

TOWN OF HAMPSTEAD, NEW HAMPSHIRE

Financial Statements

December 31, 2018

and

Independent Auditor's Report

**TOWN OF HAMPSTEAD, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2018**

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FINANCIAL STATEMENTS
December 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Hampstead, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Hampstead, New Hampshire, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for 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's single employer other post-employment benefits plan in governmental activities and, accordingly, has not recorded an expense for the current period change. Accounting principles generally accepted in the United States of America require that other post-employment 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 deferred inflows, liabilities, and deferred outflows, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the deferred outflows, liabilities, deferred inflows, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, 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, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Town of Hampstead, New Hampshire, as of December 31, 2018, 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.

Other Matters

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, on pages i-vi and 32-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with 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.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

Vachon Clukay & Company PC

Manchester, New Hampshire
November 6, 2019

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, 2018. 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 agency 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 certain non-major special revenue funds. Budgetary comparison statements have 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 agency funds. The Town's agency fund accounts for the capital reserve funds of the Hampstead School District. 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, 2018 with a balance of 2,762,604 (Total net position) which is a decrease from the balance of 2017 by \$956,751 or about 26%.
- As of the close of the fiscal year 2018, the Town's governmental funds reported a combined ending fund balance of \$1,569,446 which is a decrease of \$377,147 from 2017.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	2018	2017
Current Assets	\$ 13,251,289	\$ 13,286,632
Capital Assets	\$ 4,567,952	\$ 4,741,811
Total Assets	\$ 17,819,241	\$ 18,028,443
Deferred Outflows of Resources	\$ 641,559	\$ 642,345
Current Liabilities	\$ 11,118,098	\$ 10,782,988
Other Liabilities	\$ 4,458,661	\$ 4,327,994
Total Liabilities	\$ 15,576,759	\$ 14,830,131
Deferred Inflows of Resources	\$ 121,437	\$ 101,045
Net investment in Capital Assets	\$ 4,390,947	\$ 4,439,118
Restricted	\$ 655,244	\$ 830,643
Unrestricted	\$ (2,283,587)	\$ (1,811,000)
Total Net Position	\$ 2,762,604	\$ 3,458,761

Net Position

As stated earlier, the Town's net position (the amount assets and deferred outflows of resources exceed liabilities and deferred inflows of resources) from governmental activities totaled \$2,762,604 at the end of 2018, a decrease of 696,157 when compared to the end of the previous year, after restatement.

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, 2018 amounted to \$4,567,952 which is a net decrease of \$173,859 from December 31, 2017. The recognition of the capital assets, net accumulated depreciation, is required to be reported in the 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 2018 property tax billing have also had impact on financial operations.

Statement of Activities

The Town's total revenue for fiscal 2018 of \$6,634,392 did not exceed the total expenses of \$7,330,549 resulting in a net position decrease of \$696,157.

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.

		2018	2017	Increase (Decrease)	% Change
Revenues:					
<i>Program Revenues:</i>					
Charge for Services		\$ 469,897	\$ 357,707	\$ 112,190	31%
Operating and Capital Grants & Contributions		\$ 422,881	\$ 393,668	\$ 29,213	7%
<i>General Revenues:</i>					
Property & Other Taxes		\$ 2,808,943	\$ 3,047,294	\$ (238,351)	-8%
Licenses & Permits		\$ 2,384,406	\$ 2,349,398	\$ 35,008	1%
Intergovernmental		\$ 443,996	\$ 445,574	\$ (1,578)	0%
Interest Income		\$ 59,168	\$ 117,816	\$ (58,648)	-50%
Miscellaneous		\$ 37,402	\$ 17,832	\$ 19,570	110%
Contributions to permanent funds		\$ 7,699	\$ 13,946	\$ (6,247)	-81%
Total Revenues		\$ 6,634,392	\$ 6,743,235	\$ (108,843)	-2%
Expenses:					
General Government		\$ 1,622,354	\$ 1,523,911	\$ 98,443	6%
Public Safety		\$ 3,123,300	\$ 2,619,587	\$ 503,713	19%
Highway & Streets		\$ 972,444	\$ 1,030,545	\$ (58,101)	-6%
Sanitation		\$ 667,391	\$ 654,473	\$ 12,918	2%
Health & Welfare		\$ 122,112	\$ 126,199	\$ (4,087)	-3%
Culture & Recreation		\$ 817,396	\$ 742,443	\$ 74,953	10%
Conservation		\$ 5,552	\$ 8,791	\$ (3,239)	-37%
Total Expenses		\$ 7,330,549	\$ 6,705,949	\$ 624,600	9%
Changes in Net Position		\$ (696,157)	\$ 37,286	\$ (733,443)	-1967%
Net Position, Beginning of Year		\$ 3,458,761	\$ 3,682,069	\$ (223,308)	-6%
Restatement for implementation of GASB 75			\$ (260,594)	\$ 0.00	
Net Position, End of Year		\$ 2,762,604	\$ 3,458,761	\$ (956,751)	-26%

Property and other taxes amounted to \$2,808,943 in revenues. Licenses and permits amounted to \$2,384,406 in revenues. Other revenues consisted of rooms and meals tax distribution, interest and investment earnings, and miscellaneous revenues.

