

# TOWN OF HOPKINTON, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018

**TOWN OF HOPKINTON, NEW HAMPSHIRE  
FINANCIAL REPORT  
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DECEMBER 31, 2018**

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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, the major fund, and the aggregate remaining fund information of the Town of Hopkinton, as of and for the year ended December 31, 2018, 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.

### **Basis for Adverse Opinion on the Governmental Activities**

As discussed in Note I.B.3. to the financial statements, the Town has not determined its liability or annual cost for postemployment benefits other than pensions (OPEB) in governmental activities following the new standards as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Although the Town has recognized an OPEB liability, the portion related to the implicit rate subsidy was calculated using an older standard. Calculating the implicit rate portion using the new standard would affect the liabilities, net position, and expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities has not been determined.

### **Adverse Opinion**

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United

States of America, the respective financial position of the governmental activities of the Town of Hopkinton as of December 31, 2018, and the respective changes in financial position thereof for the year then ended.

**Unmodified Opinions**

Also, 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 Hopkinton, as of December 31, 2018, and the respective changes in financial position thereof, and budgetary comparison for the General Fund, 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 pension and OPEB related schedules 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. 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, which accounting principles generally accepted in the United States of America have determined 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 Town of Hopkinton's basic financial statements. The combining nonmajor 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. 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 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 nonmajor and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

October 24, 2019

*Robert + Greene, PLLC*

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,015,554
Investments	2,054,390
Intergovernmental receivable	18,518
Other receivables, net of allowance for uncollectibles	1,339,614
Prepaid items	33,532
Tax deeded property held for resale	20,081
Capital assets, not being depreciated:	
Land	8,410,469
Intangible assets	323,900
Capital assets, net of accumulated depreciation:	
Land improvements	279,844
Buildings and building improvements	6,057,927
Machinery, vehicles and equipment	1,532,860
Infrastructure	4,686,604
Total assets	34,773,293
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	642,307
Deferred amounts related to OPEB	33,513
Total deferred outflows of resources	675,820
<b>LIABILITIES</b>	
Accounts payable	196,560
Accrued payroll and benefits	69,646
Accrued interest payable	68,308
Intergovernmental payable	7,484,769
Noncurrent obligations:	
Due within one year:	
Bonds and notes payable	584,972
Accrued landfill postclosure care costs	29,000
Due in more than one year:	
Bonds and notes payable	4,296,364
Compensated absences payable	268,788
Accrued landfill postclosure care costs	232,000
Net pension liability	4,318,565
Other postemployment benefits payable	579,900
Total liabilities	18,128,872
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	7,038
Deferred amounts related to pensions	322,283
Deferred amounts related to OPEB	1,293
Total deferred inflows of resources	330,614
<b>NET POSITION</b>	
Net investment in capital assets	16,984,804
Restricted for:	
Perpetual care:	
Nonexpendable	551,918
Expendable	207,251
Other purposes	1,053,188
Unrestricted	(1,807,534)
Total net position	\$ 16,989,627

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, 2018**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,809,231	\$ 39,426	\$ 17,743	\$ -	\$ (1,752,062)
Public safety	1,898,460	470,504	8,857	-	(1,419,099)
Highways and streets	2,649,830	-	-	193,986	(2,455,844)
Sanitation	769,988	492,614	-	-	(277,374)
Health	20,923	-	-	-	(20,923)
Welfare	129,293	-	20,943	-	(108,350)
Culture and recreation	850,361	4,386	39,456	-	(806,519)
Conservation	10,103	-	-	-	(10,103)
Economic development	39,433	-	-	-	(39,433)
Interest on long-term debt	157,792	-	-	-	(157,792)
Capital outlay	260,491	-	-	-	(260,491)
Total primary government	<u>\$ 8,595,905</u>	<u>\$ 1,006,930</u>	<u>\$ 86,999</u>	<u>\$ 193,986</u>	<u>(7,307,990)</u>
General revenues:					
Property taxes					4,254,236
Other taxes					256,338
Licenses and permits					1,250,801
Grants and contributions not restricted to specific programs					511,817
Fire Insurance Reimbursement					267,644
Miscellaneous					72,775
Total general revenues					<u>6,613,611</u>
Change in net position					(694,379)
Net position, beginning, as restated, see Note III.D.3.					<u>17,684,006</u>
Net position, ending					<u>\$ 16,989,627</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, 2018**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,710,369	\$ 1,305,185	\$ 10,015,554
Investments	-	2,054,390	2,054,390
Receivables, net of allowance for uncollectibles:			
Taxes	815,915	-	815,915
Accounts	235,986	51,479	287,465
Intergovernmental	18,518	-	18,518
Interfund receivable	39,731	2,198	41,929
Prepaid items	33,532	-	33,532
Tax deeded property held for resale	20,081	-	20,081
Total assets	<u>\$ 9,874,132</u>	<u>\$ 3,413,252</u>	<u>\$ 13,287,384</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 180,870	\$ 15,690	\$ 196,560
Accrued salaries and benefits	69,646	-	69,646
Intergovernmental payable	7,484,769	-	7,484,769
Interfund payable	-	41,929	41,929
Total liabilities	<u>7,735,285</u>	<u>57,619</u>	<u>7,792,904</u>
Deferred inflows of resources:			
Deferred revenue	<u>665,406</u>	<u>41,829</u>	<u>707,235</u>
Fund balances:			
Nonspendable	53,613	781,081	834,694
Restricted	777	1,030,499	1,031,276
Committed	-	1,502,224	1,502,224
Assigned	272,644	-	272,644
Unassigned	1,146,407	-	1,146,407
Total fund balances	<u>1,473,441</u>	<u>3,313,804</u>	<u>4,787,245</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,874,132</u>	<u>\$ 3,413,252</u>	<u>\$ 13,287,384</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, 2018**

