

# TOWN OF HOPKINTON, NEW HAMPSHIRE

## FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2015

**TOWN OF HOPKINTON, NEW HAMPSHIRE  
FINANCIAL REPORT  
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DECEMBER 31, 2015**

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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen  
Town of Hopkinton  
330 Main Street  
Hopkinton, New Hampshire 03229

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, as of and for the year ended December 31, 2015, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### ***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 of 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, as of December 31, 2015, and the respective changes in financial position thereof and budget to actual comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note I.B.5. to the financial statements, in 2015, the Town adopted new accounting guidance regarding the accounting and reporting for pensions. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the pension related schedules and the schedule of funding progress for other postemployment benefits on pages 33 – 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. 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.

The Town of Hopkinton has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Hopkinton. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

July 20, 2016

*Roberts & Greene, PLLC*

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2015**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,313,067
Investments	1,570,549
Intergovernmental receivable	18,886
Other receivables, net of allowance for uncollectibles	1,492,498
Prepaid items	96,838
Tax deeded property held for resale	2,015
Capital assets, not being depreciated:	
Land	8,410,469
Construction in progress	371,854
Intangible assets	323,900
Capital assets, net of accumulated depreciation:	
Land improvements	355,600
Buildings and building improvements	6,863,980
Machinery, vehicles and equipment	1,221,779
Infrastructure	6,103,039
Total assets	<u>35,144,474</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions (see Note IV.B.)	<u>481,995</u>
 <b>LIABILITIES</b>	
Accounts payable	62,828
Accrued payroll and benefits	45,270
Accrued interest payable	57,396
Intergovernmental payable	7,133,884
Escrow and performance deposits	200
Noncurrent obligations:	
Due within one year:	
Bonds and notes payable	505,920
Capital lease payable	18,600
Accrued landfill postclosure care costs	23,000
Due in more than one year:	
Bonds and notes payable	3,971,597
Compensated absences	194,227
Other postemployment benefits payable	143,426
Accrued landfill postclosure care costs	253,000
Net pension liability	3,626,825
Total liabilities	<u>16,036,173</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions (see Note IV.B.)	<u>506,427</u>
 <b>NET POSITION</b>	
Net investment in capital assets	19,154,504
Restricted for:	
Perpetual care:	
Nonexpendable	505,614
Expendable	270,522
Other purposes	450,239
Unrestricted	(1,297,010)
Total net position	<u>\$ 19,083,869</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 2**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,480,838	\$ 4,630	\$ 8,401	\$ -	\$ (1,467,807)
Public safety	1,733,118	449,998	264,507	-	(1,018,613)
Highways and streets	2,734,686	-	-	177,277	(2,557,409)
Sanitation	756,736	540,318	24,603	-	(191,815)
Health	20,652	-	-	-	(20,652)
Welfare	124,209	-	-	8,218	(115,991)
Culture and recreation	780,127	90,739	-	-	(689,388)
Conservation	3,818	-	-	-	(3,818)
Economic development	500	-	-	-	(500)
Interest on long-term debt	150,660	-	-	-	(150,660)
Capital outlay	73,474	-	-	-	(73,474)
Total governmental activities	<u>\$ 7,858,818</u>	<u>\$ 1,085,685</u>	<u>\$ 297,511</u>	<u>\$ 185,495</u>	<u>(6,290,127)</u>
General revenues:					
Property taxes					3,939,699
Other taxes					279,645
Licenses and permits					1,145,370
Grants and contributions not restricted to specific programs					269,790
Miscellaneous					232,593
Total general revenues					<u>5,867,097</u>
Change in net position					(423,030)
Net position, beginning, as restated, see Note III.D.					19,506,899
Net position, ending					<u>\$ 19,083,869</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 3**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2015**

	General	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,728,835	\$ 43,884	\$ 540,348	\$ 8,313,067
Investments	-	1,098,479	472,070	1,570,549
Receivables, net of allowance for uncollectibles:				
Taxes	1,097,684	-	-	1,097,684
Accounts	132,154	-	51,479	183,633
Intergovernmental	18,886	-	-	18,886
Interfund receivable	12,086	-	1,448	13,534
Prepaid items	96,838	-	-	96,838
Tax deeded property held for resale	2,015	-	-	2,015
Total assets	<u>\$ 9,088,498</u>	<u>\$ 1,142,363</u>	<u>\$ 1,065,345</u>	<u>\$ 11,296,206</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 50,511	\$ -	\$ 12,317	\$ 62,828
Accrued salaries and benefits	45,270	-	-	45,270
Intergovernmental payable	7,133,884	-	-	7,133,884
Interfund payable	-	1,448	12,086	13,534
Escrow and performance deposits	-	-	200	200
Total liabilities	<u>7,229,665</u>	<u>1,448</u>	<u>24,603</u>	<u>7,255,716</u>
Deferred inflows of resources:				
Deferred revenue	<u>863,346</u>	<u>-</u>	<u>7,436</u>	<u>870,782</u>
Fund balances:				
Nonspendable	98,853	722,234	-	821,087
Restricted	-	418,681	84,012	502,693
Committed	-	-	949,294	949,294
Unassigned	896,634	-	-	896,634
Total fund balances	<u>995,487</u>	<u>1,140,915</u>	<u>1,033,306</u>	<u>3,169,708</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,088,498</u>	<u>\$ 1,142,363</u>	<u>\$ 1,065,345</u>	<u>\$ 11,296,206</u>

The notes to the financial statements are an integral part of this statement.