The Town's \$7,330,549 in expenses covered a range of services. Highway department and sanitation amounted to \$1,639,835. Public safety amounted to \$3,123,300. General government amounted to \$1,622,354. Culture and recreation amounted to \$817,396, Conservation at \$5,552 and Health and Welfare at \$122,112.

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,

unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, governmental funds reported a combined ending fund balances of \$1,569,446, a decrease of \$377,147 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 \$191,917.

The goal of the Town of Hampstead is to retain an unreserved fund balance of 8%-15% of total appropriations. For fiscal 2018 total Town appropriations (not including school or county) amounted to \$6,520,150. Setting the unassigned fund balance from the ranges (8% to 15%) would give a fund balance from \$521,612 to \$978,022. The unassigned budgetary fund balance as of December 31, 2018 is \$857,924 (see Fund Equity on MS-535).

Other Governmental Funds: Total fund balance in the other governmental funds increased by \$86,317 in fiscal 2018.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The actual budgetary revenues were favorable overall compared to the budget for estimated revenues by \$184,933. Property and other Taxes were up from the budgeted amount by \$112,289 as was Intergovernmental by \$46,982, Charges for Services was down by \$1,489, and Interest Income was up by \$27,736. The Licenses and Permits revenue were also down by \$1,654 at year end compared to what was budgeted.

All of the Departments underspent their budget except for the Conservation Commission who overspent their budget by \$8 and General Government who overspent their budget by \$45,833. The total underspent amounted to a combined total of \$220,548 for total underspent of \$174,707.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Town's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$7,769,832. Accumulated depreciation amounts to \$3,201,880, leaving a net book value of \$4,567,952. 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 4 of the Notes to the Basic Financial Statements.

Debt Administration: The Town of Hampstead has various equipment lease agreements for items for the Highway Department such as a loader, a backhoe and for the Fire Department, a Fire Truck. All of the leases have an escape clause pending appropriation. At the December 31, 2018, the balances for the leases are \$177,005. The lease agreements are aged out as far as 2022.

Net Pension Liability & OPEB: For the fiscal year ending December 31, 2015, The Town of Hampstead implemented GASB No. 68. See Notes 7 for further information.

For the year ending December 31, 2018, the Town of Hampstead implemented GASB 75, see Note 6 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 \$508,836 at Level 1.

ECONOMIC FACTORS

Over the past few years the town has experienced minor events (i.e. snow storms) and various challenges (i.e. MS-4 EPA Requirements). With the economy constantly changing, continuing to hold the tax rate while providing the services has been the biggest challenge. We have managed to continue with the smooth operation of the town despite the challenges.

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 and 11 Main Street, Hampstead, NH 03841.

EXHIBIT A
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Statement of Net Position
December 31, 2018

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 7,405,254
Investments	4,673,188
Taxes receivable, net	962,569
Accounts receivable	142,534
Due from other governments	62,415
Prepaid expenses	<u>5,329</u>
Total Current Assets	<u>13,251,289</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	654,396
Depreciable capital assets, net	<u>3,913,556</u>
Total Noncurrent Assets	<u>4,567,952</u>
Total Assets	<u>17,819,241</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB liability	60,310
Deferred outflows related to net pension liability	<u>581,249</u>
Total Deferred Outflows of Resources	<u>641,559</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	125,570
Accrued expenses	70,782
Due to other governments	10,821,758
Current portion of capital leases payable	<u>99,988</u>
Total Current Liabilities	<u>11,118,098</u>
Noncurrent Liabilities:	
Capital leases payable	77,017
Compensated absences payable	187,535
OPEB liability	440,177
Net pension liability	<u>3,753,932</u>
Total Noncurrent Liabilities	<u>4,458,661</u>
Total Liabilities	<u>15,576,759</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB liability	1,399
Deferred inflows related to net pension liability	<u>120,038</u>
Total Deferred Inflows of Resources	<u>121,437</u>
NET POSITION	
Net investment in capital assets	4,390,947
Restricted	655,244
Unrestricted (deficit)	<u>(2,283,587)</u>
Total Net Position	<u>\$ 2,762,604</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, 2018

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General government	\$ 1,622,354	\$ 96,649			\$ (1,525,705)
Public safety	3,123,300	295,731	\$ 170,426	\$ 10,500	(2,646,643)
Highways and streets	972,444		241,955		(730,489)
Sanitation	667,391	31,102			(636,289)
Health and welfare	122,112	1,150			(120,962)
Culture and recreation	817,396	45,265			(772,131)
Conservation	5,552				(5,552)
Total governmental activities	<u>\$ 7,330,549</u>	<u>\$ 469,897</u>	<u>\$ 412,381</u>	<u>\$ 10,500</u>	<u>(6,437,771)</u>
General revenues:					
Property and other taxes					2,808,943
Licenses and permits					2,384,406
Grants and contributions:					
Rooms and meals tax distribution					443,996
Interest and investment earnings					59,168
Miscellaneous					37,402
Contributions to permanent fund principal					7,699
Total general revenues and contributions to permanent fund principal					<u>5,741,614</u>
Change in net position					(696,157)
Net position at beginning of year, as restated					<u>3,458,761</u>
Net position at end of year					<u>\$ 2,762,604</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2018