Total fund balances of governmental funds (Exhibit 3)		\$ 4,787,245
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.		
Cost	\$ 65,823,117	
Less accumulated depreciation	<u>(44,531,513)</u>	21,291,604
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (49,021)	
Payables	<u>49,021</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 497,035	
Unavailable ambulance revenue	80,959	
Unavailable landfill charges	15,102	
Unavailable payments in lieu of taxes	65,272	
Unavailable sewer charges	41,829	
Unavailable elderly and welfare liens	<u>236,234</u>	936,431
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(68,308)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 4,881,336	
Compensated absences payable	268,788	
Accrued landfill postclosure care costs	261,000	
Net pension liability	4,318,565	
OPEB liability	<u>579,900</u>	(10,309,589)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 642,307	
Deferred outflows of resources related to OPEB	33,513	
Deferred inflows of resources related to pensions	(322,283)	
Deferred inflows of resources related to OPEB	<u>(1,293)</u>	352,244
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 16,989,627</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, 2018**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 4,491,462	\$ 7,133	\$ 4,498,595
Licenses, permits and fees	1,250,801	-	1,250,801
Intergovernmental	712,063	-	712,063
Charges for services	704,776	338,495	1,043,271
Miscellaneous	340,388	(23,202)	317,186
Total revenues	<u>7,499,490</u>	<u>322,426</u>	<u>7,821,916</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	1,642,198	45,655	1,687,853
Public safety	1,646,558	69,952	1,716,510
Highways and streets	1,629,751	-	1,629,751
Sanitation	633,925	120,521	754,446
Health	20,923	-	20,923
Welfare	114,628	17,437	132,065
Culture and recreation	491,248	80,401	571,649
Conservation	-	10,103	10,103
Economic development	39,433	-	39,433
<b>Debt service:</b>			
Principal	583,135	-	583,135
Interest on long-term debt	167,505	-	167,505
Capital outlay	-	813,763	813,763
Total expenditures	<u>6,969,304</u>	<u>1,157,832</u>	<u>8,127,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>530,186</u>	<u>(835,406)</u>	<u>(305,220)</u>
<b>Other financing sources (uses):</b>			
Transfers in	116,436	667,198	783,634
Transfers out	(665,000)	(118,634)	(783,634)
Total other financing sources and uses	<u>(548,564)</u>	<u>548,564</u>	<u>-</u>
Net change in fund balances	(18,378)	(286,842)	(305,220)
Fund balances, beginning, as restated, see Note III.D.3.	1,491,819	3,600,646	5,092,465
Fund balances, ending	<u>\$ 1,473,441</u>	<u>\$ 3,313,804</u>	<u>\$ 4,787,245</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, 2018**

Net change in fund balances of governmental funds (Exhibit 5)		\$ (305,220)
Amounts reported for governmental activities in the statement of activities are different because:		
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 depreciation expense exceeded capitalized capital outlay expense in the current period.		
Capitalized capital outlay	\$ 702,592	
Depreciation expense	<u>(1,585,406)</u>	(882,814)
The disposal of capital assets decreased net position.		
		(7,786)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (783,634)	
Transfers out	<u>783,634</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue	\$ (37,836)	
Change in unavailable ambulance revenue	(33,444)	
Change in unavailable landfill charges	(1,991)	
Change in unavailable payments in lieu of taxes	30,951	
Change in unavailable sewer charges	(31,538)	
Change in unavailable elderly and welfare liens	<u>(5,094)</u>	(78,952)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond and note principal		435,049
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	\$ (19,971)	
Increase in compensated absences payable	(27,575)	
Decrease in accrued landfill postclosure care costs	19,000	
Decrease in net pension liability	64,066	
Increase in other postemployment benefits liability	<u>(156,497)</u>	(120,977)
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	\$ 432,850	
Cost of benefits earned, net of employee contributions	<u>(166,529)</u>	
		<u>266,321</u>
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ (694,379)</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, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 4,555,672	\$ 4,555,672	\$ 4,529,298	\$ (26,374)
Licenses, permits and fees	1,204,750	1,204,750	1,250,801	46,051
Intergovernmental	714,892	714,892	712,063	(2,829)
Charges for services	830,545	830,545	704,776	(125,769)
Miscellaneous	52,400	52,400	340,388	287,988
Total revenues	<u>7,358,259</u>	<u>7,358,259</u>	<u>7,537,326</u>	<u>179,067</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,759,374	1,704,023	1,642,198	61,825
Public safety	1,731,644	1,766,490	1,646,558	119,932
Highways and streets	1,505,588	1,526,679	1,514,413	12,266
Sanitation	608,447	598,294	633,925	(35,631)
Health	21,509	21,509	20,923	586
Welfare	113,523	115,132	114,628	504
Culture and recreation	491,990	499,948	491,248	8,700
Conservation	1	1	-	1
Economic development	53,500	53,500	22,933	30,567
Debt service:				
Principal	583,882	583,882	583,135	747
Interest on long-term debt	166,801	166,801	167,505	(704)
Interest on tax anticipation note	2,000	2,000	-	2,000
Capital outlay	-	-	-	-
Total expenditures	<u>7,038,259</u>	<u>7,038,259</u>	<u>6,837,466</u>	<u>200,793</u>
Excess of revenues over expenditures	<u>320,000</u>	<u>320,000</u>	<u>699,860</u>	<u>379,860</u>
Other financing sources (uses):				
Transfers in	15,000	15,000	116,436	101,436
Transfers out	<u>(665,000)</u>	<u>(665,000)</u>	<u>(665,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(650,000)</u>	<u>(650,000)</u>	<u>(548,564)</u>	<u>101,436</u>
Net change in fund balance	<u>\$ (330,000)</u>	<u>\$ (330,000)</u>	151,296	<u>\$ 481,296</u>
Decrease in nonspendable fund balance			162,868	
Increase in assigned fund balance			(267,644)	
Unassigned fund balance, beginning, as restated			<u>1,596,922</u>	
Unassigned fund balance, ending			<u>\$ 1,643,442</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, 2018**