**EXHIBIT 4**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position**  
**December 31, 2015**

Total fund balances of governmental funds (Exhibit 3)		\$ 3,169,708
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 63,301,401	
Less accumulated depreciation	<u>(39,650,780)</u>	
		23,650,621
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (13,534)	
Payables	<u>13,534</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Deferred tax revenue	\$ 762,336	
Deferred ambulance revenue	29,426	
Deferred grant revenue	8,218	
Deferred payments in lieu of taxes	63,366	
Deferred sewer charges	7,436	
Unavailable elderly and welfare liens	<u>211,181</u>	
		1,081,963
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(57,396)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 4,477,517	
Capital leases outstanding	18,600	
Compensated absences payable	194,227	
Other postemployment benefits payable	143,426	
Accrued landfill postclosure care costs	276,000	
Net pension liability	<u>3,626,825</u>	
		(8,736,595)
Deferred outflows and inflows of resources related to pensionis are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 481,995	
Deferred inflows of resources related to pensions	<u>(506,427)</u>	
		(24,432)
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 19,083,869</u></u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 5**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2015**

	General	Permanent	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 4,285,922	\$ -	\$ 8,799	\$ 4,294,721
Licenses, permits and fees	1,145,370	-	-	1,145,370
Intergovernmental	737,001	-	-	737,001
Charges for services	725,049	-	358,457	1,083,506
Miscellaneous	138,467	8,401	72,202	219,070
Total revenues	<u>7,031,809</u>	<u>8,401</u>	<u>439,458</u>	<u>7,479,668</u>
Expenditures:				
Current:				
General government	1,443,779	27,225	1,522	1,472,526
Public safety	1,527,681	-	79,836	1,607,517
Highways and streets	1,250,846	-	1,975	1,252,821
Sanitation	599,780	-	119,764	719,544
Health	20,652	-	-	20,652
Welfare	103,534	-	20,767	124,301
Culture and recreation	605,281	1,400	116,533	723,214
Conservation	-	-	3,818	3,818
Economic development	500	-	-	500
Debt service:				
Principal	366,083	-	17,773	383,856
Interest	121,012	-	1,690	122,702
Capital outlay	1,324,468	-	585,448	1,909,916
Total expenditures	<u>7,363,616</u>	<u>28,625</u>	<u>949,126</u>	<u>8,341,367</u>
Deficiency of revenues under expenditures	<u>(331,807)</u>	<u>(20,224)</u>	<u>(509,668)</u>	<u>(861,699)</u>
Other financing sources (uses):				
Transfers in	117,741	-	452,696	570,437
Transfers out	(448,000)	(4,696)	(117,741)	(570,437)
Long-term debt issued	1,494,553	-	-	1,494,553
Total other financing sources and uses	<u>1,164,294</u>	<u>(4,696)</u>	<u>334,955</u>	<u>1,494,553</u>
Net change in fund balances	832,487	(24,920)	(174,713)	632,854
Fund balances, beginning, as restated, see Note III.D.	163,000	1,165,835	1,208,019	2,536,854
Fund balances, ending	<u>\$ 995,487</u>	<u>\$ 1,140,915</u>	<u>\$ 1,033,306</u>	<u>\$ 3,169,708</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 6**  
**TOWN OF HOPKINTON, 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, 2015**

Net change in fund balances of governmental funds (Exhibit 5)		\$ 632,854
Governmental funds report capital outlays as expenditures. 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 capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 1,873,144	
Depreciation expense	<u>(1,817,362)</u>	
		55,782
The net effect of various miscellaneous transactions involving capital asset disposals is to increase net position.		18,124
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (570,437)	
Transfers out	<u>570,437</u>	
		-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue	\$ (70,345)	
Change in deferred ambulance fees	3,833	
Change in deferred landfill charges	(12,507)	
Change in deferred sewer charges	(2,197)	
Change in deferred payments in lieu of taxes	(12,253)	
Change in deferred grant revenue	8,218	
Change in allowance for unavailable liens	<u>7,221</u>	
		(78,030)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position.		
Issuance of debt	\$ (1,494,553)	
Repayment of bond and note principal	366,083	
Repayment of capital lease principal	<u>17,773</u>	
		(1,110,697)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (27,958)	
Increase in compensated absences payable	(10,784)	
Increase in other postemployment benefits payable	(10,999)	
Decrease in accrued landfill postclosure care costs	<u>23,000</u>	
		(26,741)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 350,050	
Cost of benefits earned, net of employee contributions	<u>(264,372)</u>	
		85,678
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ (423,030)</u></u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 7**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 4,099,889	\$ 4,099,889	\$ 4,215,577	\$ 115,688
Licenses, permits and fees	1,029,100	1,029,100	1,145,370	116,270
Intergovernmental	734,116	742,334	737,001	(5,333)
Charges for services	787,800	785,942	725,049	(60,893)
Miscellaneous	49,800	49,800	138,467	88,667
Total revenues	<u>6,700,705</u>	<u>6,707,065</u>	<u>6,961,464</u>	<u>254,399</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,515,063	1,477,875	1,443,779	34,096
Public safety	1,503,670	1,524,818	1,527,681	(2,863)
Highways and streets	1,220,690	1,231,111	1,165,151	65,960
Sanitation	712,580	718,074	599,780	118,294
Health	21,411	21,411	20,652	759
Welfare	113,307	114,553	103,534	11,019
Culture and recreation	597,457	602,696	605,281	(2,585)
Conservation	1	1	-	1
Economic development	500	500	500	-
Debt service:				
Principal	339,950	339,950	366,083	(26,133)
Interest on long-term debt	122,123	122,123	121,012	1,111
Interest on tax anticipation note	2,000	2,000	-	2,000
Capital outlay	<u>1,720,016</u>	<u>1,720,016</u>	<u>1,324,468</u>	<u>395,548</u>
Total expenditures	<u>7,868,768</u>	<u>7,875,128</u>	<u>7,277,921</u>	<u>597,207</u>
Deficiency of revenues under expenditures	<u>(1,168,063)</u>	<u>(1,168,063)</u>	<u>(316,457)</u>	<u>851,606</u>
Other financing sources (uses):				
Transfers in	121,047	121,047	117,741	(3,306)
Transfers out	(448,000)	(448,000)	(448,000)	-
Long-term debt issued	<u>1,495,016</u>	<u>1,495,016</u>	<u>1,494,553</u>	<u>(463)</u>
Total other financing sources and uses	<u>1,168,063</u>	<u>1,168,063</u>	<u>1,164,294</u>	<u>(3,769)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	847,837	<u>\$ 847,837</u>
Increase in nonspendable fund balance			(45,713)	
Unassigned fund balance, beginning			856,846	
Unassigned fund balance, ending			<u>\$ 1,658,970</u>	

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 8**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2015**

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 23,741	\$ 244,798
Investments	<u>542,147</u>	<u>272,010</u>
Total assets	565,888	516,808
Liabilities:		
Due to other governmental units	<u>-</u>	<u>516,808</u>
Net position:		
Held in trust for specific purposes	<u>\$ 565,888</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 9**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2015**

	Private Purpose Trust
Additions:	
New funds	\$ 9,065
Investment earnings:	
Interest and dividends	10,647
Net change in fair value of investments	<u>(7,792)</u>
Total additions	11,920
Deductions:	
Trust distributions	<u>22,970</u>
Change in net position	(11,050)
Net position, beginning	<u>576,938</u>
Net position, ending	<u><u>\$ 565,888</u></u>

The notes to the financial statements are an integral part of this statement.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Hopkinton (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2015.