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,701,148	\$ 704,106	\$ 7,405,254
Investments	4,259,556	413,632	4,673,188
Taxes receivable, net	962,569		962,569
Accounts receivable		142,534	142,534
Due from other governments	62,415		62,415
Due from other funds	81,522	6,250	87,772
Prepaid expenses	5,329		5,329
Total Assets	<u>12,072,539</u>	<u>1,266,522</u>	<u>13,339,061</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,072,539</u>	<u>\$ 1,266,522</u>	<u>\$ 13,339,061</u>
LIABILITIES			
Accounts payable	\$ 570		\$ 570
Accrued expenses	68,508		68,508
Due to other governments	10,821,758		10,821,758
Due to other funds	6,250	\$ 206,522	212,772
Total Liabilities	<u>10,897,086</u>	<u>206,522</u>	<u>11,103,608</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned tax revenue	666,007		666,007
Total Deferred Inflows of Resources	<u>666,007</u>	<u>-</u>	<u>666,007</u>
FUND BALANCES			
Nonspendable	5,329	350,930	356,259
Restricted	172,674	131,640	304,314
Committed	61,846	567,029	628,875
Assigned	77,680	10,401	88,081
Unassigned	191,917		191,917
Total Fund Balances	<u>509,446</u>	<u>1,060,000</u>	<u>1,569,446</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,072,539</u>	<u>\$ 1,266,522</u>	<u>\$ 13,339,061</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, 2018

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 1,569,446
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	4,567,952
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis	666,007
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	60,310
Deferred outflows of resources related to net pension liability	581,249
Deferred inflows of resources related to OPEB liability	(1,399)
Deferred inflows of resources related to net pension liability	(120,038)
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:	
Capital leases payable	(177,005)
Accrued interest on long-term obligations	(2,274)
Compensated absences payable	(187,535)
OPEB liability	(440,177)
Net pension liability	<u>(3,753,932)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 2,762,604</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, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,790,900	\$ 39,500	\$ 2,830,400
Licenses and permits	2,287,276	97,130	2,384,406
Intergovernmental	856,377		856,377
Charges for services	160,837	305,905	466,742
Interest and investment income (loss)	83,508	(24,340)	59,168
Miscellaneous	37,337	10,919	48,256
Total Revenues	<u>6,216,235</u>	<u>429,114</u>	<u>6,645,349</u>
Expenditures:			
Current operations:			
General government	1,541,761		1,541,761
Public safety	2,606,635	242,179	2,848,814
Highways and streets	1,069,155		1,069,155
Sanitation	666,891	500	667,391
Health and welfare	122,112		122,112
Culture and recreation	673,526	85,935	759,461
Conservation	3,600	1,952	5,552
Capital outlay		8,250	8,250
Total Expenditures	<u>6,683,680</u>	<u>338,816</u>	<u>7,022,496</u>
Excess revenues over (under) expenditures	<u>(467,445)</u>	<u>90,298</u>	<u>(377,147)</u>
Other financing sources (uses):			
Transfers in	3,981	5,000	8,981
Transfers out		(8,981)	(8,981)
Total other financing sources (uses)	<u>3,981</u>	<u>(3,981)</u>	
Net change in fund balances	(463,464)	86,317	(377,147)
Fund balances at beginning of year	<u>972,910</u>	<u>973,683</u>	<u>1,946,593</u>
Fund balances at end of year	<u>\$ 509,446</u>	<u>\$ 1,060,000</u>	<u>\$ 1,569,446</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, 2018

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ (377,147)
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. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(173,859)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(21,457)
Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	125,688
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	2,451
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(58,509)
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	(120,672)
Net changes in pension	<u>(72,652)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ (696,157)</u>

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents		\$ 790,140
Investments	\$ 27,800	
Due from other funds		125,000
Total Assets	<u>27,800</u>	<u>915,140</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
LIABILITIES		
Due to other governments	165	697,841
Due to developers		217,299
Total Liabilities	<u>165</u>	<u>\$ 915,140</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust	<u>27,635</u>	
Total Net Position	<u>\$ 27,800</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, 2018

	<u>Private- Purpose Trust Funds</u>
ADDITIONS:	
Investment earnings:	
Interest	\$ 165
Realized loss on investments	<u>(2,015)</u>
Total Investment Earnings (Losses)	<u>(1,850)</u>
Total Additions	<u>(1,850)</u>
DEDUCTIONS:	
Benefits	<u>165</u>
Total Deductions	<u>165</u>
Change in net position	(2,015)
Net position at beginning of year	<u>29,650</u>
Net position at end of year	<u>\$ 27,635</u>

See accompanying notes to the basic financial statements

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

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 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 the 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

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

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 is the Town's major governmental fund:

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.

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 agency 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 agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency fund accounts for the capital reserve funds of the Hampstead School District, which are held by the Town as required by State law. Other agency funds consist of performance deposits held by the Town for developers.

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

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The private purpose trust fund is 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, the recording of unearned 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 11). Revenue from grants, entitlements and donations are 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.

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, receivables that will not be collected within the available period are reported as deferred inflows of resources.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2018, the Town applied \$700,000 of unassigned fund balance to reduce taxes.

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, 2018 are recorded as receivables net of reserves for estimated uncollectibles of \$25,000.

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. 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.

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.

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

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

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	3-15

Compensated Absences

Full-time non-union employees may accumulate personal days, based upon length of service, cumulative 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 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 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, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

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

December 31, 2018

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 positions are 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:*** includes 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 lifted only with the consent of the resource provider (grantors) or enabling legislation (Federal or State law).
- ***Committed Fund Balance:*** Amount that can only be used for 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:*** includes amounts that are not obligated or specifically designated and is 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:*** includes 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

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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.

