,553	67,167	57,734	57,769	(953,883)
Conservation	9,758				(9,758)
Interest and fiscal charges	15,079				(15,079)
Total governmental activities	<u>\$ 8,761,057</u>	<u>\$ 454,812</u>	<u>\$ 653,448</u>	<u>\$ 436,237</u>	<u>(7,216,560)</u>
General revenues:					
Property and other taxes					6,318,439
Licenses and permits					2,575,685
Grants and contributions:					
Rooms and meals tax distribution					794,465
Interest and investment earnings (loss)					(128,601)
Miscellaneous					102,214
Contributions to permanent fund principal					<u>8,462</u>
Total general revenues and contributions to permanent fund principal					<u>9,670,664</u>
Change in net position					2,454,104
Net Position at beginning of year					<u>1,647,504</u>
Net Position at end of year					<u>\$ 4,101,608</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Permanent Funds	Cable Advisory Board Fund	Police Special Details Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,397,271	\$ 39,176	\$ 498,627	\$ 77,768	\$ 236,533	\$ 3,249,375
Investments	266,744	517,860				784,604
Taxes receivable, net	324,041					324,041
Accounts receivable				40,405		40,405
Due from other governments	40,703					40,703
Due from other funds	104,123				250	104,373
Prepaid items	816					816
Total Assets	<u>3,133,698</u>	<u>557,036</u>	<u>498,627</u>	<u>118,173</u>	<u>236,783</u>	<u>4,544,317</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 3,133,698</u>	<u>\$ 557,036</u>	<u>\$ 498,627</u>	<u>\$ 118,173</u>	<u>\$ 236,783</u>	<u>\$ 4,544,317</u>
LIABILITIES						
Accounts payable	\$ 908					\$ 908
Accrued liabilities	83,019					83,019
Retainage payable	64,743					64,743
Due to other funds	250	\$ 1,378	\$ 42,142	\$ 60,603		104,373
Advances from grantors	339,829					339,829
Total Liabilities	<u>488,749</u>	<u>1,378</u>	<u>42,142</u>	<u>60,603</u>	<u>\$ -</u>	<u>592,872</u>
DEFERRED INFLOWS OF RESOURCES						
Uncollected property taxes	185,437					185,437
Total Deferred Inflows of Resources	<u>185,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,437</u>
FUND BALANCES						
Nonspendable	816	458,446				459,262
Restricted	304,296	97,212			28,857	430,365
Committed	1,176,316		456,485	57,570	196,377	1,886,748
Assigned	12,854				11,549	24,403
Unassigned	965,230					965,230
Total Fund Balances	<u>2,459,512</u>	<u>555,658</u>	<u>456,485</u>	<u>57,570</u>	<u>236,783</u>	<u>3,766,008</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,133,698</u>	<u>\$ 557,036</u>	<u>\$ 498,627</u>	<u>\$ 118,173</u>	<u>\$ 236,783</u>	<u>\$ 4,544,317</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 3,766,008
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,430,436
Long-term assets are not available to pay current period expenditures and, therefore, are not reported in governmental funds. Long-term assets at year end consist of:	
Lease receivable	65,265
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	185,437
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds:	
Deferred outflows of resources related to OPEB liability	25,952
Deferred outflows of resources related to net pension liability	1,151,622
Deferred inflows of resources related to net pension liability	(137,471)
Deferred inflows of resources related to lease receivable	(63,908)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Financed purchase obligations payable	(463,974)
Accrued interest on long-term obligations	(9,557)
Compensated absences payable	(306,497)
OPEB liability	(398,402)
Net pension liability	<u>(5,143,303)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 4,101,608</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Permanent Funds	Cable Advisory Board Fund	Police Special Details Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 6,243,398				\$ 24,500	\$ 6,267,898
Licenses and permits	2,480,067		\$ 95,618			2,575,685
Intergovernmental	1,884,150					1,884,150
Charges for services	276,821			\$ 139,864	38,127	454,812
Interest and investment income (loss)	26,457	\$ (157,026)	478	351	1,139	(128,601)
Miscellaneous	79,212	8,462			21,645	109,319
Total Revenues	<u>10,990,105</u>	<u>(148,564)</u>	<u>96,096</u>	<u>140,215</u>	<u>85,411</u>	<u>11,163,263</u>
Expenditures:						
Current operations:						
General government	1,978,251					1,978,251
Public safety	3,289,090			143,226		3,432,316
Highways and streets	1,116,530					1,116,530
Sanitation	806,182				1,443	807,625
Health and welfare	121,613					121,613
Culture and recreation	965,665		81,794		30,516	1,077,975
Conservation	9,687				71	9,758
Capital outlay	1,235,587					1,235,587
Total Expenditures	<u>9,522,605</u>	<u>-</u>	<u>81,794</u>	<u>143,226</u>	<u>32,030</u>	<u>9,779,655</u>
Excess revenues over (under) expenditures	<u>1,467,500</u>	<u>(148,564)</u>	<u>14,302</u>	<u>(3,011)</u>	<u>53,381</u>	<u>1,383,608</u>
Other financing sources (uses):						
Financed purchase obligation issuances	40,838					40,838
Transfers in	2,128				15,000	17,128
Transfers out		(2,128)			(15,000)	(17,128)
Total Other financing sources (uses)	<u>42,966</u>	<u>(2,128)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,838</u>
Net change in fund balances	1,510,466	(150,692)	14,302	(3,011)	53,381	1,424,446
Fund Balances at beginning of year	<u>949,046</u>	<u>706,350</u>	<u>442,183</u>	<u>60,581</u>	<u>183,402</u>	<u>2,341,562</u>
Fund Balances at end of year	<u>\$ 2,459,512</u>	<u>\$ 555,658</u>	<u>\$ 456,485</u>	<u>\$ 57,570</u>	<u>\$ 236,783</u>	<u>\$ 3,766,008</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1