**I.B. Financial Reporting Entity – Basis of Presentation**

**I.B.1. *Entity Defined***

The Town of Hopkinton is a municipal corporation governed by a board of selectmen consisting of five members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

**I.B.2. *Government-Wide and Fund Financial Statements***

*Government-Wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the direct expenses of a given function offset by program revenues directly connected with the functional program. Direct expenses are those that are clearly identifiable with a specific function. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which finance the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.



**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**

*Fund Financial Statements*

Fund financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual, governmental funds are reported in separate columns in the basic fund financial statements with composite columns for nonmajor funds.

**I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

The agency funds are custodial in nature and do not measure results of operations.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within sixty days of the end of the fiscal year. However, on the budgetary basis, tax revenue is not so deferred in accordance with the instructions of the State of New Hampshire Department of Revenue Administration. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond and note principal and interest, which are reported as expenditures in the year due.

Major revenues susceptible to accrual are property taxes, intergovernmental amounts and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

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**I.B.4. *Fund Types and Major Funds***

*Governmental Funds*

The Town reports the following major governmental funds:

*General Fund* – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

*Permanent Fund* – This fund is used to report those amounts held by the trustees of trust funds in which principal must be retained intact, while income is used to support Town programs.

The Town also reports eleven nonmajor governmental funds.

*Fiduciary Funds*

The Town reports the following fiduciary funds:

*Private Purpose Trust Funds* – Account for financial resources of the Town used only for the benefit of other entities or individuals.

*Agency Funds* – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town's agency funds are used to account for the various capital reserve accounts held by the trustees of trust funds on behalf of the local school district and village precincts; and escrow accounts held for developers.

**I.B.5. *Change in Accounting Principle***

The Town adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended December 31, 2015. This resulted in the inclusion of pension related liability and deferred inflows and outflows of resources in governmental activities. The prior year's net position was restated as shown in Note III.D. This change also results in a negative unrestricted net position for the governmentl activities due to the size of the net pension liability.

**I.C. *Assets, Liabilities, and Net Position or Fund Equity***

**I.C.1. *Cash and Investments***

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall

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deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments are stated at fair value based on quoted market prices.

New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

**I.C.2. *Capital Assets and Depreciation***

Generally, the Town's property, plant and equipment with useful lives of more than two years are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Land improvements	20
Buildings and building improvements	50
Machinery, vehicles and equipment	8-15
Infrastructure	7-20

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**I.C.3. *Long-Term Liabilities***

In the government-wide financial statements, outstanding debt is reported as liabilities. Other long-term liabilities include capital leases, compensated absences, other postemployment benefits, accrued landfill postclosure care costs, and the net pension liability. These are not reported in the governmental funds.

**I.C.4. *Equity***

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for perpetual care, which consists of the balance of the permanent funds that is allowed to be used only for cemetery care. This balance is segregated between nonexpendable, representing the principal balance that must be invested to generate income and cannot be expended, and expendable, representing income earned that can be used for cemetery care.
- Restricted for other purposes, which consists of the library fund; and the rest of the permanent funds that is to be used for library and other purposes.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, representing the principal balance of the permanent funds that cannot be spent, and the balances of tax deeded property and prepaid expenditures.
- Restricted, representing the income portion of the permanent funds and the balance of the library fund that can only be used for specific purposes per terms of endowments or State law.
- Committed, representing the balance of expendable trust funds, and positive balances of special revenue funds.
- Unassigned, representing the remaining balance of the General Fund.

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**I.C.5. *Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**II. Stewardship, Compliance and Accountability**

**Budgetary Information**

An annual budget was adopted on a basis consistent with generally accepted accounting principles for the General Fund, as well as some of the nonmajor funds. Unless encumbered, all governmental fund appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2015, none of the fund balance from 2014 was so used.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as commitments or assignments of fund balances and do not constitute expenditures or liabilities because they will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures in the General Fund are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation, economic development, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

**Reconciliation of General Fund Budgetary Basis to GAAP**

The following reconciles the budgetary basis to the GAAP basis for the General Fund. The Permanent Fund does not have a formal budget.

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 8,573,758
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	832,681
Tax revenue deferred in the current year	(762,336)
Per Exhibit 5 (GAAP basis)	<u>\$ 8,644,103</u>

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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 7,725,921
Adjustment:	
Basis difference:	
Encumbrances, beginning	<u>85,695</u>
Per Exhibit 5 (GAAP basis)	<u>\$ 7,811,616</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,658,970
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	<u>(762,336)</u>
Per Exhibit 3 (GAAP basis)	<u>\$ 896,634</u>

### **III. Detailed Notes on Funds and Government-Wide Statements**

#### **III.A. Assets**

##### **III.A.1. Investments**

As of December 31, 2015, the Town had the following investments:

U.S. Government Agency Bonds	\$ 244,016
Exchange Traded Funds	148,498
Mutual Funds	313,615
Preferred Stock	131,970
Common Stock	425,304
Corporate Bonds	377,224
New Hampshire Public Deposit Investment Pool	<u>744,079</u>
	<u>\$ 2,384,706</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 1,570,549
Fiduciary funds - statement of fiduciary net position (Exhibit 8)	<u>814,157</u>
Total	<u>\$ 2,384,706</u>

#### *Investment Policies*

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town's investment policy does not place any further restrictions on its investment choices.

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**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's investment policy limits concentration of investments with a specific maturity.