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.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Post-Employment 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 provisions of GASB 75 were required to be implemented by the Town during the year ended December 31, 2018. The Town has implemented the provisions of GASB Statement 75 as it pertains to its cost-sharing multiple-employer defined benefit OPEB plan (see Note 6).

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 7,405,254
Investments	4,673,188
Statement of Fiduciary Net Position:	
Cash and cash equivalents	790,140
Investments	<u>27,800</u>
Total deposits and investments	<u>\$ 12,896,382</u>

Deposits and investments as of December 31, 2018 consist of the following:

Deposits with financial institutions	\$ 12,206,357
Investments	<u>690,025</u>
Total deposits and investments	<u>\$ 12,896,382</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 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.

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, 2018, the Town's investments in money market funds and mutual funds totaling \$49,595 and \$508,836, respectively, are not rated. At year end, the investment in NHPDIP, an external investment pool, in the amount of \$131,594, 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 to it. 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).

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

Of the Town's deposits with financial institutions at year end, \$6,865,551 was collateralized by securities held by the bank in the Town's name.

As of December 31, 2018, 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		\$ 463,308
Money market funds		49,595
		<u>\$ 512,903</u>

Fair Value Measurement of Investments

In accordance with GASB Statement 72, *Fair Value Measurement and Application*, 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.
- 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, 2018, the Town's investments measured at acquisition value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Total</u>
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	
Mutual funds	\$ 508,836			\$ 508,836
	<u>\$ 508,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 508,836</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.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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 4—CAPITAL ASSETS

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

	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2018</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 654,396			\$ 654,396
Total capital assets not being depreciated	<u>654,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>654,396</u>
Other capital assets:				
Infrastructure	183,333			183,333
Land improvements	76,129			76,129
Buildings and improvements	4,054,809	81,930		4,136,739
Vehicles and equipment	<u>2,685,296</u>	<u>33,939</u>		<u>2,719,235</u>
Total other capital assets at historical cost	<u>6,999,567</u>	<u>115,869</u>	<u>-</u>	<u>7,115,436</u>
Less accumulated depreciation for:				
Infrastructure	(91,053)	(7,333)		(98,386)
Land improvements	(15,616)	(3,606)		(19,222)
Buildings and improvements	(1,460,726)	(111,637)		(1,572,363)
Vehicles and equipment	<u>(1,344,757)</u>	<u>(167,152)</u>		<u>(1,511,909)</u>
Total accumulated depreciation	<u>(2,912,152)</u>	<u>(289,728)</u>	<u>-</u>	<u>(3,201,880)</u>
Total other capital assets, net	<u>4,087,415</u>	<u>(173,859)</u>	<u>-</u>	<u>3,913,556</u>
Total capital assets, net	<u>\$ 4,741,811</u>	<u>\$ (173,859)</u>	<u>\$ -</u>	<u>\$ 4,567,952</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 15,623
Public safety	197,172
Highways and streets	34,962
Culture and recreation	<u>41,971</u>
	<u>\$ 289,728</u>

The balance of the assets acquired through capital leases as of December 31, 2018 is as follows:

Vehicles and equipment	\$ 724,129
Less accumulated depreciation for:	
Vehicles and equipment	<u>(163,271)</u>
	<u>\$ 560,858</u>

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

NOTE 5—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town’s long-term obligations for the year ended December 31, 2018 are as follows:

	Balance <u>1/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2018</u>	Current <u>Portion</u>
Governmental activities:					
Capital leases payable	\$ 302,693		\$ (125,688)	\$ 177,005	\$ 99,988
Compensated absences payable	<u>129,026</u>	<u>\$ 65,991</u>	<u>(7,482)</u>	<u>187,535</u>	
	<u>\$ 431,719</u>	<u>\$ 65,991</u>	<u>\$ (133,170)</u>	<u>\$ 364,540</u>	<u>\$ 99,988</u>

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

Interest on capital lease obligations were charged to governmental functions as follows:

Public safety	\$ 3,086
Highways and streets	4,748
	<u>\$ 7,834</u>

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. Following are the capital lease obligations at December 31, 2018:

Loader, due in annual installments of \$21,335 through June 2022, including interest at 2.96%	\$ 80,485
Fire Truck, due in annual installments of \$66,611 through July 2019, including interest at 1.78%	65,445
Backhoe due in annual installments of \$15,928 through May 2020, including interest at 3.00%	<u>31,075</u>
	<u>\$ 177,005</u>

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

Debt service requirements to retire capital lease obligations outstanding at December 31, 2018 are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 99,988	\$ 3,886	\$ 103,874
2020	35,586	1,678	37,264
2021	20,409	925	21,334
2022	21,022	313	21,335
	<u>\$ 177,005</u>	<u>\$ 6,802</u>	<u>\$ 183,807</u>

NOTE 6—OTHER POST EMPLOYMENT 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.