TOWN OF HAMPSTEAD, 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 December 31, 2022

Net Change in Fund Balances - Governmental Funds (Exhibit D) \$ 1,424,446

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

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 as depreciation expense. Depreciation expense and capital outlays in the current period are as follows:

Capital outlay	1,271,932
Depreciation expense	(360,698)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	50,541
Lease income	1,357

Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments are as follows:

Financed purchase obligation principal paid	191,150
---------------------------------------------	---------

Proceeds from issuances of long-term obligations are reported as other financing sources in the governmental funds, but a long-term debt issuance increases long-term liabilities in the statement of net position. Current year long-term issuances are as follows:

Financed purchase obligation issuances	(40,838)
----------------------------------------	----------

In the statement of activities, interest is accrued on long-term obligations, whereas in governmental funds, an interest expenditure is reported when due.

5,270

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. These expenses are from the following activities:

Compensated absences	(26,777)
----------------------	----------

Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.

Net changes in OPEB	31,726
Net changes in pension	(94,005)

Change in Net Position of Governmental Activities (Exhibit B) \$ 2,454,104

EXHIBIT E
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents		\$ 13,592,983
Investments	\$ 34,620	
Taxes receivable		754,074
Total Assets	<u>34,620</u>	<u>14,347,057</u>
LIABILITIES		
Accounts payable		96
Due to other governments		13,198,420
Total Liabilities	<u>-</u>	<u>13,198,516</u>
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments		1,148,541
Held in trust	34,620	
Total Net Position	<u>\$ 34,620</u>	<u>\$ 1,148,541</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Investment earnings:		
Interest income (loss)	\$ (10,917)	\$ 6,745
Total Investment earnings	<u>(10,917)</u>	<u>6,745</u>
Property tax collections for other governments		25,504,633
Motor vehicle fee collections for other governments		670,922
Miscellaneous		618,456
Total Additions	<u>(10,917)</u>	<u>26,800,756</u>
DEDUCTIONS:		
Payments to others		289,426
Payments of property tax to other governments		25,504,633
Payments of motor vehicle fees to other governments		670,922
Benefits paid to other governments		1,160,000
Total Deductions	<u>-</u>	<u>27,624,981</u>
Change in net position	(10,917)	(824,225)
Net Position at beginning of year	<u>45,537</u>	<u>1,972,766</u>
Net Position at end of year	<u>\$ 34,620</u>	<u>\$ 1,148,541</u>

See accompanying notes to the basic financial statements

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Hampstead, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Hampstead, New Hampshire (the Town) was incorporated in 1749. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions as authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the Town's major governmental funds:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

The *Permanent Funds* account for the financial transactions related to resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs.

The *Cable Advisory Board Fund* accounts for the resources and related expenditures that support the cable advisory board.

The *Police Special Details Fund* accounts for the resources and related expenditures that support the police special detail activities.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The Town maintains two categories of fiduciary funds known as private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains one private-purpose trust which accounts for school programs. The Town's custodial funds are held and administered by the Town for the benefit of others; assets are not available to support the Town or its programs. The Town's custodial funds account for the performance deposits held by the Town for developers, capital reserve funds of the Hampstead School District, which are held by the Town as required by state law, property taxes collected on behalf of Hampstead School District and Rockingham County, and motor vehicle fees collected on behalf of the State of New Hampshire.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 13). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for service, and interest on investments.

Licenses and permits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2022 are recorded as receivables net of reserves for estimated uncollectibles of \$37,941.

Lease Receivable and Related Deferred Inflows of Resources

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. The Town does not have such an allowance. The lease did not provide an implicit interest rate; therefore, the Town uses their incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease receivable. The deferred inflows of resources is measured at the initial measurement of the lease receivable, plus any lease payments received at or before commencement of the lease term, less any lease incentives. The deferred inflows of resources is amortized using the straight-line method over the term of the related lease.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets, including infrastructure, are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town’s infrastructure consists of traffic lights. The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Infrastructure	25
	Land improvements	20-25
	Buildings and improvements	10-40
	Vehicles and equipment	3-20