**III.A.2. *Receivables, Uncollectible Accounts and Deferred Revenue***

*Property Taxes Receivable and Property Tax Calendar*

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien should be executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. The tax collector executed a tax lien for uncollected 2014 property taxes on April 22.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Hopkinton School District, Merrimack County, and the Contoocook Village and Hopkinton Village Precincts. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2015, upon which the 2015 property tax levy was based was:

For the New Hampshire education tax	\$ 582,589,795
For all other taxes	\$ 609,908,585

*This note continues on the following page.*

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The tax rates and amounts assessed for the year ended December 31, 2015 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$6.92	\$ 4,214,458
School portion:		
State of New Hampshire	\$2.51	1,463,055
Local	\$21.15	12,901,915
County portion	\$3.04	1,857,128
Precinct portion:		
Contocook Village	\$1.99	258,385
Hopkinton Village	\$0.46	17,555
Total property taxes assessed		<u>\$ 20,712,496</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2015	\$ 859,187
Unredeemed (under tax lien):	
Levy of 2014	183,121
Levy of 2013	94,856
Levy of 2012	34,818
Levy of 2011	8,722
Levy of 2010	21,101
Levy of 2009	7,069
Levy of 2008	1,895
Levy of 2007	1,786
Levy of 2006	1,041
Timber	9,088
Less: allowance for estimated uncollectible taxes	(125,000)
Net taxes receivable	<u>\$ 1,097,684</u>

*Other Receivables and Uncollectible/Unavailable Accounts*

Significant receivables include amounts due from customers primarily for sewer, ambulance, landfill and other services. The fund financial statements report accounts receivable net of any allowance for uncollectible/unavailable accounts and revenues net of uncollectibles. The allowance amounts consist of all of the elderly and welfare liens, and an amount for potential adjustments to ambulance receivables.



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Related amounts are as follow:

Accounts	\$ 230,340
Intergovernmental	18,886
Liens	211,181
Less: allowance for uncollectible amounts	<u>(257,888)</u>
Net total receivables	<u><u>\$ 202,519</u></u>

*Deferred Revenue*

Deferred revenue in the governmental funds consists of \$762,336 of taxes, 7,436 of sewer charges, \$63,366 of payments in lieu of taxes, \$29,426 of ambulance related fees, and \$8,218 of grant revenue deferred because they were not received within sixty days of year-end.

**III.A.3. Capital Assets**

*Changes in Capital Assets*

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

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 8,410,469	\$ -	\$ -	\$ 8,410,469
Construction in progress	1,865,165	371,854	(1,865,165)	371,854
Intangible assets	323,900	-	-	323,900
Total capital assets not being depreciated	<u>10,599,534</u>	<u>371,854</u>	<u>(1,865,165)</u>	<u>9,106,223</u>
Being depreciated:				
Land improvements	1,202,903	-	(55,575)	1,147,328
Buildings and building improvements	5,636,224	3,112,102	73,663	8,821,989
Machinery, vehicles and equipment	4,012,111	117,685	(374,954)	3,754,842
Infrastructure	40,278,776	136,668	55,575	40,471,019
Total capital assets being depreciated	<u>51,130,014</u>	<u>3,366,455</u>	<u>(301,291)</u>	<u>54,195,178</u>
Total all capital assets	<u>61,729,548</u>	<u>3,738,309</u>	<u>(2,166,456)</u>	<u>63,301,401</u>
Less accumulated depreciation:				
Land improvements	(762,135)	(37,929)	8,336	(791,728)
Buildings and building improvements	(1,766,885)	(189,810)	(1,314)	(1,958,009)
Machinery, vehicles and equipment	(2,588,589)	(263,815)	319,341	(2,533,063)
Infrastructure	(33,035,224)	(1,325,808)	(6,948)	(34,367,980)
Total accumulated depreciation	<u>(38,152,833)</u>	<u>(1,817,362)</u>	<u>319,415</u>	<u>(39,650,780)</u>
Net book value, capital assets being depreciated	<u>12,977,181</u>	<u>1,549,093</u>	<u>18,124</u>	<u>14,544,398</u>
Net book value, all capital assets	<u><u>\$ 23,576,715</u></u>	<u><u>\$ 1,920,947</u></u>	<u><u>\$ (1,847,041)</u></u>	<u><u>\$ 23,650,621</u></u>

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

Governmental activities:	
General government	\$ 2,894
Public safety	182,514
Highways and streets	1,514,395
Sanitation	53,633
Culture and recreation	63,926
Total depreciation expense	<u>\$ 1,817,362</u>

**III.A.4. *Restricted Net Position***

The government-wide statement of net position includes restricted net position of \$776,136 for perpetual care, and \$366,227 for library and welfare representing public trust funds reported as restricted to reflect purpose restrictions in trust indentures, and library funds restricted in accordance with State law.

**III.B. *Liabilities***

**III.B.1 *Intergovernmental Payable***

The amount due to other governments at December 31, 2015 consists of the balance of the 2015-2016 district assessment due to the Hopkinton School District in the amount of \$7,133,884.

**III.B.2 *Long-Term Liabilities***

General obligation bonds and notes are approved by the voters and repaid with general revenues (property taxes). These liabilities are backed by the full faith and credit of the Town. Long-term liabilities also include compensated absences, the OPEB liability, accrued landfill postclosure care costs, and the net pension liability.

*This note continues on the following page.*

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Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2015	Current Portion
General obligation bonds payable:						
Landfill closure	\$ 1,859,384	1998	2017	4.21	\$ 262,197	\$ 128,392
Open space (Beyer/Carson/Rollins)	\$ 761,500	2004	2020	4.31	250,000	50,000
Open space (Rice)	\$ 467,900	2005	2025	4.00	220,000	25,000
Open space (Ransmeier)	\$ 368,250	2006	2019	4.39	62,287	18,412
Open space (Myron)	\$ 279,837	2007	2020	3.97	129,053	22,327
Community well	\$ 350,000	2010	2020	3.20	175,000	35,000
Highway garage	\$ 530,566	2013	2023	2.21	424,453	53,057
Fire station renovation	\$ 2,994,578	2015	2029	3.27-2.69	2,954,527	173,732
					<u>4,477,517</u>	<u>505,920</u>
Capital lease payable:						
Loader/backhoe	\$ 85,096	2011	2016	4.55	18,600	18,600
Compensated absences payable					194,227	-
Other postemployment benefits payable					143,426	-
Accrued landfill postclosure care costs					276,000	23,000
Net pension liability					3,626,825	-
					<u>\$ 8,736,595</u>	<u>\$ 547,520</u>

*Changes in Long-Term Liabilities*

The following is a summary of changes in governmental activities' long-term liabilities for the year ended December 31, 2015:

	General Obligation Bonds and Notes Payable	Capital Leases Payable	Compensated Absences Payable	OPEB Liability	Accrued Landfill Postclosure Care Costs	Net Pension Liability	Total
Balance, beginning	\$ 3,349,047	\$ 36,373	\$ 183,443	\$ 132,427	\$ 299,000	\$ 3,542,092	\$ 7,542,382
Additions	1,494,553	-	10,784	23,384	-	84,723	1,613,444
Reductions	(366,083)	(17,773)	-	(12,385)	(23,000)	-	(419,241)
Balance, ending	<u>\$ 4,477,517</u>	<u>\$ 18,600</u>	<u>\$ 194,227</u>	<u>\$ 143,426</u>	<u>\$ 276,000</u>	<u>\$ 3,626,815</u>	<u>\$ 8,736,585</u>

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*Debt Service Requirements to Maturity*

The annual debt service requirements to maturity for bonds and notes as of year-end are as follow:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 505,920	\$ 144,738	\$ 650,658
2017	519,455	124,845	644,300
2018	393,808	107,595	501,403
2019	390,642	93,205	483,847
2020	394,851	79,308	474,159
2021-2025	1,380,511	242,804	1,623,315
2026-2029	892,330	50,535	942,865
Totals	<u>\$ 4,477,517</u>	<u>\$ 843,030</u>	<u>\$ 5,320,547</u>

The final payments on the capital lease are due in 2016, and consist of \$18,600 principal and \$863 interest for a total of \$19,463.

*Unissued, Authorized Debt*

At the March 12, 2003 Town Meeting, \$5,000,000 of bonds were approved for the purpose of acquiring land for open space. As of December 31, 2015, five bonds totaling \$2,037,486 have been issued of this authorization, leaving \$2,962,514 still unissued.

*Accrued Landfill Postclosure Care Costs*

State and federal laws and regulations require that the Town continue to perform certain monitoring and maintenance functions at the landfill site for thirty years after closure. The amount recorded as the postclosure care liability represents the estimate of what it will cost for this monitoring and maintenance costs over the next twelve years, the length of time monitoring is expected to continue. The actual cost of postclosure care could be higher or lower.

**III.C. Balances and Transfers – Payments Within the Reporting Entity**

**III.C.1. *Receivables and Payables***

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

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The following reports the interfund receivables and payables at year-end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ 12,086
Nonmajor	Permanent	1,448
		<u>\$ 13,534</u>

The amount due to the General Fund represents reimbursements for expenditures paid on behalf of other funds. The amount due to the Nonmajor Funds represents Permanent Fund interest due to the Library.

**III.C.2. Transfers**

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, funding capital projects, and making additions to and using capital reserve accounts. The government-wide statement of activities eliminates transfers reported within the activities columns.

The following reports transfers within the reporting entity:

	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Transfers out:			
General Fund	\$ -	\$ 448,000	\$ 448,000
Permanent Fund	-	4,696	4,696
Nonmajor Funds	117,741	-	117,741
	<u>\$ 117,741</u>	<u>\$ 452,696</u>	<u>\$ 570,437</u>

The transfers from the General Fund represent \$448,000 to the Expendable Trust Fund as voted by Town Meeting. The transfers from the Nonmajor Funds to the General Fund represent \$15,000 from the Library Fund for interest, and \$102,741 from the Pay-by-Bag Fund as voted. The transfer from the Permanent Fund of \$4,696 represents earnings on library trust funds paid to the Library Fund.

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**III.D. Restatement of Beginning Equity Balances**

The beginning equity balances were restated as follow:

	Governmental Activities	General Fund	Permanent Fund	Nonmajor Funds
To record prepaid insurance	\$ 35,544	\$ 35,544	\$ -	\$ -
To remove grant receivable repaid	(14,464)	(10,738)	-	-
To record year-end sewer revenue	25,055	-	-	25,055
To reclassify fund	-	-	(4,246)	4,246
To record net pension liability and related deferrals	(3,736,935)	-	-	-
Net position/fund balance, as previously reported	23,197,699	138,194	1,170,081	1,178,718
Net position/fund balance, as restated	<u>\$ 19,506,899</u>	<u>\$ 163,000</u>	<u>\$ 1,165,835</u>	<u>\$ 1,208,019</u>

**III.E. Components of Fund Balance**

Fund balance is categorized in the following components as described in Note I.C.4.:

	General Fund	Permanent Fund	Nonmajor Funds
Nonspendable:			
Endowments	\$ -	\$ 722,234	\$ -
Prepaid items	96,838	-	-
Tax deeded property	2,015	-	-
Total nonspendable	<u>98,853</u>	<u>722,234</u>	<u>-</u>
Restricted:			
General government	-	270,522	-
Culture and recreation	-	148,159	84,012
Total restricted	<u>-</u>	<u>418,681</u>	<u>84,012</u>
Committed:			
Public safety	-	-	95,134
Sanitation	-	-	148,360
Welfare	-	-	35,338
Culture and recreation	-	-	50,155
Conservation	-	-	75,609
Capital outlay	-	-	544,608
Total committed	<u>-</u>	<u>-</u>	<u>949,204</u>
Unassigned	<u>896,634</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 995,487</u>	<u>\$ 1,140,915</u>	<u>\$ 1,033,216</u>

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**IV. Other Information**

**IV.A. Risk Management**

The Town's risk management activities are reported with governmental activities and recorded in the General Fund. During the fiscal year, the Town was a member of the NH Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

Primex's Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage is provided for the calendar year. Primex provided statutory workers' compensation coverage, \$2,000,000 for each liability loss and various amounts of coverage for property losses. Contributions billed for 2015 to be recorded as an insurance expenditure/expense totaled \$74,830 for property/liability and \$65,770 for workers' compensation. In addition, a premium holiday was given to the Town for worker's compensation in the amount of \$71,207. There is a refund due to the Town in the amount of \$58,659 that is being applied to the 2016 premiums due, and is reported as a prepaid item in the financial statements. The member agreement permits Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

**IV.B. Retirement Pensions**

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for the Town's police officers, fire personnel and other employees, and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at [www.nhrs.org](http://www.nhrs.org) or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, firefighters and other employees were 11.55%, 11.80% and 7.0%, respectively. During the first six months of 2015, the rates of contribution from the Town were 25.30% for police, 27.74% for fire personnel, and 10.77% for other employees, increasing effective July 1 to 26.38%, 29.16%, and 11.17%, respectively, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions

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from the Town during the years 2013, 2014, and 2015 were, \$303,542, \$356,384 and \$350,050 respectively. The amounts are paid on a monthly basis as due.