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 10,150	\$ 169,971
Investments	<u>678,671</u>	<u>887,839</u>
Total assets	<u>688,821</u>	<u>1,057,810</u>
Liabilities:		
Due to other governments	<u>-</u>	<u>1,057,810</u>
Net position:		
Held in trust for specific purposes	<u>\$ 688,821</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, 2018**

	<u>Private Purpose Trust</u>
Additions:	
New funds	\$ 55,200
Investment earnings:	
Interest and dividends	19,270
Net change in fair value of investments	<u>(54,941)</u>
Total additions	19,529
Deductions:	
Trust distributions	<u>17,613</u>
Change in net position	1,916
Net position, beginning	<u>686,905</u>
Net position, ending	<u><u>\$ 688,821</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, 2018**

**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, 2018.

**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, 2018**

*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 fund is 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, with the exception that it has not yet implemented GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*, and has calculated the implicit rate subsidy portion of the OPEB liability using an older standard.

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

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liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

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

*Governmental Funds*

The Town reports the following major governmental fund:

*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.

The Town also reports thirteen 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.

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

During the year, the Town adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the medical subsidy portion of its OPEB liability. This resulted in a change in the measurement and presentation of the Town's OPEB liability reported in the Statement of Net Position. The prior year's net position was restated as shown in Note III.D.3. to reflect this change.

**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 deposit all monies in participation units in the public deposit investment pool established

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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 acquisition 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	20-50
Machinery, vehicles and equipment	5-20
Infrastructure	7-50

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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 compensated absences, accrued landfill postclosure care costs, the net pension liability, and the other postemployment benefits 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 Fund 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; the rest of the Permanent Fund that is to be used for other purposes; the unexpended bond proceeds in the Road, Bridges and Culverts Fund, and the unexpended balance of the special highway block grant received in 2017 .
- 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 unexpended additional highway block grant, the income portion of the Permanent Fund, the balance of the Library Fund and the unexpended bond proceeds in the Road, Bridges and Culverts Fund. that can only be used for specific purposes per terms of endowments or State law
- Committed, representing the unrestricted balances of the Special Revenue and Capital Projects Funds.

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- Assigned, representing an encumbrance approved by the Board of Selectmen, and insurance proceeds from the fire at the Library being used for repairs in the next year.
- Unassigned, representing the remaining balance of the General Fund.

**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**

**II.A. 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 2018, \$300,000 of the fund balance from 2017 was so used, and \$30,000 was appropriated from fund balance by Town Meeting.

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.

**II.B. Reconciliation of General Fund Budgetary Basis to GAAP**

The following reconciles the budgetary basis to the GAAP basis for the General Fund.

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 7,653,762
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	459,199
Tax revenue deferred in the current year	(497,035)
Per Exhibit 5 (GAAP basis)	<u>\$ 7,615,926</u>

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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 7,502,466
Adjustments:	
Basis difference:	
Encumbrances, beginning	137,615
Encumbrances, ending	(5,777)
Per Exhibit 5 (GAAP basis)	<u>\$ 7,634,304</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,643,442
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(497,035)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,146,407</u>

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

**III.A.1. Investments**

As of December 31, 2018, the Town had the following investments:

U.S. government agencies	\$ 273,984
Exchange traded funds	185,738
Mutual funds	458,923
Common stock	464,799
Preferred stock	59,980
Corporate Bonds	355,261
American depository receipts	25,765
New Hampshire Public Deposit Investment Pool	1,796,450
	<u>\$ 3,620,900</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 2,054,390
Fiduciary funds - statement of fiduciary net position (Exhibit 7)	1,566,510
Total	<u>\$ 3,620,900</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 liened 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 2016 property taxes on April 11.

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, 2018, upon which the 2018 property tax levy was based was:

For the New Hampshire education tax	\$595,192,822
For all other taxes	\$621,759,222

*This note continues on the following page.*

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The tax rates and amounts assessed for the year ended December 31, 2018 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$7.36	\$ 4,579,236
School portion:		
State of New Hampshire	\$2.37	1,410,714
Local	\$21.95	13,646,801
County portion	\$3.06	1,900,202
Precinct portion:		
Contoocook Village	\$2.10	273,388
Hopkinton Village	\$0.45	17,706
Total property taxes assessed		<u>\$21,828,047</u>

The following details the taxes receivable at year-end:

Property:		
Levy of 2018		\$ 700,718
Unredeemed (under tax lien):		
Levy of 2017		151,184
Levy of 2016		65,422
Levy of 2015		14,152
Levy of 2014		2,453
Levy of 2013		3,062
Levy of 2012		2,978
Levy of 2011		2,917
Levy of 2010		17,182
Land use change		5,352
Timber		495
Less: allowance for estimated uncollectible taxes		<u>(150,000)</u>
Net taxes receivable		<u>\$ 815,915</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	\$ 336,573
Intergovernmental	18,518
Liens	236,234
Less: allowance for uncollectible amounts	<u>(285,342)</u>
Net total receivables	<u><u>\$ 305,983</u></u>

*Deferred Revenue*

Deferred revenue in the governmental funds consists of \$497,035 of taxes, \$41,829 of sewer charges, \$65,272 of payments in lieu of taxes, \$80,959 of ambulance related fees, and \$15,102 of landfill revenue deferred because they were not received within sixty days of year-end; and \$7,038 of prepaid taxes to be applied to the subsequent year's levy. In the Governmental Activities, only the prepaid taxes are reported as unearned revenue.