Compensated Absences

Full-time non-union employees earn personal days, based upon length of service, up to a maximum of 34 days per year. Upon termination or retirement, employees shall receive payment for any unused accumulated personal days up to 60 days. Police employees earn vacation time based upon length of service up to 20 days per year. They may carryover up to 20 days and upon termination, retirement or death, they will be paid for all accumulated vacation time at their current rate of pay. Police employees also earn personal time of 12 days per year which can be accumulated up to a maximum of 75 days. Police employees are eligible to receive 50% of their balance of personal time upon termination or retirement.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

Except for the obligation for certain other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

the extent that they are due for payment during the current year. Other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

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 New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's 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 the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings 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. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- ***Nonspendable Fund Balance***: Amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact (such as principal of permanent trust or endowment fund).
- ***Restricted Fund Balance***: Funds legally restricted for specific purposes such as grant, library, income balance of permanent funds, and capital project funds. Restrictions may be changed or

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

lifted only with the consent of the resource provider (grantors) or enabling legislation (Federal or State law).

- ***Committed Fund Balance:*** Amounts that can only be used for a specific purpose determined by a formal action of the Town's highest level of decision making authority (Annual Town Meeting): such as expendable trusts (capital reserve), non-lapsing appropriations and other Special Revenue Funds not listed under Restricted can change purposing by a vote at town meetings.
- ***Assigned Fund Balance:*** Amounts that are not obligated or specifically designated and are available for any purpose. For all government funds other than the General Fund, any remaining positive amounts are to be classified as "assigned". The Selectmen expressly delegates this authority to the Town Administration or Finance Director depending on the situation.
- ***Unassigned Fund Balance:*** Amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another fund is also classified as "unassigned".

Spending Prioritizations

In instances when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be applied, committed resources are to be applied first, followed by assigned and unassigned amounts.

Deficit Fund Balance

Pursuant to the Town's policy at year end, if any of the special revenue funds has a deficit unassigned fund balance, the Board of Selectmen is authorized to transfer funds from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

Minimum Level of Unassigned Fund Balance

The Town strives to maintain an unassigned fund balance in its General Fund equal to 8-15% of the total annual appropriations of the community. Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Postemployment Benefits

The Town did not implement the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as it pertains to its single employer OPEB plan. Statement 75 requires governments to account for certain other postemployment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The single employer provisions of GASB Statement 75 were required to be implemented by the Town during the year ended December 31, 2018. The Town has only implemented the provisions of GASB Statement 75 as it pertains to its cost-sharing multiple-employer defined benefit OPEB plan (see Note 7).

NOTE 3—CHANGE IN ACCOUNTING PRINCIPLE

During the year, the Town implemented GASB Statement No. 87, *Leases*. The effective date of this standard was for years beginning after June 15, 2021, and is required to be applied retroactively. Under Statement No. 87, the Town is required to record leases receivable and deferred inflows of resources for its leasing arrangements as a lessor. The Town recognized \$76,690 in lease receivable as of January 1, 2022, due to the implementation of GASB Statement No. 87. However, this entire amount was offset by recognition of deferred inflows of resources for the related leases, with no impact to net position as of January 1, 2022.

Additionally, under GASB Statement No. 87, a lease liability and an intangible right to use asset is recognized for leasing arrangements where the Town is the lessee. The Town has entered into various rental agreements as lessee for buildings and equipment. Management has determined that the effect of implementing GASB Statement No. 87 related to these leases is immaterial to its financial statements.

NOTE 4—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 3,249,375
Investments	784,604
Statement of Fiduciary Net Position:	
Cash and cash equivalents	13,592,983
Investments	34,620
Total deposits and investments	<u>\$ 17,661,582</u>

Deposits and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	\$ 16,892,026
Investments	769,556
Total deposits and investments	<u>\$ 17,661,582</u>

The Town's investment policy requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended December 31, 2022

limits its investments to demand deposits, money market accounts, certificates of deposit and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool, in accordance with New Hampshire State law (RSA 197:23-a). Responsibility for the investments of the Trust Funds is with the Trustees of Trust Funds. Investments of the library funds are at the discretion of the Library Trustees.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of December 31, 2022, the Town’s investments in mutual funds totaling \$607,073 are not rated. At year end, the Town’s investment in NHPDIP, an external investment pool, in the amount of \$162,483, had a rating of *Aaa-mf*.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

In accordance with the Town’s investment policy, all funds must be secured by collateral having a market value of at least equal to 102% of the amount deposited or invested. The collateral shall only consist of securities in which Towns may invest, as provided in New Hampshire State law (RSA 368:57).

Of the Town’s deposits with financial institutions at year end, \$15,921,752 was collateralized by securities held by the bank in the Town’s name and \$34,332 was uninsured and uncollateralized at year end.

As of December 31, 2022, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

	<u>Investment Type</u>	Reported <u>Amount</u>
Mutual funds		\$ <u>607,073</u>

Fair Value Measurement of Investments

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- *Level 1 Inputs* - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

As of December 31, 2022, the Town’s investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Total</u>
	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	
Mutual funds	<u>\$ 607,073</u>	<u> </u>	<u> </u>	<u>\$ 607,073</u>

Mutual funds classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by State law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP’s website at www.NHPDIP.com.