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

At December 31, 2015, the Town reported a liability of \$3,626,825 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2015, the Town's proportion was 0.0916%, which was a decrease of 0.0028% from its proportion measured as of June 30, 2014.

For the year 2015, the Town recognized pension expense of \$264,372. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 56,362	\$ 97,067
Differences between expected and actual experience	-	79,587
Net difference between projected and actual earnings on pension plan investments	232,841	329,773
Town contributions subsequent to the measurement date	192,792	-
	<u>\$ 481,995</u>	<u>\$ 506,427</u>

The Town reported \$192,792 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year 2016.



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Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year	
2016	\$ (76,293)
2017	(76,293)
2018	(76,293)
2019	27,501
2020	(15,846)
	<u>\$ (217,224)</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75%
Salary increases	5.8% average, including inflation
Investment rate of return	7.75% per year

Mortality rates were based on the RP-2000 Mortality Table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

*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 7.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of net pension liability	\$ 4,774,243	\$ 3,626,825	\$ 2,648,644

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, is available in the separately issued NHRS report.

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**IV.C. Contingent Liabilities**

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

**IV.D. Other Postemployment Benefits**

*Plan Description*

As required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*, the Town provides its eligible retirees including certain beneficiaries, the ability to purchase health, dental and prescription drug coverage at the Town's group rates. The Town does not supplement the cost of these plans directly, but recognizes the liability for the inclusion of implicit rate subsidies to the retirees. The subsidy occurs because when a blended rate is used for a group of individuals that includes younger and presumably healthier people along with older, retired people, implicitly, the active employees are subsidizing the retirees. As of December 31, 2015, there were ten retirees with eight spouses, and thirty active employees with twenty-seven spouses participating in the plan.

*Benefits Provided*

The Town provides medical, dental and prescription drug coverage to retirees and their eligible spouses and dependents. All active employees who retire from the Town and meet the eligibility requirements will receive these benefits.

*Funding Policy*

Retirees contribute all of the premiums as determined by the Town, but the remainder of the costs as derived from the implicit subsidy are paid by the Town on a pay-as-you-go basis.

*Annual OPEB Costs and Net OPEB Obligation*

The Town's annual OPEB expense for the year 2015 was calculated based on the annual required contribution of the Town (ARC). The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period not to exceed thirty years.

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The Town's annual OPEB cost for the year ended December 31, 2015 including the amount actually contributed to the plan and the change in the Town's net OPEB obligation is as follows:

Annual Required Contribution (ARC)	\$ 23,384
Interest on Net OPEB Obligation (NOO)	-
Adjustment to ARC	-
Annual OPEB Cost (Expense)	<u>23,384</u>
Age Adjusted Contributions Made	<u>(12,385)</u>
Change in Net OPEB Obligation (NOO)	10,999
Net OPEB Obligation (NOO), beginning	<u>132,427</u>
Net OPEB Obligation (NOO), ending	<u><u>\$ 143,426</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year 2015 and the preceding six years (the first years of recording) were as follow:

Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 42,584	\$14,743	34.62%	\$27,841
12/31/2010	\$ 29,581	\$10,969	37.08%	\$18,612
12/31/2011	\$ 29,050	\$6,197	21.33%	\$22,853
12/31/2012	\$ 29,050	\$6,072	20.90%	\$22,978
12/31/2013	\$ 28,646	\$6,257	21.84%	\$22,389
12/31/2014	\$ 30,412	\$12,658	41.62%	\$17,754
12/31/2015	\$ 23,384	\$12,385	52.96%	\$10,999

*Funded Status and Funding Progress*

The funded status of the plan as of December 31, 2015, is as follows:

Accrued Liability (AL)	\$ 156,301
Value of Plan Assets	<u>-</u>
Unfunded Accrued Liability (UAL)	<u><u>\$ 156,301</u></u>
Funded Ratio (Value of Plan Assets / AL)	0.00%
Covered Payroll of Active Plan Members	\$ 1,962,243
UAL as a Percentage of Covered Payroll	7.97%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results

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are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information after the notes to the financial statements, presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the accrued liability for benefits.

*Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees* – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

*Marital status* – Marital status of members at the calculation date was assumed to continue throughout retirement.

*Health insurance premiums* – The health insurance premiums for retirees in 2015 were used as the basis for calculation of the present value of total benefits to be paid.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 10**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Pension Liability*  
**New Hampshire Retirement System**

	2015	2014
Town's proportion of net pension liability	0.0916%	0.0944%
Town's proportionate share of the net pension liability	\$ 3,626,825	\$ 3,542,092
Town's covered-employee payroll	\$ 1,962,243	\$ 2,053,126
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	184.83%	172.52%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	66.3%

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT 11**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
*Schedule of Town Contributions*  
**New Hampshire Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 350,050	\$ 356,384
Contribution in relation to the contractually required contribution	350,050	356,384
Contribution deficiency	<u>\$ 700,100</u>	<u>\$ 712,768</u>
Town's covered-employee payroll	\$1,962,243	\$ 2,053,126
Contributions as a percentage of covered-employee payroll	17.84%	17.36%

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT 12**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Other Postemployment Benefits**  
**Schedule of Funding Progress**

Valuation Date	Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
12/31/2009	\$ -	\$ 404,661	\$ 404,661	0.00%	\$ 1,727,557	23.42%
12/31/2010	\$ -	\$ 286,916	\$ 286,916	0.00%	\$ 1,815,431	15.80%
12/31/2011	\$ -	\$ 275,930	\$ 275,930	0.00%	\$ 1,847,376	14.94%
12/31/2012	\$ -	\$ 278,391	\$ 278,391	0.00%	\$ 1,849,035	15.06%
12/31/2013	\$ -	\$ 274,514	\$ 274,514	0.00%	\$ 1,938,595	14.16%
12/31/2014	\$ -	\$ 294,145	\$ 294,145	0.00%	\$ 2,053,126	14.33%
12/31/2015	\$ -	\$ 156,301	\$ 156,301	0.00%	\$ 1,962,243	7.97%

The note to the required supplementary information is an integral part of this schedule.