**III.A.4. Capital Assets**

*Changes in Capital Assets*

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

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 8,410,469	\$ -	\$ -	\$ 8,410,469
Intangible assets	323,900	-	-	323,900
Total capital assets not being depreciated	<u>8,734,369</u>	<u>-</u>	<u>-</u>	<u>8,734,369</u>
Being depreciated:				
Land improvements	1,147,328	-	-	1,147,328
Buildings and building improvements	8,804,074	-	-	8,804,074
Machinery, vehicles and equipment	4,588,629	259,133	(146,531)	4,701,231
Infrastructure	41,992,656	443,459	-	42,436,115
Total capital assets being depreciated	<u>56,532,687</u>	<u>702,592</u>	<u>(146,531)</u>	<u>57,088,748</u>
Total all capital assets	<u>65,267,056</u>	<u>702,592</u>	<u>(146,531)</u>	<u>65,823,117</u>
Less accumulated depreciation:				
Land improvements	(842,232)	(25,252)	-	(867,484)
Buildings and building improvements	(2,480,088)	(266,059)	-	(2,746,147)
Machinery, vehicles and equipment	(2,967,449)	(339,667)	138,745	(3,168,371)
Infrastructure	(36,795,083)	(954,428)	-	(37,749,511)
Total accumulated depreciation	<u>(43,084,852)</u>	<u>(1,585,406)</u>	<u>138,745</u>	<u>(44,531,513)</u>
Net book value, capital assets being depreciated	<u>13,447,835</u>	<u>(882,814)</u>	<u>(7,786)</u>	<u>12,557,235</u>
Net book value, all capital assets	<u><u>\$ 22,182,204</u></u>	<u><u>\$ (882,814)</u></u>	<u><u>\$ (7,786)</u></u>	<u><u>\$ 21,291,604</u></u>

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

Governmental activities:	
General government	\$ 266,059
Public safety	141,074
Highways and streets	1,134,485
Sanitation	39,993
Culture and recreation	3,795
Total depreciation expense	<u>\$ 1,585,406</u>

**III.B. Liabilities**

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

The amount due to other governments at December 31, 2018 consists of the balance of the 2018-2019 district assessment due to the Hopkinton School District in the amount of \$7,484,769.

**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, accrued landfill postclosure care costs, the net pension liability, and the OPEB liability.

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2018	Current Portion
General obligation bonds and notes payable:						
Open space (Beyer/Carson/Rollins)	\$761,500	2004	2020	4.31	\$ 100,000	\$ 50,000
Open space (Rice)	\$467,900	2005	2025	4.00	145,000	25,000
Open space (Ransmeier)	\$368,250	2006	2019	4.39	7,050	7,050
Open space (Myron)	\$279,837	2007	2020	3.97	59,198	25,145
Community well	\$350,000	2010	2020	3.20	70,000	35,000
Highway garage	\$530,566	2013	2023	2.21	265,282	53,057
Fire station renovations	\$2,995,041	2014	2029	3.49	2,440,869	184,733
Roads, bridges, and culverts	\$2,200,000	2016	2026	2.54	1,793,937	204,987
					<u>4,881,336</u>	<u>584,972</u>
Compensated absences payable					268,788	-
Accrued landfill postclosure care costs					261,000	29,000
Net pension liability					4,318,565	-
OPEB liability					579,900	-
					<u>\$ 10,309,589</u>	<u>\$ 613,972</u>

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*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018:

	General Obligation Bonds and Notes Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 5,316,385	\$ 241,213	\$ 280,000	\$ 4,382,631	\$ 423,403	\$ 10,643,632
Additions	-	27,575	-	-	156,497	184,072
Reductions	(435,049)	-	(19,000)	(64,066)	-	(518,115)
Balance, ending	<u>\$ 4,881,336</u>	<u>\$ 268,788</u>	<u>\$ 261,000</u>	<u>\$ 4,318,565</u>	<u>\$ 579,900</u>	<u>\$ 10,309,589</u>

*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
2019	\$ 584,972	\$ 148,155	\$ 733,127
2020	593,353	129,954	723,307
2021	486,804	111,799	598,603
2022	499,389	97,191	596,580
2023	512,367	82,781	595,148
2024-2028	1,937,298	199,529	2,136,827
2029	267,153	7,060	274,213
Totals	<u>\$ 4,881,336</u>	<u>\$ 776,469</u>	<u>\$ 5,657,805</u>

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, 2018, 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 nine years, the length of time monitoring is expected to continue. The actual cost of postclosure care could be higher or lower.

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**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.”

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 39,731
Nonmajor	Nonmajor	2,198
		\$ 41,929

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

**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:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 665,000	\$ 665,000
Nonmajor funds	116,436	2,198	118,634
	\$ 116,436	\$ 667,198	\$ 783,634

The transfers from the General Fund represent \$665,000 to the Expendable Trust Fund as voted by Town Meeting. The transfers from the Nonmajor Funds represent \$15,000 from the Library Fund to the General Fund for interest; \$101,436 from the Pay-by-Bag Fund to the General Fund as voted; and \$2,198 representing earnings on library trust funds paid to the Library Fund from the Permanent Fund.