The OPEB Plan is divided into four membership types. Political subdivision employees, teachers and State employees belong to Group I. Police officers and firefighters belong to Group II. 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.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

Funding Policy

Per RSA-100:16, 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 4.10% and 0.30%, respectively, for the year ended December 31, 2018. Contributions to the OPEB plan for the Town were \$45,189 for the year ended December 31, 2018. 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, 2018, the Town reported a liability of \$440,177 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2017. 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, 2018, the Town's proportion was approximately 0.0961 percent, which was an increase of 0.0347 percentage points from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized OPEB expense of \$165,860. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,584	
Net difference between projected and actual earnings on OPEB plan investments		\$ 1,399
Changes in proportion and differences between Town contributions and proportionate share of contributions	33,785	
Town contributions subsequent to the measurement date	23,941	
Totals	<u>\$ 60,310</u>	<u>\$ 1,399</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 \$58,911. The Town reported \$23,941 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, 2019. 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:

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

<u>June 30,</u>	
2019	\$ 35,932
2020	(436)
2021	(436)
2022	(90)
	<u>\$ 34,970</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Wage inflation	3.25 percent
Salary increases	5.60 percent, average, including inflation
Investment rate of return	7.25 percent, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

The long-term expected rate of return on OPEB Plan investments was selected from a best estimate range determined using a 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>
Fixed income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

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 7.25 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:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net OPEB Liability	\$ 458,138	\$ 440,177	\$ 389,865

NOTE 7—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, 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.

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. All assets are held in a single trust and are available to pay retirement benefits to all members.

Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

Group II members vested by January 1, 2012, who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have not attained status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by 1/4 of 1%. For Group II members who commenced service prior to July 1, 2011, who have not attained vested status prior to January 1, 2012, benefits are calculated depending on age and years of creditable service as follows:

<u>Years of Creditable Service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 3 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%

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

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 25.33%, 27.79%, and 11.08%, respectively, for the year ended December 31, 2018. The Town contributed 100% of the employer cost for police officers, firefighters, and general employees of the Town.

Per RSA-100:16, 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 valuation. The Town's pension contributions to the NHRS for the year ending December 31, 2018 were \$346,680.

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

At December 31, 2018, the Town reported a liability of \$3,753,932 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017. 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)
December 31, 2018

employers or NHRS. At June 30, 2018, the Town's proportion was approximately 0.0780 percent, which was an increase of 0.0019 percentage points from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense of \$422,445. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 29,963	\$ 30,396
Change in assumptions	259,791	
Net difference between projected and actual earnings on pension plan investments		86,869
Changes in proportion and differences between Town contributions and share of contributions	109,612	2,773
Town contributions subsequent to the measurement date	<u>181,883</u>	
Totals	<u>\$ 581,249</u>	<u>\$ 120,038</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$461,211. The Town reported \$181,883 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, 2019. 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>	
2019	\$ 191,516
2020	138,034
2021	(49,685)
2022	<u>(537)</u>
	<u>\$ 279,328</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions:

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

Inflation	2.50 percent
Wage inflation	3.25 percent
Salary increases	5.60 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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>
Fixed income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.25%. 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 of 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.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

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 7.25 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's proportionate share of the net pension liability	\$ 4,994,638	\$ 3,753,932	\$ 2,714,183

NOTE 8—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. The various transfers were made in accordance with budgetary authorization.

Interfund balances at December 31, 2018 are as follows:

	Due from		Total
	General Fund	Nonmajor Governmental Funds	
Due to General Fund		\$ 81,522	\$ 81,522
Nonmajor Governmental Funds	\$ 6,250		6,250
Agency Funds		125,000	125,000
	<u>\$ 6,250</u>	<u>\$ 206,522</u>	<u>\$ 212,772</u>

Interfund transfers for the year ended December 31, 2018 consists of a transfer of \$3,981 to the General Fund from the Permanent Funds. Additionally, the Conservation Commission (a nonmajor governmental fund) transferred \$5,000 to the Trails Fund (a nonmajor governmental fund).

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

NOTE 9—RESTRICTED NET POSITION

Net position is restricted for specific purposes at December 31, 2018 as follows:

Permanent Funds - Endowments	\$ 350,930
Permanent Funds - Income	96,715
Police Drug Forfeiture Funds	2,815
Recreation Donation Fund	21,994
Friends of Ordway Park Fund	6,842
Basketball Court Donations Trust Fund	2,816
Police Donation Trust Fund	458
Library Fund	<u>172,674</u>
	<u>\$ 655,244</u>

NOTE 10—COMPONENTS OF FUND BALANCE

The Town's fund balance components are comprised as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>			
Permanent Funds - Endowments		\$ 350,930	\$ 350,930
Prepaid expenses	\$ 5,329		5,329
<i>Restricted for:</i>			
Permanent Funds - Income		96,715	96,715
Police Drug Forfeiture Fund		2,815	2,815
Friends of Ordway Park		6,842	6,842
Recreation Fund		21,994	21,994
Police Donation Trust Fund		458	458
Basketball Court Donations Trust Fund		2,816	2,816
Library Fund	172,674		172,674
<i>Committed for:</i>			
Cable Advisory Board		354,584	354,584
Recreation Revolving Fund		10,983	10,983
Police Special Details Fund		88,582	88,582
Conservation Commission Fund		105,153	105,153
Capital Reserve Fund	47,054		47,054
Expendable Trust Fund	14,792		14,792
Recycling Revolving Fund		7,727	7,727
<i>Assigned for:</i>			
Encumbrances	77,500		77,500
OHRV Fund	180		180
Historic District Commission Fund		5,341	5,341
Trails Fund		5,060	5,060
<i>Unassigned:</i>	<u>191,917</u>		<u>191,917</u>
	<u>\$ 509,446</u>	<u>\$ 1,060,000</u>	<u>\$ 1,569,446</u>

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$1,030,724,004 as of April 1, 2018) and are due in two installments on July 2, 2018 and December 5, 2018. Taxes paid after the due dates accrue interest at 12% 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. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property is 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 \$22,133,194 and \$1,184,779 for the Hampstead School District and Rockingham County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes. At December 31, 2018, the balance of the property tax appropriations due to the school district is \$10,821,758 and has been reported in the General Fund as 'Due to other governments' in these financial statements.