**TOWN OF HOPKINTON, NEW HAMPSHIRE  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**

The Schedule of the Town's Proportionate Share of the Net Pension Liability, the Schedule of Town Pension Contributions, and the Schedule of Funding Progress for the Other Postemployment Benefits are meant to present related information for ten years. Because this is the first year that the Town has adopted GASB Statement No. 68 and presented the pension schedules, and the seventh year that the Town has presented its OPEB information, only two and seven years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 13**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2015**

	Special Revenue Funds										Capital Projects Fund	
	Library	Recreation Revolving	Recycling Revolving	Conservation Commission	Pay-by-Bag	Sewer	Senior Center Rental	Drug Forfeiture and Seizure	Public Safety Revolving	Other	Expendable Trust	Total
<b>ASSETS</b>												
Cash and cash equivalents	\$ 79,957	\$ 34,616	\$ 26,939	\$ 75,621	\$ 75,829	\$ 10,273	\$ 2,869	\$ 33,209	\$ 58,829	\$ 57,986	\$ 84,220	\$ 540,348
Investments	2,607	-	-	-	-	-	-	-	-	-	469,463	472,070
Receivables, net of allowance for uncollectibles:												
Accounts	-	-	-	-	15,018	36,256	-	-	205	-	-	51,479
Interfund receivable	1,448	-	-	-	-	-	-	-	-	-	-	1,448
Total assets	<u>\$ 84,012</u>	<u>\$ 34,616</u>	<u>\$ 26,939</u>	<u>\$ 75,621</u>	<u>\$ 90,847</u>	<u>\$ 46,529</u>	<u>\$ 2,869</u>	<u>\$ 33,209</u>	<u>\$ 59,034</u>	<u>\$ 57,986</u>	<u>\$ 553,683</u>	<u>\$ 1,065,345</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,992	\$ -	\$ -	\$ -	\$ -	\$ 8,325	\$ 12,317
Interfund payable	-	5,541	4,500	12	-	27	400	-	595	261	750	12,086
Escrow and performance deposits	-	-	-	-	-	-	200	-	-	-	-	200
Total liabilities	<u>-</u>	<u>5,541</u>	<u>4,500</u>	<u>12</u>	<u>-</u>	<u>4,019</u>	<u>600</u>	<u>-</u>	<u>595</u>	<u>261</u>	<u>9,075</u>	<u>24,603</u>
Deferred inflows of resources:												
Deferred sewer charges	-	-	-	-	-	7,436	-	-	-	-	-	7,436
Fund balances:												
Restricted	84,012	-	-	-	-	-	-	-	-	-	-	84,012
Committed	-	29,075	22,439	75,609	90,847	35,074	2,269	33,209	58,439	57,725	544,608	949,294
Total fund balances	<u>84,012</u>	<u>29,075</u>	<u>22,439</u>	<u>75,609</u>	<u>90,847</u>	<u>35,074</u>	<u>2,269</u>	<u>33,209</u>	<u>58,439</u>	<u>57,725</u>	<u>544,608</u>	<u>1,033,306</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 84,012</u>	<u>\$ 34,616</u>	<u>\$ 26,939</u>	<u>\$ 75,621</u>	<u>\$ 90,847</u>	<u>\$ 46,529</u>	<u>\$ 2,869</u>	<u>\$ 33,209</u>	<u>\$ 59,034</u>	<u>\$ 57,986</u>	<u>\$ 553,683</u>	<u>\$ 1,065,345</u>

**EXHIBIT 14**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2015**

	Special Revenue Funds										Capital Projects Funds	Total
	Library	Recreation Revolving	Recycling Revolving	Conservation Commission	Pay-by-Bag	Sewer	Senior Center Rental	Drug Forfeiture and Seizure	Public Safety Revolving	Other	Expendable Trust	
<b>REVENUES</b>												
Taxes	\$ -	\$ -	\$ -	\$ 8,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,799
Charges for services	7,900	71,986	-	-	98,377	113,380	-	-	66,814	-	-	358,457
Miscellaneous	13,198	-	13	36	44	1	1,041	17	28	57,353	471	72,202
Total revenues	21,098	71,986	13	8,835	98,421	113,381	1,041	17	66,842	57,353	471	439,458
<b>EXPENDITURES</b>												
Current:												
General government	-	1,522	-	-	-	-	-	-	-	-	-	1,522
Public safety	-	-	-	-	-	-	-	-	62,822	7,939	9,075	79,836
Highways and streets	-	-	-	-	-	-	-	-	-	-	1,975	1,975
Sanitation	-	-	4,500	-	17,259	92,937	-	-	-	-	5,068	119,764
Welfare	-	-	-	-	-	-	-	-	-	20,767	-	20,767
Culture and recreation	3,627	79,389	-	-	-	-	300	-	-	33,217	-	116,533
Conservation	-	-	-	3,818	-	-	-	-	-	-	-	3,818
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	17,773	17,773
Interest	-	-	-	-	-	-	-	-	-	-	1,690	1,690
Capital outlay	-	-	-	-	-	-	-	-	-	-	585,448	585,448
Total expenditures	3,627	80,911	4,500	3,818	17,259	92,937	300	-	62,822	61,923	621,029	949,126
Excess (deficiency) of revenues over (under) expenditures	17,471	(8,925)	(4,487)	5,017	81,162	20,444	741	17	4,020	(4,570)	(620,558)	(509,668)
Other financing sources (uses):												
Transfers in	4,696	-	-	-	-	-	-	-	-	-	448,000	452,696
Transfers out	(15,000)	-	-	-	(102,741)	-	-	-	-	-	-	(117,741)
Total other financing sources and uses	(10,304)	-	-	-	(102,741)	-	-	-	-	-	448,000	334,955
Net change in fund balances	7,167	(8,925)	(4,487)	5,017	(21,579)	20,444	741	17	4,020	(4,570)	(172,558)	(174,713)
Fund balances, beginning, as restated, see Note III.D.	76,845	38,000	26,926	70,592	112,426	14,630	1,528	33,192	54,419	62,295	717,166	1,208,019
Fund balances, ending	\$ 84,012	\$ 29,075	\$ 22,439	\$ 75,609	\$ 90,847	\$ 35,074	\$ 2,269	\$ 33,209	\$ 58,439	\$ 57,725	\$ 544,608	\$ 1,033,306