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**III.D. Equity**

**III.D.1. Components of Fund Balance**

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

	General Fund	Nonmajor Funds
Nonspendable:		
Prepaid items	\$ 33,532	\$ -
Tax deeded property	20,081	-
Endowments	-	781,081
Total nonspendable	53,613	781,081
Restricted:		
General government	-	207,251
Highways and streets	777	574,536
Welfare	-	143,557
Culture and recreation	-	105,155
Total restricted	777	1,030,499
Committed:		
Public safety	-	81,261
Highways and streets	-	1,580
Sanitation	-	110,148
Welfare	-	41,856
Culture and recreation	-	113,999
Conservation	-	130,192
Capital outlay	-	1,023,188
Total committed	-	1,502,224
Assigned:		
Economic development	5,000	-
Capital outlay	267,644	-
Total assigned	272,644	-
Unassigned	1,146,407	-
Total fund balance	\$ 1,473,441	\$ 3,313,804

**III.D.2. Restricted Net Position**

The government-wide statement of net position includes restricted net position of \$759,169 for perpetual care; \$374,046 for library, community outreach and the senior center representing public trust funds reported as restricted to reflect purpose restrictions in trust indentures; \$574,536 of unexpended bond proceeds; \$103,829 of the library fund balance and \$777 representing additional highway block grant monies, all whose use is restricted by law.

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**III.D.3. Restatement of Beginning Equity**

Equity of the Governmental Activities at January 1, 2018 was restated as follows:

	Governmental Activities	General Fund	Nonmajor Funds
To adjust for OPEB liability related to NHRS medical subsidy	\$ (260,284)	\$ -	\$ -
To correct balance with Pay-by-Bag Fund	-	(27,674)	27,674
To defer sewer charges not received within sixty days	-	-	(26,538)
To reclassify Roads, Bridges, & Culverts Fund to nonmajor	-	-	1,047,909
Net position/fund balance, as previously reported	<u>17,944,290</u>	<u>1,519,493</u>	<u>2,551,601</u>
Net position/fund balance, as restated	<u>\$ 17,684,006</u>	<u>\$ 1,491,819</u>	<u>\$ 3,600,646</u>

**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 organized to provide certain property and liability protection to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of Primex, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 through June 30 for property/liability, and from January 1 through December 31 for workers' compensation.

Contributions paid for property/liability coverage in 2018 to be recorded as an insurance expenditure/expense totaled \$68,227. There were no unpaid contributions due in 2018. The Town also paid \$87,647 for workers' compensation coverage for the year. The policy agreement permits Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Town 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

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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% of gross wages, respectively. The rates of contribution from the Town were 29.43% for police, 31.89% for fire personnel, and 11.38% for other employees. The rates 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 from the Town during the years 2016, 2017 and 2018 were \$367,709, \$391,770 and \$432,850, 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, 2018, the Town reported a liability of \$4,318,565 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 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, 2018, the Town's proportion was 0.0897%, which was an increase of 0.0006% from its proportion measured as of June 30, 2017.

For the year 2018, the Town recognized pension expense of \$166,529. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and share of contributions	\$ 89,924	\$ 187,380
Net differences between projected and actual earnings on pension plan investments	-	99,935
Changes of assumptions	298,866	-
Differences between expected and actual experience	34,470	34,968
Town contributions subsequent to the measurement date	<u>219,047</u>	<u>-</u>
	<u>\$ 642,307</u>	<u>\$ 322,283</u>

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The Town reported \$219,047 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 2019.

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

Year Ending December 31,	
2019	\$ 143,422
2020	101,039
2021	(131,153)
2022	(12,331)
	<u>\$ 100,977</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2018 actuarial valuation was determined using the actuarial valuation as of June 30, 2017 rolled forward, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Tables, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

*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%, 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 (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	<u>\$5,745,886</u>	<u>\$4,318,565</u>	<u>\$3,122,426</u>



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

**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.

There are also some pending claims and litigation that have arisen through the Town's normal operations, most notably, property tax appeals from two power companies, seeking abatements of taxes assessed in prior years. The Town is defending against these claims, and is unable at this time to determine the likelihood of an unfavorable outcome, but should the plaintiffs succeed, the effect to the Town would be expected to be significant.

**IV.D. Other Postemployment Benefits**

*Plan Descriptions*

The Town is part of two different OPEB plans, one that is a retiree health care benefits program operating as a single-employer plan that is used to provide OPEB for all permanent full-time employees (implicit rate subsidy); and the other that consists of benefits to its retired employees and their beneficiaries as required by RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. These benefits are provided through the New Hampshire Retirement System operating as a cost-sharing, multiple-employer OPEB medical subsidy healthcare plan (medical insurance subsidy). Further information on this plan can be found in the audited report on the NHRS Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan which is available on the NHRS website at [www.nhrs.org](http://www.nhrs.org).

*Benefits Provided*

The Town provides health care benefits for its retirees and their dependents (implicit rate plan). Benefits are provided through the Town, but the full cost of premiums is paid by the retirees. The same benefits are offered to retirees as to active employees, with the claims experience of both categories combined to determine a blended premium rate. Because the rate is the same for both retired and presumably less healthy individuals and active and presumably, more healthy individuals, the premium for the active employees which is for the most part paid by the Town is in effect subsidizing the premium for retirees.

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With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree's household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants.

*Total OPEB Liability, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB*

The Town's total OPEB liability of \$579,900 at December 31, 2018, consists of \$172,835 for the implicit rate subsidy determined by a valuation calculated using the standards set by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and \$407,065 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2017 with roll-forward procedures used to determine the liability as of June 30, 2018. The roll-forward of the total OPEB liability related to the medical subsidy from 2017 to 2018 reflects service cost and interest reduced by actual benefit payments and refunds for the plan year.