NOTE 12—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, 2018, the Town 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.

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, 2018.

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.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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 13—COMMITMENTS AND CONTINGENCIES

Sanitation Contract

The Town extended its long-term contract with an independent company for the collection and disposal of solid waste through December 31, 2018 based on the terms of year three with a 2.5% price increase. The Town entered into a 3-year contract starting January 1, 2015 with Casella to provide Municipal Waste, Bulky Waste, and recycling services for the Town of Hampstead. The contracted cost will be \$418,000 for year one, \$431,000 for year two, \$444,000 for year three, and \$455,100 for year four. The cost for drop off location transportation and disposal services for year one is \$77 per ton plus a per haul cost of \$140. Year two will be \$79 per ton plus per haul cost \$145. Year three will be \$81 per ton plus a per haul cost of \$150 and year four will be \$83 a ton and \$153.75 per haul. The cost for disposal for year one is \$61.50 per ton, year two is \$63.50 per ton, year three is \$65.50 per ton and year four is \$67.14 per ton. Total expenditures under this contract were \$650,525 for 2018.

During the year, the Town entered into a long-term contract with an independent company for the collection and disposal of solid waste through December 31, 2023. The Town entered into a 5-year contract starting December 31, 2018 with Pinard Waste Systems Co., Inc. to provide Municipal Waste, Bulk Waste, and recycling services for the Town of Hampstead. The contract cost will be \$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.

Contingencies

During the year ended December 31, 2018, the Town entered into a settlement agreement with Northern New England Telephone Operations LLC in the amount of \$267,000. Payments of \$66,750 are to be made annually over four years as credits to each year's tax bill with the first payment made in 2018. The difference between the credit to the tax bill and annual payment will be paid to Northern New England Telephone Operations LLC.

Litigation

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)
 December 31, 2018

NOTE 14—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, 2018, the performance bonds are comprised of the following:

Letters of credit	<u>\$ 153,000</u>
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NOTE 15—SUBSEQUENT EVENT

During 2019, the Town entered into capital lease agreements for the acquisition of vehicles and equipment in the amount of \$29,385 and \$50,415. The leases are due in annual installments of \$10,535 and \$13,910, including interest at 7.75% and 7.00%, through July 2021 and July 2022.

During April of 2019, the Town entered into a lease agreement with Rehrig Financial Services for 6,984 65-gallon carts for solid waste and recycling disposal for a total cost of \$387,142, including interest. The lease is due in monthly installments of \$6,452 through 2023.

NOTE 16—RESTATEMENT OF NET POSITION

During the year ended December 31, 2018, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The impact on net position of the Governmental Activities as of January 1, 2018 is as follows:

	Governmental <u>Activities</u>
Net Position - January 1, 2018 (as previously reported)	\$ 3,719,355
Amount of restatement due to:	
Deferred outflows related to OPEB liability	21,279
OPEB liability	(280,851)
Deferred inflows related to OPEB liability	<u>(1,022)</u>
Net Position - January 1, 2018 (as restated)	<u>\$ 3,458,761</u>

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 2,657,154	\$ 2,657,154	\$ 2,769,443	\$ 112,289
Licenses and permits	2,288,930	2,288,930	2,287,276	(1,654)
Intergovernmental	648,325	809,395	856,377	46,982
Charges for services	162,326	162,326	160,837	(1,489)
Interest income	58,415	58,415	86,151	27,736
Miscellaneous	-	-	1,069	1,069
Total Revenues	<u>5,815,150</u>	<u>5,976,220</u>	<u>6,161,153</u>	<u>184,933</u>
Expenditures:				
Current:				
General government	1,573,428	1,573,428	1,619,261	(45,833)
Public safety	2,419,143	2,580,213	2,520,344	59,869
Highways and streets	1,125,260	1,125,260	1,066,203	59,057
Sanitation	687,630	687,630	666,891	20,739
Health and welfare	153,107	153,107	122,112	30,995
Culture and recreation	140,211	140,211	90,323	49,888
Conservation	3,592	3,592	3,600	(8)
Total Expenditures	<u>6,102,371</u>	<u>6,263,441</u>	<u>6,088,734</u>	<u>174,707</u>
Excess revenues over (under) expenditures	<u>(287,221)</u>	<u>(287,221)</u>	<u>72,419</u>	<u>359,640</u>
Other financing sources (uses):				
Transfers in			3,922	3,922
Transfers out	<u>(552,409)</u>	<u>(552,409)</u>	<u>(552,409)</u>	<u>-</u>
Total other financing sources (uses)	<u>(552,409)</u>	<u>(552,409)</u>	<u>(548,487)</u>	<u>3,922</u>
Net change in fund balance	(839,630)	(839,630)	(476,068)	363,562
Fund balance at beginning of year				
- Budgetary Basis	<u>1,339,321</u>	<u>1,339,321</u>	<u>1,339,321</u>	
Fund balance at end of year				
- Budgetary Basis	<u>\$ 499,691</u>	<u>\$ 499,691</u>	<u>\$ 863,253</u>	<u>\$ 363,562</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, 2018