The Town’s exposure to derivatives is indirect through its participation in the NHPDIP. The Town’s proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 5—LEASE RECEIVABLE

The Town has entered into an agreement to lease land to an independent company for a cell tower. This lease agreement commenced in November 2017 for a five- year term, and then included term options of five separate and consecutive five-year periods, of which are all reasonably expected to be extended. Lease income is payable in monthly installments of \$1,250. As of December 31, 2022, the lease receivable balance is \$65,265. Additionally, as of December 31, 2022 deferred inflows related to the lease receivable amounted to \$63,908 representing lease income to be recognized in future periods. See note 18 for the subsequent event relative to the cell tower lease.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

NOTE 6—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2022</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 654,396			\$ 654,396
Construction in process		\$ 647,430		647,430
Total capital assets not being depreciated	<u>654,396</u>	<u>647,430</u>	<u>\$ -</u>	<u>1,301,826</u>
Other capital assets:				
Infrastructure	183,333			183,333
Land improvements	76,129			76,129
Buildings and improvements	4,136,739	50,769		4,187,508
Vehicles and equipment	<u>3,611,824</u>	<u>573,733</u>	<u>(43,180)</u>	<u>4,142,377</u>
Total other capital assets at historical cost	<u>8,008,025</u>	<u>624,502</u>	<u>(43,180)</u>	<u>8,589,347</u>
Less accumulated depreciation for:				
Infrastructure	(120,385)	(7,333)		(127,718)
Land improvements	(30,041)	(3,606)		(33,647)
Buildings and improvements	(1,906,465)	(110,257)		(2,016,722)
Vehicles and equipment	<u>(2,086,328)</u>	<u>(239,502)</u>	<u>43,180</u>	<u>(2,282,650)</u>
Total accumulated depreciation	<u>(4,143,219)</u>	<u>(360,698)</u>	<u>43,180</u>	<u>(4,460,737)</u>
Total other capital assets, net	<u>3,864,806</u>	<u>263,804</u>	<u>-</u>	<u>4,128,610</u>
Total capital assets, net	<u>\$ 4,519,202</u>	<u>\$ 911,234</u>	<u>\$ -</u>	<u>\$ 5,430,436</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 27,563
Public safety	227,915
Highways and streets	64,877
Culture and recreation	40,343
	<u>\$ 360,698</u>

NOTE 7—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2022 are as follows:

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Current</u> <u>Portion</u>
Governmental activities:					
Financed purchase obligations payable	\$ 614,286	\$ 40,838	\$ (191,150)	\$ 463,974	\$ 166,646
Compensated absences payable	<u>279,720</u>	<u>36,545</u>	<u>(9,768)</u>	<u>306,497</u>	<u>25,098</u>
	<u>\$ 894,006</u>	<u>\$ 77,383</u>	<u>\$ (200,918)</u>	<u>\$ 770,471</u>	<u>\$ 191,744</u>

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

Payments on financed purchase obligations are paid out of the General Fund. Compensated absences will be paid from the fund where the employee’s salary is paid.

Financed Purchase Obligations

Financed purchase obligations represent contractual agreements entered into for the acquisition of equipment. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are budgeted annually in the applicable function. Following are the outstanding financed purchase obligations at December 31, 2022:

Rollout carts due in annual installments of \$77,428 through April 2023, including interest at 6.72%	\$ 66,507
Fire Truck due in annual installments of \$79,525 through March 2026, including interest at 2.07%	302,332
Chevy Silverado due in annual installments of \$12,694 through April 2025, including interest at 2.97%	35,927
Chevy Colorado due in annual installments of \$6,606 through June 2025, including interest at 3.89%	18,370
Ford F-550 due in annual installments of \$11,777 through November 2026, including interest at 5.97%	40,838
	<u>\$ 463,974</u>

Debt service requirements to retire financed purchase obligations outstanding at December 31, 2022 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 166,646	\$ 14,933	\$ 181,579
2024	102,784	7,818	110,602
2025	105,514	5,089	110,603
2026	89,030	2,273	91,303
	<u>\$ 463,974</u>	<u>\$ 30,113</u>	<u>\$ 494,087</u>

NOTE 8—OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. The OPEB plan is closed to new entrants.

Benefits Provided

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA 100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of public safety employees and general employees were 3.21% and 0.31%, respectively, for the year ended December 31, 2022. Contributions to the OPEB plan for the Town were \$47,223 for the year ended December 31, 2022. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2022, the Town reported a liability of \$398,402 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the Town's proportion was approximately 0.1054 percent, which was an increase of 0.0003 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$15,582. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,089	
Town contributions subsequent to the measurement date	<u>24,863</u>	
Totals	<u>\$ 25,952</u>	<u>\$ -</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$25,952. The Town reported \$24,863 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 181
2024	47
2025	(428)
2026	<u>1,289</u>
	<u>\$ 1,089</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were 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.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on OPEB 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

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public equity	50%	7.60-7.90%
Private market equity	20%	6.60-8.85%
Private debt	5%	7.25%
Fixed income	25%	3.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the Town’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the Town’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 432,533	\$ 398,402	\$ 368,676

NOTE 9—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

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>	<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%

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town’s contribution rates for the covered payroll of police officers, fire employees, and general employees were 30.67%, 29.78%, and 13.75%, respectively, for the year ended December 31, 2022. The Town contributed 100% of the employer cost for public safety and general employees of the Town.