For the year ended December 31, 2018, the Town recognized OPEB expense of \$142,551. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in proportion and differences between employer contributions and share of contributions	\$ 31,124	\$ -
Net differences between projected and actual earnings on OPEB plan investments	-	1,293
Differences between expected and actual experience	2,389	-
	<u>\$ 33,513</u>	<u>\$ 1,293</u>

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

Year Ending December 31,	
2019	\$ 33,110
2020	(404)
2021	(404)
2022	(82)
	<u>\$ 32,220</u>

*Methods and Assumptions*

The total OPEB liability was based on the following actuarial assumptions:

Medical Insurance Subsidy:	
Payroll growth	3.25%
Discount rate	7.25%
Inflation	2.50%
Investment rate of return	3.62%, net of investment expense, including inflation
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Tables with credibility adjustments and adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study
Healthcare cost trend rates	N/A, benefits are fixed stipends

The following simplifying assumptions were made in the calculation of the implicit rate subsidy portion:

*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 2018 were used as the basis for calculation of the present value of total benefits to be paid.

*Sensitivity of the Total OPEB Liability to Changes in Rates*

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount and healthcare cost trend rates. The following presents the Town’s total OPEB liability related to the medical subsidy calculated using the stated discount rate, as well as what

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it would be if it were calculated using a discount rate that is one percentage point lower or one percentage rate higher than the stated rate.

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Decrease <u>(8.25%)</u>
Town's total OPEB liability related to the medical subsidy	\$ 423,675	\$ 407,065	\$ 360,537

**IV.E. Fire at Town Library During Year**

On August 3, 2018, the Town Library suffered extensive damage in a fire caused by a lightning strike. The loss was covered by insurance with the exception of a \$1,000 deductible that was paid in 2018. As of December 31, 2018, the Town had received \$293,054 in insurance proceeds, of which only \$25,410 had been expended on the library repairs as of year-end. The balance of \$267,644 is reported in the General Fund as assigned to be used for the bulk of the repairs in 2019. During 2019, additional insurance proceeds of \$88,853 were received, and the repairs were completed in that year.

**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**

	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0897%	0.0891%	0.0951%	0.0916%	0.0944%
Town's proportionate share of the net pension liability	\$ 4,318,565	\$ 4,382,631	\$ 5,055,916	\$ 3,626,825	\$ 3,542,092
Town's covered-employee payroll	\$ 2,883,141	\$ 2,158,167	\$ 2,025,249	\$ 1,962,243	\$ 2,053,126
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	149.79%	203.07%	249.64%	184.83%	172.52%
Plan fiduciary position as a percentage of the total pension liability	64.7%	62.7%	58.3%	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 the Town's Pension Contributions*  
**New Hampshire Retirement System**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 586,911	\$ 382,922	\$ 368,038	\$ 350,050	\$ 356,384
Contributions in relation to the contractually required contribution	<u>586,911</u>	<u>382,922</u>	<u>368,038</u>	<u>350,050</u>	<u>356,384</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 2,883,141	\$ 2,158,167	\$ 2,025,249	\$ 1,962,243	\$ 2,053,126
Contributions as a percentage of covered-employee payroll	20.36%	17.74%	18.17%	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**  
**Schedule of Changes in the Town's Total OPEB Liability and Related Ratios**

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	2018
Total OPEB liability:	
Service cost	\$ 875
Interest	33,231
Differences between expected and actual experience	11,262
Contributions	49,043
Benefit payments	(43,788)
Administrative expense and non-contribution items	(67)
Change in percentage	105,941
Net change in total OPEB liability	156,497
Total OPEB liability, beginning, as restated	423,403
Total OPEB liability, ending	\$ 579,900
Covered payroll	\$ 2,883,141
Total OPEB liability as a percentage of covered payroll	20.11%

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



**EXHIBIT 13**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Schedule of the Town's OPEB Contributions**

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	2018
Actuarially determined contribution	\$ 64,525
Contributions in relation to the actuarially determined contribution	(54,809)
Contribution deficiency	<u>\$ 9,716</u>
Covered-employee payroll	\$ 2,883,141
Contributions as a percentage of covered-employee payroll	2.24%

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  
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The Schedule of the Town's Proportionate Share of the Net Pension Liability, the Schedule of the Town's Pension Contributions, the Schedule of Changes in the Town's Total OPEB Liability and Related Ratios, and the Schedule of the Town's OPEB Contributions are meant to present related information for ten years. Because this is the fourth year that the Town has presented the pension schedules, and the first year that the Town has presented its OPEB information under the new standards set by GASB Statement No. 75, only four and one year, 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 14**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2018**