Measurement Period Ended	Cost-Sharing Multiple Employer Plan Information Only				
	Town's Proportion of the Net OPEB Liability	Town's Proportionate Share of the Net OPEB Liability	Town's Covered Payroll	Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
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%

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, 2018

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, 2018	\$ 45,189	\$ (45,189)	\$ -	\$ 1,720,142	2.63%
December 31, 2017	\$ 39,637	\$ (39,637)	\$ -	\$ 1,600,350	2.48%

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, 2018

<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, 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	0.07520000%	\$ 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%

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, 2018

<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, 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
December 31, 2018

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

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 expenditures were adjusted for encumbrances, non-budgetary activity, and budgetary transfers in and out.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 6,227,818	\$ 6,691,282
Difference in property taxes meeting susceptible to accrual criteria	(21,457)	
Encumbrances, December 31, 2018		77,500
Encumbrances, December 31, 2017		(89,243)
Non-budgetary activity	(586,093)	(583,203)
Budgetary transfers in and out	<u>552,409</u>	<u>552,409</u>
Per Schedule 1	<u>\$ 6,172,677</u>	<u>\$ 6,648,745</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2018 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 5,329
<i>Unassigned:</i>	<u>857,924</u>
	<u>\$ 863,253</u>

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF TOWN OPEB CONTRIBUTIONS

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net OPEB liability, and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement No. 75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

TOWN OF HAMPSTEAD, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2018

NOTE 4—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN PENSION CONTRIBUTIONS

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net pension liability, and schedule of Town contributions. The Town implemented the provisions of GASB Statement No. 68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

Change in Actuarial Assumptions

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.

SCHEDULE A
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2018

	Special Revenue Funds	Permanent Funds	Combining Nonmajor Totals
ASSETS			
Cash and cash equivalents	\$ 666,112	\$ 37,994	\$ 704,106
Investments		413,632	413,632
Accounts receivable	142,534		142,534
Due from other funds	6,250		6,250
Total Assets	<u>814,896</u>	<u>451,626</u>	<u>1,266,522</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 814,896</u>	<u>\$ 451,626</u>	<u>\$ 1,266,522</u>
LIABILITIES			
Due to other funds	<u>\$ 202,541</u>	<u>\$ 3,981</u>	<u>\$ 206,522</u>
Total Liabilities	<u>202,541</u>	<u>3,981</u>	<u>206,522</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable		350,930	350,930
Restricted	34,925	96,715	131,640
Committed	567,029		567,029
Assigned	10,401		10,401
Total Fund Balances	<u>612,355</u>	<u>447,645</u>	<u>1,060,000</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 814,896</u>	<u>\$ 451,626</u>	<u>\$ 1,266,522</u>

SCHEDULE A-1
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
 Combining Balance Sheet
 Governmental Funds - All Nonmajor Special Revenue Funds
 December 31, 2018

	Cable Advisory Board	Recreation Revolving Fund	Historic District Commission	Trails Fund	Police Special Details Fund	Drug Forfeiture Fund	Conservation Commission	Friends of Ordway Park	Recreation Donation Fund	Police Donation Trust Fund	Basketball Court Donations Trust Fund	Recycling Revolving Fund	Total Nonmajor Special Revenue Funds
ASSETS													
Cash and cash equivalents	\$ 354,584	\$ 10,983	\$ 5,341	\$ 5,060	\$ 23,589	\$ 2,565	\$ 99,153	\$ 6,842	\$ 146,994	\$ 458	\$ 2,816	\$ 7,727	\$ 666,112
Accounts receivable					142,534		6,000						142,534
Due from other funds						250	105,153	6,842	146,994	458	2,816	7,727	6,250
Total Assets	<u>\$ 354,584</u>	<u>\$ 10,983</u>	<u>\$ 5,341</u>	<u>\$ 5,060</u>	<u>\$ 166,123</u>	<u>\$ 2,815</u>	<u>\$ 105,153</u>	<u>\$ 6,842</u>	<u>\$ 146,994</u>	<u>\$ 458</u>	<u>\$ 2,816</u>	<u>\$ 7,727</u>	<u>\$ 814,896</u>
DEFERRED OUTFLOWS OF RESOURCES													
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assets and Deferred Outflows of Resources	<u>\$ 354,584</u>	<u>\$ 10,983</u>	<u>\$ 5,341</u>	<u>\$ 5,060</u>	<u>\$ 166,123</u>	<u>\$ 2,815</u>	<u>\$ 105,153</u>	<u>\$ 6,842</u>	<u>\$ 146,994</u>	<u>\$ 458</u>	<u>\$ 2,816</u>	<u>\$ 7,727</u>	<u>\$ 814,896</u>
LIABILITIES													
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 77,541	\$ -	\$ -	\$ -	\$ 125,000	\$ -	\$ -	\$ -	\$ 202,541
Total Liabilities	\$ -	\$ -	\$ -	\$ -	<u>\$ 77,541</u>	\$ -	\$ -	\$ -	<u>\$ 125,000</u>	\$ -	\$ -	\$ -	<u>\$ 202,541</u>
DEFERRED INFLOWS OF RESOURCES													
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES													
Restricted													
Committed	354,584	10,983	5,341	5,060	88,582	2,815	105,153	6,842	21,994	458	2,816	7,727	34,925
Assigned	354,584	10,983	5,341	5,060	88,582	2,815	105,153	6,842	21,994	458	2,816	7,727	567,029
Total Fund Balances	<u>\$ 354,584</u>	<u>\$ 10,983</u>	<u>\$ 5,341</u>	<u>\$ 5,060</u>	<u>\$ 166,123</u>	<u>\$ 2,815</u>	<u>\$ 105,153</u>	<u>\$ 6,842</u>	<u>\$ 146,994</u>	<u>\$ 458</u>	<u>\$ 2,816</u>	<u>\$ 7,727</u>	<u>\$ 612,355</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 354,584</u>	<u>\$ 10,983</u>	<u>\$ 5,341</u>	<u>\$ 5,060</u>	<u>\$ 166,123</u>	<u>\$ 2,815</u>	<u>\$ 105,153</u>	<u>\$ 6,842</u>	<u>\$ 146,994</u>	<u>\$ 458</u>	<u>\$ 2,816</u>	<u>\$ 7,727</u>	<u>\$ 814,896</u>