Per RSA 100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial funding policy. The Town's pension contributions to the NHRS for the year ending December 31, 2022 were \$553,293.

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

At December 31, 2022, the Town reported a liability of \$5,143,303 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

employers or NHRS. At June 30, 2022, the Town’s proportion was approximately 0.0897 percent, which was a decrease of 0.0029 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$648,078. At December 31, 2022, 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	\$ 96,531	\$ 19,744
Change in assumptions	273,583	
Net difference between projected and actual investment earnings on pension plan investments	194,925	
Changes in proportion and differences between Town contributions and proportionate share of contributions	297,727	117,727
Town contributions subsequent to the measurement date	<u>288,856</u>	
Totals	<u>\$ 1,151,622</u>	<u>\$ 137,471</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$1,014,151. The Town reported \$288,856 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

Year Ending <u>June 30,</u>	
2023	\$ 302,844
2024	239,884
2025	(59,930)
2026	<u>242,497</u>
	<u>\$ 725,295</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were 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.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public equity	50%	7.60-7.90%
Private market equity	20%	6.60-8.85%
Private debt	5%	7.25%
Fixed income	25%	3.60%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. 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 collective pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town's proportionate share of the net pension liability	\$ 6,901,017	\$ 5,143,303	\$ 3,681,928

NOTE 10—INTERFUND BALANCES AND TRANSFERS

The Town incurs various interfund balances throughout the year as a result of timing differences between when amounts expended are reimbursed by the various funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2022 are as follows:

	<u>General Fund</u>	<u>Permanent Funds</u>	<u>Due from Cable Advisory Board Fund</u>	<u>Police Special Details Fund</u>	<u>Total</u>
Due to General Fund		\$ 1,378	\$ 42,142	\$ 60,603	\$ 104,123
Nonmajor Governmental Funds	\$ 250				250
	<u>\$ 250</u>	<u>\$ 1,378</u>	<u>\$ 42,142</u>	<u>\$ 60,603</u>	<u>\$ 104,373</u>

During the year, several transactions occurred between funds. Transfers out of the Permanent Funds to the General Fund were to distribute income. Transfers from the Conservation Commission Fund (a Nonmajor Governmental Fund) to the Forestry Fund (a Nonmajor Governmental Fund) were made in accordance with budgetary authorization.

Interfund transfers during the year ended December 31, 2022 are as follows:

	<u>Permanent Funds</u>	<u>Transfer from Nonmajor Governmental Funds</u>	<u>Totals</u>
Transfer to General Fund	\$ 2,128		\$ 2,128
Nonmajor Governmental Funds		\$ 15,000	15,000
	<u>\$ 2,128</u>	<u>\$ 15,000</u>	<u>\$ 17,128</u>

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

NOTE 11—RESTRICTED NET POSITION

Net position of governmental activities is restricted for specific purposes at December 31, 2022 as follows:

Permanent Funds - Principal	\$ 458,446
Permanent Funds - Income	97,212
Police Drug Forfeiture Funds	2,878
Friends of Ordway Park Fund	7,537
Recreation Donation Fund	15,348
Police Donation Trust Fund	472
Basketball Court Donations Trust Fund	2,622
SB401 Highway Block Grant	170,613
Library Fund	133,683
	<u>\$ 888,811</u>

NOTE 12—COMPONENTS OF FUND BALANCE

The Town's fund balance components for its governmental funds at December 31, 2022 are comprised as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Permanent Funds</u>	<u>Cable Advisory Board Fund</u>	<u>Police Special Details Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>						
Permanent Funds - Principal		\$ 458,446				\$ 458,446
Prepaid items	\$ 816					816
<i>Restricted for:</i>						
Permanent Funds - Income		97,212				97,212
Police Drug Forfeiture Funds					\$ 2,878	2,878
Friends of Ordway Park					7,537	7,537
Recreation Donations Trust Fund					15,348	15,348
Police Donation Trust Fund					472	472
Basketball Court Donations Trust Fund					2,622	2,622
SB401 Highway Block Grant	170,613					170,613
Library Fund	133,683					133,683

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For the Year Ended December 31, 2022

Committed for:

Cable Advisory Board Fund		\$ 456,485		456,485
Police Special Details Fund			\$ 57,570	57,570
Recreation Revolving Fund			25,195	25,195
Conservation Commission Fund			129,358	129,358
Capital Reserve Fund	46,875			46,875
Recycling Revolving Fund			6,177	6,177
Cemetery Trust Fund			34,331	34,331
Forestry Fund			1,316	1,316
Carryforward appropriations	1,129,441			1,129,441

Assigned for:

Encumbrances	12,672			12,672
OHRV Fund	182			182
Historic District Commission Fund			7,268	7,268
Trails Fund			4,281	4,281