**EXHIBIT 15**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2015**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 3,888,764	\$ 3,932,478	\$ 43,714
Land use change	16,000	13,640	(2,360)
Timber	20,000	28,863	8,863
Payments in lieu of taxes	75,125	131,675	56,550
Interest and penalties on delinquent taxes	100,000	108,921	8,921
Total taxes	<u>4,099,889</u>	<u>4,215,577</u>	<u>115,688</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	1,500	977	(523)
Motor vehicle permits	1,005,000	1,120,688	115,688
Other	22,600	23,705	1,105
Total licenses, permits and fees	<u>1,029,100</u>	<u>1,145,370</u>	<u>116,270</u>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	269,394	269,394	-
Highway block grant	175,761	177,277	1,516
State and federal forest land	396	396	-
Flood control reimbursement	263,962	257,854	(6,108)
Landfill grant	24,603	24,603	-
Witness fees	-	824	824
Curtain restoration grant	8,218	-	(8,218)
Federal sources:			
Police grants	-	6,653	6,653
Total intergovernmental	<u>742,334</u>	<u>737,001</u>	<u>(5,333)</u>
<b>Charges for services:</b>			
Income from departments	<u>785,942</u>	<u>725,049</u>	<u>(60,893)</u>
<b>Miscellaneous:</b>			
Sale of property	1,000	4,386	3,386
Interest on investments	-	2,915	2,915
Rent	7,000	8,860	1,860
Fines and forfeits	300	570	270
Insurance dividends and reimbursements	15,000	107,679	92,679
Contributions and donations	1,500	4,280	2,780
Other	25,000	9,777	(15,223)
Total miscellaneous	<u>49,800</u>	<u>138,467</u>	<u>88,667</u>
<b>Other financing sources:</b>			
Transfers in:			
Nonmajor funds	121,047	117,741	(3,306)
Long-term debt issued	1,495,016	1,494,553	(463)
Total other financing sources	<u>1,616,063</u>	<u>1,612,294</u>	<u>(3,769)</u>
<b>Total revenues and other financing sources</b>	<u>\$ 8,323,128</u>	<u>\$ 8,573,758</u>	<u>\$ 250,630</u>

**EXHIBIT 16**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2015**

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Current:				
General government:				
Executive	\$ -	\$ 249,172	\$ 272,825	\$ (23,653)
Election and registration	-	207,701	201,863	5,838
Financial administration	-	112,047	110,265	1,782
Revaluation of property	-	78,241	67,123	11,118
Legal	-	25,000	22,792	2,208
Personnel administration	-	601,270	567,790	33,480
Planning and zoning	-	105,024	103,468	1,556
Cemeteries	-	16,372	16,476	(104)
Insurance, not otherwise allocated	-	74,830	72,959	1,871
Other	-	8,218	8,218	-
Total general government	-	1,477,875	1,443,779	34,096
Public safety:				
Police	-	700,941	627,955	72,986
Ambulance	-	573,659	612,998	(39,339)
Fire	-	250,217	286,728	(36,511)
Emergency management	-	1	-	1
Total public safety	-	1,524,818	1,527,681	(2,863)
Highways and streets:				
Public works	-	538,771	515,219	23,552
Highways and streets	85,695	690,000	733,450	42,245
Street lighting	-	2,340	2,177	163
Total highways and streets	85,695	1,231,111	1,250,846	65,960
Sanitation:				
Transfer station	-	659,534	545,957	113,577
Solid waste clean-up	-	43,300	39,138	4,162
Community wells	-	15,240	14,685	555
Total sanitation	-	718,074	599,780	118,294
Health:				
Animal control	-	7,084	6,325	759
Health and welfare agencies	-	14,327	14,327	-
Total health	-	21,411	20,652	759
Welfare:				
Administration	-	59,553	58,363	1,190
Vendor payments	-	55,000	45,171	9,829
Total welfare	-	114,553	103,534	11,019

(continued)

**EXHIBIT 16 (continued)**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2015**

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Culture and recreation:				
Parks and recreation	-	318,696	318,924	(228)
Public library	-	280,749	283,257	(2,508)
Patriotic purposes	-	3,251	3,100	151
Total culture and recreation	-	602,696	605,281	(2,585)
Conservation	-	1	-	1
Economic development	-	500	500	-
Debt service:				
Principal	-	339,950	366,083	(26,133)
Interest on long-term debt	-	122,123	121,012	1,111
Interest on tax anticipation note	-	2,000	-	2,000
Total debt service	-	464,073	487,095	(23,022)
Capital outlay:				
Fire station renovation	-	1,495,016	1,167,204	327,812
Improvements other than buildings	-	225,000	157,264	67,736
Total capital outlay	-	1,720,016	1,324,468	395,548
Other financing uses:				
Transfers out:				
Nonmajor funds	-	448,000	448,000	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 85,695	\$ 8,323,128	\$ 7,811,616	\$ 597,207

**EXHIBIT 17**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**General Fund**  
***Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)***  
***For the Year Ended December 31, 2015***

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Unassigned fund balance, beginning		\$ 856,846
Budget summary:		
Revenue surplus (Exhibit 15)	\$ 250,630	
Unexpended balance of appropriations (Exhibit 16)	<u>597,207</u>	
Budget surplus		847,837
Increase in nonspendable fund balance		<u>(45,713)</u>
Unassigned fund balance, ending		<u><u>\$ 1,658,970</u></u>





# Roberts & Greene, PLLC

## LETTER TO MANAGEMENT

To the Members of the Board of Selectmen  
Town of Hopkinton  
330 Main Street  
Hopkinton, NH 03229

Dear Members of the Board:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hopkinton as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hopkinton's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We do want to report on the status of the following previous comments:

### *Sewer Fund Reporting*

We are pleased to see that the Town has addressed the situation of rates not covering costs, and that the Sewer Fund is no longer reporting a deficit.

### *Ambulance Billing and Receivables*

We noted that the Town has changed outside billing services to one that is providing more detailed reporting, including monthly reconciliations.

This communication is intended solely for the information and use of the Board of Selectmen and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

July 20, 2016

*Roberts & Greene, PLLC*