SCHEDULE B
TOWN OF HAMPSTEAD, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2018

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining Nonmajor <u>Totals</u>
Revenues:			
Taxes	\$ 39,500		\$ 39,500
Licenses and permits	97,130		97,130
Charges for services	305,905		305,905
Interest and investment income (loss)	2,226	\$ (26,566)	(24,340)
Miscellaneous	3,220	7,699	10,919
Total Revenues	<u>447,981</u>	<u>(18,867)</u>	<u>429,114</u>
Expenditures:			
Current operations:			
Public safety	242,179		242,179
Sanitation	500		500
Culture and recreation	85,444	491	85,935
Conservation	1,952		1,952
Capital outlay	8,250		8,250
Total Expenditures	<u>338,325</u>	<u>491</u>	<u>338,816</u>
Excess revenues over (under) expenditures	<u>109,656</u>	<u>(19,358)</u>	<u>90,298</u>
Other financing (uses):			
Transfers in	5,000		5,000
Transfers out	(5,000)	(3,981)	(8,981)
Total other financing (uses)	<u>-</u>	<u>(3,981)</u>	<u>(3,981)</u>
Net change in fund balances	109,656	(23,339)	86,317
Fund balances at beginning of year	<u>502,699</u>	<u>470,984</u>	<u>973,683</u>
Fund balances at end of year	<u>\$ 612,355</u>	<u>\$ 447,645</u>	<u>\$ 1,060,000</u>

SCHEDULE B-1
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, 2018

	Cable Advisory Board	Recreation Revolving Fund	Historic District Commission	Trails Fund	Police Special Details Fund	Drug Forfeiture Fund	Conservation Commission	Friends of Ortway Park	Recreation Donation Fund	Police Donation Trust Fund	Basketball Court Donation Trust Fund	Recycling Revolving Fund	Total Nonmajor Special Revenue Funds
Revenues:													
Taxes							\$ 39,500						\$ 39,500
Licenses and permits	\$ 97,130	\$ 18,897	\$ 35	\$ 3	\$ 287,008	\$ 18		\$ 79	\$ 950	\$ 5	\$ 32	\$ 56	\$ 97,130
Charges for services	440	2,005	1,150		251		357	65					305,905
Interest and investment income													2,226
Miscellaneous			1,185	3	287,259	18	39,857	144	950	5	32	56	3,220
Total Revenues	<u>97,570</u>	<u>20,902</u>	<u>1,185</u>	<u>3</u>	<u>287,259</u>	<u>18</u>	<u>39,857</u>	<u>144</u>	<u>950</u>	<u>5</u>	<u>32</u>	<u>56</u>	<u>447,981</u>
Expenditures:													
Current operations:													
Public safety					242,179							500	242,179
Sanitation									1,440				500
Culture and recreation	67,452	16,552		1,952									85,444
Conservation					8,250								1,952
Capital outlay					250,429				1,440			500	8,250
Total Expenditures	<u>67,452</u>	<u>16,552</u>	<u>-</u>	<u>1,952</u>	<u>250,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,440</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>338,325</u>
Excess revenues over (under) expenditures	30,118	4,350	1,185	(1,949)	36,830	18	39,857	144	(490)	5	32	(444)	109,656
Other financing sources (uses):													
Transfers in				5,000			(5,000)						5,000
Transfers out				(5,000)			(5,000)						(5,000)
Total other financing sources (uses)													
Net change in fund balances	30,118	4,350	1,185	3,051	36,830	18	34,857	144	(490)	5	32	(444)	109,656
Fund balances at beginning of year	324,466	6,633	4,156	2,009	51,752	2,797	70,296	6,698	22,484	453	2,784	8,171	502,699
Fund balances at end of year	<u>\$ 354,584</u>	<u>\$ 10,983</u>	<u>\$ 5,341</u>	<u>\$ 5,060</u>	<u>\$ 88,582</u>	<u>\$ 2,815</u>	<u>\$ 105,153</u>	<u>\$ 6,842</u>	<u>\$ 21,994</u>	<u>\$ 458</u>	<u>\$ 2,816</u>	<u>\$ 7,727</u>	<u>\$ 612,355</u>