Unassigned

	965,230				965,230
	<u>\$ 2,459,512</u>	<u>\$ 555,658</u>	<u>\$ 456,485</u>	<u>\$ 57,570</u>	<u>\$ 236,783</u>
					<u>\$ 3,766,008</u>

NOTE 13—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$1,354,547,114 as of April 1, 2022) and are due in two installments on July 1, 2022 and December 30, 2022. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum. Priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Hampstead School District and Rockingham County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$24,330,257 and \$1,174,376 for the Hampstead School District and Rockingham County, respectively. These taxes are recognized in these financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

NOTE 14—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2022, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2022.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 15—COMMITMENTS AND CONTINGENCIES

Sanitation Contract

During the year ended 2018, the Town entered into a long-term contract with an independent company for the collection and disposal of solid waste through December 31, 2023. Terms of the agreement are for a 5-year contract period starting December 31, 2018 with the independent company to provide municipal waste, bulk waste, and recycling services for the Town. The contract costs will be a minimum of \$510,000 for years one through five. The cost for the disposal services for year one is \$65 per ton, which increased \$2 per year for a final cost of \$73 per ton in year five. The cost for the curbside bulky collection is \$26 per sticker, \$186 per haul, and \$101 per ton disposal per year. The cost for containerized services is \$6,950 per year. Total expenditures under this contract for the year ended December 31, 2022 were \$683,889.

Litigation

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. The Town's management estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

NOTE 16—PERFORMANCE BONDS

The Town holds performance bonds from developers until projects have been completed to Town standards. Due to the nature of the bonds they are not included as part of the financial statements. As of December 31, 2022, the performance bonds are comprised of the following:

Letters of credit	<u>\$ 266,235</u>
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NOTE 17— RECLASSIFICATION OF FUND BALANCE

During the year ended December 31, 2022, it was determined funds that were previously reported as part of the Conservation Commission Fund (a Nonmajor Governmental Fund) should be reported separately in the Forestry Fund (a Nonmajor Governmental Fund). The total amount reclassified between the two Nonmajor Governmental Funds was \$16,283.

NOTE 18—SUBSEQUENT EVENT

Subsequent to year end, the Town entered into an easement and assignment agreement for the cell tower and said communications. As approved at the 2022 annual meeting (warrant article number 8), the Selectmen were authorized to sell the Town's interest in the lease with the tower development company on Town property. The Selectmen signed the 'Letter of Intent to Purchase' in October 2022. Subsequent to year end, the transaction was finalized. The Selectmen signed the 'Agreement to Purchase Communications Easement' in February 2023. The Town received payment of \$320,100 in July 2023, which was equal to the agreed upon sale price of \$330,000 less closing costs. Note that this sale will result in the release of the lease receivable currently recorded at December 31, 2022, see note 4.

SCHEDULE 1
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 6,229,687	\$ 6,229,687	\$ 6,293,939	\$ 64,252
Licenses and permits	2,518,341	2,518,341	2,480,067	(38,274)
Intergovernmental	1,871,150	1,698,208	1,826,416	128,208
Charges for services	239,678	239,678	276,821	37,143
Interest income	5,914	5,914	51,100	45,186
Miscellaneous	31,092	31,092	37,307	6,215
Total Revenues	<u>10,895,862</u>	<u>10,722,920</u>	<u>10,965,650</u>	<u>242,730</u>
Expenditures:				
Current operations:				
General government	2,059,437	2,059,437	1,967,848	91,589
Public safety	3,306,813	3,382,258	3,252,782	129,476
Highways and streets	1,055,031	1,057,531	1,038,330	19,201
Sanitation	818,101	818,101	806,182	11,919
Health and welfare	144,296	144,296	121,613	22,683
Culture and recreation	154,900	154,900	97,635	57,265
Conservation	10,855	10,855	9,687	1,168
Capital outlay	<u>2,592,789</u>	<u>1,212,461</u>	<u>1,212,451</u>	<u>10</u>
Total Expenditures	<u>10,142,222</u>	<u>8,839,839</u>	<u>8,506,528</u>	<u>333,311</u>
Excess revenues over (under) expenditures	<u>753,640</u>	<u>1,883,081</u>	<u>2,459,122</u>	<u>576,041</u>
Other financing sources (uses):				
Transfers in			2,128	2,128
Transfers out	<u>(753,640)</u>	<u>(753,640)</u>	<u>(754,001)</u>	<u>(361)</u>
Total Other financing sources (uses)	<u>(753,640)</u>	<u>(753,640)</u>	<u>(751,873)</u>	<u>1,767</u>
Net change in fund balance		1,129,441	1,707,249	577,808
Fund Balance at beginning of year				
- Budgetary Basis	<u>744,288</u>	<u>744,288</u>	<u>744,288</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 744,288</u>	<u>\$ 1,873,729</u>	<u>\$ 2,451,537</u>	<u>\$ 577,808</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF HAMPSTEAD, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability

For the Year Ended December 31, 2022

<u>Measurement Period Ended</u>	Cost-Sharing Multiple Employer Plan Information Only				
	<u>Town's Proportion of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2022	0.10542873%	\$ 398,402	\$ 2,196,962	18.13%	10.64%
June 30, 2021	0.10514385%	\$ 421,056	\$ 2,167,203	19.43%	11.06%
June 30, 2020	0.09756512%	\$ 427,051	\$ 1,958,746	21.80%	7.74%
June 30, 2019	0.10359158%	\$ 454,157	\$ 1,793,689	25.32%	7.75%
June 30, 2018	0.09614094%	\$ 440,177	\$ 1,648,849	26.70%	7.53%
June 30, 2017	0.06142391%	\$ 280,851	\$ 1,542,655	18.21%	7.91%
June 30, 2016	0.06151677%	\$ 297,806	\$ 1,469,991	20.26%	5.21%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

* 10 Year schedule, historical information not available

<u>Measurement Periods</u>	Significant Actuarial Assumptions				
	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2022

Cost-Sharing Multiple Employer Plan Information Only					
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2022	\$ 47,223	\$ (47,223)	\$ -	\$ 2,360,953	2.00%
December 31, 2021	\$ 47,217	\$ (47,217)	\$ -	\$ 2,151,862	2.19%
December 31, 2020	\$ 45,537	\$ (45,537)	\$ -	\$ 1,973,367	2.31%
December 31, 2019	\$ 42,980	\$ (42,980)	\$ -	\$ 1,737,423	2.47%
December 31, 2018	\$ 45,189	\$ (45,189)	\$ -	\$ 1,720,142	2.63%
December 31, 2017	\$ 39,637	\$ (39,637)	\$ -	\$ 1,600,350	2.48%
December 31, 2016	*	*	*	*	*
December 31, 2015	*	*	*	*	*
December 31, 2014	*	*	*	*	*
December 31, 2013	*	*	*	*	*

* 10 Year schedule, historical information not available

See accompanying notes to the required supplementary information

SCHEDULE 4

TOWN OF HAMPSTEAD, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2022

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2022	0.08966502%	\$ 5,143,303	\$ 2,196,962	234.11%	65.12%
June 30, 2021	0.09255586%	\$ 4,102,001	\$ 2,167,203	189.28%	72.22%
June 30, 2020	0.08586266%	\$ 5,491,905	\$ 1,958,746	280.38%	58.72%
June 30, 2019	0.08315517%	\$ 4,001,140	\$ 1,793,689	223.07%	65.59%
June 30, 2018	0.07796001%	\$ 3,753,932	\$ 1,648,849	227.67%	64.73%
June 30, 2017	0.07606989%	\$ 3,741,112	\$ 1,542,655	242.51%	62.66%
June 30, 2016	0.07516664%	\$ 3,997,058	\$ 1,469,991	271.91%	58.30%
June 30, 2015	0.07495207%	\$ 2,969,247	\$ 1,435,275	206.88%	65.47%
June 30, 2014	0.07520567%	\$ 2,822,909	\$ 1,400,468	201.57%	66.32%
June 30, 2013	0.07210311%	\$ 3,103,162	\$ 1,334,314	232.57%	59.81%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 5

TOWN OF HAMPSTEAD, NEW HAMPSHIRE

Schedule of Town Pension Contributions

For the Year Ended December 31, 2022

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2022	\$ 553,293	\$ (553,293)	\$ -	\$ 2,360,953	23.44%
December 31, 2021	\$ 467,222	\$ (467,222)	\$ -	\$ 2,151,862	21.71%
December 31, 2020	\$ 383,990	\$ (383,990)	\$ -	\$ 1,973,367	19.46%
December 31, 2019	\$ 344,087	\$ (344,087)	\$ -	\$ 1,737,423	19.80%
December 31, 2018	\$ 346,680	\$ (346,680)	\$ -	\$ 1,720,142	20.15%
December 31, 2017	\$ 305,094	\$ (305,094)	\$ -	\$ 1,600,350	19.06%
December 31, 2016	\$ 265,637	\$ (265,637)	\$ -	\$ 1,468,104	18.09%
December 31, 2015	\$ 262,074	\$ (262,074)	\$ -	\$ 1,454,088	18.02%
December 31, 2014	\$ 245,150	\$ (245,150)	\$ -	\$ 1,408,971	17.40%
December 31, 2013	\$ 208,793	\$ (208,793)	\$ -	\$ 1,349,805	15.47%

See accompanying notes to the required supplementary information

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2022

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources and expenditures and financing uses were adjusted for encumbrances, non-budgetary activity, financed purchase obligation proceeds and budgetary transfers out.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 11,033,071	\$ 9,522,605
Difference in property taxes meeting susceptible to accrual criteria	50,541	
Encumbrances - December 31, 2022		12,672
Encumbrances - December 31, 2021		(96,745)
Financed purchase obligation proceeds	(40,838)	(40,838)
Non-budgetary activity	(74,996)	(891,166)
Budgetary transfers out		754,001
Per Schedule 1	<u>\$ 10,967,778</u>	<u>\$ 9,260,529</u>

Major Special Revenue Fund

The Town adopts its budget under regulations of the New Hampshire Department of Revenue Administration which differs from accounting principles generally accepted in the United States of America. Consequently, budgetary information is not presented for the Cable Advisory Board Fund nor the Police Special Details Fund, as the information is neither practical nor meaningful.