	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	Roads, Bridges & Culverts		Permanent Fund
<b>ASSETS</b>														
Cash and cash equivalents	\$ 98,937	\$ 52,618	\$ 20,104	\$ 130,192	\$ 108,218	\$ 13,517	\$ 1,010	\$ 32,459	\$ 40,714	\$ 118,452	\$ 97,696	\$ 574,536	\$ 16,732	\$ 1,305,185
Investments	2,694	-	-	-	-	-	-	-	-	-	933,015	-	1,118,681	2,054,390
Accounts receivable, net of allowances	-	-	-	-	1,950	48,491	-	-	1,038	-	-	-	-	51,479
Interfund receivable	2,198	-	-	-	-	-	-	-	-	-	-	-	-	2,198
Total assets	<u>\$ 103,829</u>	<u>\$ 52,618</u>	<u>\$ 20,104</u>	<u>\$ 130,192</u>	<u>\$ 110,168</u>	<u>\$ 62,008</u>	<u>\$ 1,010</u>	<u>\$ 32,459</u>	<u>\$ 41,752</u>	<u>\$ 118,452</u>	<u>\$ 1,030,711</u>	<u>\$ 574,536</u>	<u>\$ 1,135,413</u>	<u>\$ 3,413,252</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>														
Liabilities:														
Accounts payable	\$ -	\$ 1,375	\$ 1,442	\$ -	\$ -	\$ 2,833	\$ 600	\$ -	\$ -	\$ 1,917	\$ 7,523	\$ -	\$ -	\$ 15,690
Interfund payable	-	2,587	-	-	32,299	-	-	-	3,032	1,813	-	-	2,198	41,929
Total liabilities	<u>-</u>	<u>3,962</u>	<u>1,442</u>	<u>-</u>	<u>32,299</u>	<u>2,833</u>	<u>600</u>	<u>-</u>	<u>3,032</u>	<u>3,730</u>	<u>7,523</u>	<u>-</u>	<u>2,198</u>	<u>57,619</u>
Deferred inflows of resources:														
Deferred revenue	-	-	-	-	-	41,829	-	-	-	-	-	-	-	41,829
Fund balances:														
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	781,081	781,081
Restricted	103,829	-	-	-	-	-	-	-	-	-	-	574,536	352,134	1,030,499
Committed	-	48,656	18,662	130,192	77,869	17,346	410	32,459	38,720	114,722	1,023,188	-	-	1,502,224
Total fund balances	<u>103,829</u>	<u>48,656</u>	<u>18,662</u>	<u>130,192</u>	<u>77,869</u>	<u>17,346</u>	<u>410</u>	<u>32,459</u>	<u>38,720</u>	<u>114,722</u>	<u>1,023,188</u>	<u>574,536</u>	<u>1,133,215</u>	<u>3,313,804</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 103,829</u>	<u>\$ 52,618</u>	<u>\$ 20,104</u>	<u>\$ 130,192</u>	<u>\$ 110,168</u>	<u>\$ 62,008</u>	<u>\$ 1,010</u>	<u>\$ 32,459</u>	<u>\$ 41,752</u>	<u>\$ 118,452</u>	<u>\$ 1,030,711</u>	<u>\$ 574,536</u>	<u>\$ 1,135,413</u>	<u>\$ 3,413,252</u>

**EXHIBIT 15**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2018**

	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	Roads, Bridges & Culverts	Permanent Fund	
<b>REVENUES</b>														
Taxes	\$ -	\$ -	\$ -	\$ 7,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,133	
Charges for services	4,386	77,776	500	-	74,183	111,372	-	-	70,278	-	-	-	338,495	
Miscellaneous	15,983	164	10	67	51	5	781	16	18	27,078	14,385	-	(23,202)	
Total revenues	20,369	77,940	510	7,200	74,234	111,377	781	16	70,296	27,078	14,385	-	322,426	
<b>EXPENDITURES</b>														
Current:														
General government	-	-	-	-	-	-	-	-	-	-	20,000	-	45,655	
Public safety	-	-	-	-	-	-	-	-	66,497	3,455	-	-	69,952	
Sanitation	-	-	3,710	-	8,564	108,247	-	-	-	-	-	-	120,521	
Welfare	-	-	-	-	-	-	-	-	-	17,437	-	-	17,437	
Culture and recreation	606	69,310	-	-	-	-	3,157	-	-	5,571	1,757	-	80,401	
Conservation	-	-	-	10,103	-	-	-	-	-	-	-	-	10,103	
Capital outlay	-	-	-	-	-	-	-	-	-	-	340,390	473,373	813,763	
Total expenditures	606	69,310	3,710	10,103	8,564	108,247	3,157	-	66,497	26,463	362,147	473,373	1,157,832	
Excess (deficiency) of revenues over (under) expenditures	19,763	8,630	(3,200)	(2,903)	65,670	3,130	(2,376)	16	3,799	615	(347,762)	(473,373)	(835,406)	
Other financing sources (uses):														
Transfers in	2,198	-	-	-	-	-	-	-	-	-	665,000	-	667,198	
Transfers out	(15,000)	-	-	-	(101,436)	-	-	-	-	-	-	-	(118,634)	
Total other financing sources and uses	(12,802)	-	-	-	(101,436)	-	-	-	-	-	665,000	-	548,564	
Net change in fund balances	6,961	8,630	(3,200)	(2,903)	(35,766)	3,130	(2,376)	16	3,799	615	317,238	(473,373)	(286,842)	
Fund balances, beginning, as restated, see Note III.D.3.	96,868	40,026	21,862	133,095	113,635	14,216	2,786	32,443	34,921	114,107	705,950	1,047,909	3,600,646	
Fund balances, ending	\$ 103,829	\$ 48,656	\$ 18,662	\$ 130,192	\$ 77,869	\$ 17,346	\$ 410	\$ 32,459	\$ 38,720	\$ 114,722	\$ 1,023,188	\$ 574,536	\$ 3,313,804	

**EXHIBIT 16**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2018**

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 4,290,365	\$ 4,249,142	\$ (41,223)
Land use change	20,000	24,545	4,545
Timber	20,000	26,253	6,253
Payments in lieu of taxes	125,307	150,350	25,043
Interest and penalties on delinquent taxes	<u>100,000</u>	<u>79,008</u>	<u>(20,992)</u>
Total taxes	<u>4,555,672</u>	<u>4,529,298</u>	<u>(26,374)</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	750	960	210
Motor vehicle permits	1,180,000	1,227,098	47,098
Other	<u>24,000</u>	<u>22,743</u>	<u>(1,257)</u>
Total licenses, permits and fees	<u>1,204,750</u>	<u>1,250,801</u>	<u>46,051</u>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	288,995	288,995	-
Highway block grant	194,096	193,986	(110)
State and federal forest land	433	433	-
Flood control reimbursement	222,367	222,367	-
Other	9,000	22	(8,978)
Federal sources:			
Police grants	<u>1</u>	<u>6,260</u>	<u>6,259</u>
Total intergovernmental	<u>714,892</u>	<u>712,063</u>	<u>(2,829)</u>
<b>Charges for services:</b>			
Income from departments	<u>727,835</u>	<u>704,776</u>	<u>(23,059)</u>
<b>Miscellaneous:</b>			
Sale of property	3,500	2,250	(1,250)
Interest on investments	27,000	34,986	7,986
Rent of property	-	8,620	8,620
Fines and forfeits	-	1,105	1,105
Contributions and donations	-	13,490	13,490
Fire insurance claim	-	267,644	267,644
Other	<u>21,900</u>	<u>12,293</u>	<u>(9,607)</u>
Total miscellaneous	<u>52,400</u>	<u>340,388</u>	<u>287,988</u>
<b>Other financing sources:</b>			
Transfers in:			
Nonmajor funds	<u>117,710</u>	<u>116,436</u>	<u>(1,274)</u>
Total revenues and other financing sources	7,373,259	<u>\$ 7,653,762</u>	<u>\$ 280,503</u>
Fund balance appropriated	30,000		
Use of fund balance to reduce taxes	<u>300,000</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 7,703,259</u>		