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2022 are as follows:

<i>Nonspendable:</i>	
Prepaid items	\$ 816
<i>Restricted:</i>	
SB401 Highway Block Grant	170,613
<i>Committed for:</i>	
Carryforward appropriations	1,129,441
<i>Unassigned:</i>	
Unassigned - General operations	<u>1,150,667</u>
	<u>\$ 2,451,537</u>

SCHEDULE A
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2022

	Recreation Revolving Fund	Historic District Commission	Trails Fund	Drug Forfeiture Fund	Conservation Commission	Friends of Ordway Park	Donations Expendable Trust Funds	Recycling Revolving Fund	Cemetery Trust Fund	Forestry Fund	Total Nonmajor Special Revenue Funds
ASSETS											
Cash and cash equivalents	\$ 25,195	\$ 7,268	\$ 4,281	\$ 2,628	\$ 129,358	\$ 7,537	\$ 18,442	\$ 6,177	\$ 34,331	\$ 1,316	\$ 236,533
Due from other funds				250							250
Total Assets	<u>25,195</u>	<u>7,268</u>	<u>4,281</u>	<u>2,878</u>	<u>129,358</u>	<u>7,537</u>	<u>18,442</u>	<u>6,177</u>	<u>34,331</u>	<u>1,316</u>	<u>236,783</u>
DEFERRED OUTFLOWS OF RESOURCES											
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 25,195</u>	<u>\$ 7,268</u>	<u>\$ 4,281</u>	<u>\$ 2,878</u>	<u>\$ 129,358</u>	<u>\$ 7,537</u>	<u>\$ 18,442</u>	<u>\$ 6,177</u>	<u>\$ 34,331</u>	<u>\$ 1,316</u>	<u>\$ 236,783</u>
LIABILITIES											
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES											
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES											
Restricted				2,878		7,537	18,442				28,857
Committed	25,195				129,358			6,177	34,331	1,316	196,377
Assigned		7,268	4,281								11,549
Total Fund Balances	<u>25,195</u>	<u>7,268</u>	<u>4,281</u>	<u>2,878</u>	<u>129,358</u>	<u>7,537</u>	<u>18,442</u>	<u>6,177</u>	<u>34,331</u>	<u>1,316</u>	<u>236,783</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,195</u>	<u>\$ 7,268</u>	<u>\$ 4,281</u>	<u>\$ 2,878</u>	<u>\$ 129,358</u>	<u>\$ 7,537</u>	<u>\$ 18,442</u>	<u>\$ 6,177</u>	<u>\$ 34,331</u>	<u>\$ 1,316</u>	<u>\$ 236,783</u>

SCHEDULE B
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022

	Recreation Revolving Fund	Historic District Commission	Trails Fund	Drug Forfeiture Fund	Conservation Commission	Friends of Ordway Park	Donations Expendable Trust Funds	Recycling Revolving Fund	Cemetery Trust Fund	Forestry Fund	Total Nonmajor Special Revenue Funds
Revenues:											
Taxes					\$ 24,500						\$ 24,500
Charges for services	\$ 38,127										38,127
Interest and investment income		\$ 54	\$ 2	\$ 20	605	\$ 57	\$ 140	\$ 47	\$ 181	\$ 33	1,139
Miscellaneous		400	2,000				9	324	18,912		21,645
Total Revenues	<u>38,127</u>	<u>454</u>	<u>2,002</u>	<u>20</u>	<u>25,105</u>	<u>57</u>	<u>149</u>	<u>371</u>	<u>19,093</u>	<u>33</u>	<u>85,411</u>
Expenditures:											
Current operations:											
Sanitation								1,443			1,443
Culture and recreation	30,220					16	280				30,516
Conservation			71								71
Total Expenditures	<u>30,220</u>	<u>-</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>280</u>	<u>1,443</u>	<u>-</u>	<u>-</u>	<u>32,030</u>
Excess revenues over (under) expenditures	7,907	454	1,931	20	25,105	41	(131)	(1,072)	19,093	33	53,381
Other financing sources (uses):											
Transfers in					15,000						15,000
Transfers out										(15,000)	(15,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	7,907	454	1,931	20	40,105	41	(131)	(1,072)	19,093	(14,967)	53,381
Fund Balances at beginning of year, as restated	<u>17,288</u>	<u>6,814</u>	<u>2,350</u>	<u>2,858</u>	<u>89,253</u>	<u>7,496</u>	<u>18,573</u>	<u>7,249</u>	<u>15,238</u>	<u>16,283</u>	<u>183,402</u>
Fund Balances at end of year	<u>\$ 25,195</u>	<u>\$ 7,268</u>	<u>\$ 4,281</u>	<u>\$ 2,878</u>	<u>\$ 129,358</u>	<u>\$ 7,537</u>	<u>\$ 18,442</u>	<u>\$ 6,177</u>	<u>\$ 34,331</u>	<u>\$ 1,316</u>	<u>\$ 236,783</u>