**EXHIBIT 17**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**General Fund**

**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2018**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 267,790	\$ 286,701	\$ -	\$ (18,911)
Election and registration	-	226,739	206,501	-	20,238
Financial administration	-	122,117	121,697	-	420
Revaluation of property	-	73,320	70,231	-	3,089
Legal	-	25,000	23,819	-	1,181
Personnel administration	-	788,572	733,060	-	55,512
Planning and zoning	-	116,193	114,323	-	1,870
Cemeteries	-	17,228	16,639	-	589
Insurance, not otherwise allocated	-	67,064	69,227	-	(2,163)
Total general government	-	<u>1,704,023</u>	<u>1,642,198</u>	-	<u>61,825</u>
<b>Public safety:</b>					
Police	-	779,792	713,195	-	66,597
Ambulance	-	670,175	651,188	-	18,987
Fire	-	316,522	282,175	-	34,347
Emergency management	-	1	-	-	1
Total public safety	-	<u>1,766,490</u>	<u>1,646,558</u>	-	<u>119,932</u>
<b>Highways and streets:</b>					
Public works	-	777,079	771,077	-	6,002
Highways	116,115	747,500	856,540	777	6,298
Street lighting	-	2,100	2,134	-	(34)
Total highways and streets	<u>116,115</u>	<u>1,526,679</u>	<u>1,629,751</u>	<u>777</u>	<u>12,266</u>
<b>Sanitation:</b>					
Transfer station	-	545,994	583,649	-	(37,655)
Solid waste disposal	-	35,500	32,181	-	3,319
Community wells	-	16,800	18,095	-	(1,295)
Total sanitation	-	<u>598,294</u>	<u>633,925</u>	-	<u>(35,631)</u>
<b>Health:</b>					
Animal control	-	6,834	6,248	-	586
Health agencies and hospitals	-	14,675	14,675	-	-
Total health	-	<u>21,509</u>	<u>20,923</u>	-	<u>586</u>
<b>Welfare:</b>					
Administration	-	65,132	64,382	-	750
Vendor payments	-	50,000	50,246	-	(246)
Total welfare	-	<u>115,132</u>	<u>114,628</u>	-	<u>504</u>
<b>Culture and recreation:</b>					
Parks and recreation	-	201,571	199,188	-	2,383
Public library	-	295,127	289,060	-	6,067
Patriotic purposes	-	3,250	3,000	-	250
Total culture and recreation	-	<u>499,948</u>	<u>491,248</u>	-	<u>8,700</u>
Conservation	-	1	-	-	1
Economic development	<u>21,500</u>	<u>53,500</u>	<u>39,433</u>	<u>5,000</u>	<u>30,567</u>

(continued)

**EXHIBIT 17 (continued)**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**General Fund**

**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2018**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	583,882	583,135	-	747
Interest on long-term debt	-	166,801	167,505	-	(704)
Interest on tax anticipation note	-	2,000	-	-	2,000
Total debt service	-	752,683	750,640	-	2,043
Other financing uses:					
Transfers out:					
Nonmajor funds	-	665,000	665,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 137,615	\$ 7,703,259	\$ 7,634,304	\$ 5,777	\$ 200,793



**EXHIBIT 18**  
**TOWN OF HOPKINTON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2018**

Unassigned fund balance, beginning, as restated		\$ 1,596,922
Changes:		
Unassigned fund balance used to reduce tax rate		(300,000)
Unassigned fund balance appropriated		(30,000)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 280,503	
Unexpended balance of appropriations (Exhibit 17)	<u>200,793</u>	
Budget surplus		481,296
Decrease in nonspendable fund balance		162,868
Increase in assigned fund balance		<u>(267,644)</u>
Unassigned fund balance, ending		<u><u>\$ 1,643,442</u></u>



## Roberts & Greene, PLLC

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

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Hopkinton as of and for the year ended December 31, 2018, 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 audit 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'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did, however, want to discuss the following new reporting standard.

### *GASB Statement No. 75, Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions*

This statement took effect for the Town for the year ended December 31, 2018, and requires that the Town now recognize the total other postemployment benefits (OPEB) liability in the statement of net position. This liability consists of two portions; one that is applicable to the medical subsidy provided to retirees through the New Hampshire Retirement System (NHRS), and the other pertaining to the implicit rate subsidy which occurs when retirees and active employees are covered by the same insurance policy and pay a blended premium. The required information for the first piece is provided in reports presented by the NHRS, and is included in the Town's financial statements as required supplementary information. The implicit rate part of the OPEB liability though is determined through an actuarial valuation. For 2018, the Town prepared information based on the standards promulgated by GASB Statement No. 45, which have been replaced by Statement No. 75. We have discussed this with management and believe that the Town will be implementing the new standards for 2019.

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

October 24, 2019

*Robert A. Greene, PLLC*

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