

TOWN OF HOPKINTON, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020

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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, 2020, 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 total liability or annual cost for postemployment benefits other than pensions (OPEB) in governmental activities following the 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 old 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, 2020 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 each major fund, and the aggregate remaining fund information of the Town of Hopkinton, as of December 31, 2020, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note I.B.5. to the financial statements, in the year ended December 31, 2020, the Town adopted new accounting guidance regarding the accounting and reporting for Fiduciary Activities. Our opinions are 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 and OPEB related schedules on pages 32 - 35 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 15, 2021



BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF HOPKINTON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,564,918
Investments	1,962,395
Intergovernmental receivable	2,630
Other receivables, net of allowances for uncollectibles	1,478,303
Prepaid items	35,782
Tax deeded property held for resale	36,213
Capital assets, not being depreciated:	
Land	8,410,469
Intangible assets	323,900
Capital assets, net of accumulated depreciation:	
Land improvements	229,340
Buildings and building improvements	5,545,012
Machinery, vehicles and equipment	2,308,735
Infrastructure	4,630,104
Total assets	34,527,801
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	1,360,671
Deferred amounts related to OPEB	23,670
Total deferred outflows of resources	1,384,341
LIABILITIES	
Accounts payable	79,713
Accrued payroll and benefits	145,399
Accrued interest payable	37,260
Intergovernmental payable	7,900,011
Performance and escrow deposits	260
Noncurrent obligations:	
Due within one year:	
Bonds and notes payable	382,430
Capital lease payable	28,596
Compensated absences payable	5,625
Accrued landfill postclosure care costs	21,750
Due in more than one year:	
Bonds and notes payable	3,210,050
Capital lease payable	157,308
Compensated absences payable	317,673
Accrued landfill postclosure care costs	630,750
Net pension liability	5,785,579
Total OPEB liability	367,605
Total liabilities	19,070,009
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	13,708
Deferred amounts related to pensions	162,870
Deferred amounts related to OPEB	6,229
Total deferred inflows of resources	182,807
NET POSITION	
Net investment in capital assets	17,562,195
Restricted for:	
Perpetual care:	
Nonexpendable	541,557
Expendable	337,394
Other purposes	537,741
Unrestricted	(2,319,561)
Total net position	\$ 16,659,326

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, 2020

	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	\$ 1,729,767	\$ 58,775	\$ 26,868	\$ -	\$ (1,644,124)
Public safety	2,608,307	425,236	58,404	-	(2,124,667)
Highways and streets	2,227,050	-	-	191,685	(2,035,365)
Sanitation	1,225,553	451,326	-	-	(774,227)
Health	12,328	-	-	-	(12,328)
Welfare	148,282	-	16,230	-	(132,052)
Culture and recreation	585,551	25,450	15,378	-	(544,723)
Conservation	81,435	-	114,500	-	33,065
Economic development	5,021	-	-	-	(5,021)
Interest on long-term debt	116,051	-	-	-	(116,051)
Capital outlay	143,901	-	-	-	(143,901)
Total primary government	<u>\$ 8,883,246</u>	<u>\$ 960,787</u>	<u>\$ 231,380</u>	<u>\$ 191,685</u>	<u>(7,499,394)</u>
General revenues:					
Property taxes					4,514,474
Other taxes					303,489
Licenses and permits					1,345,299
Grants and contributions not restricted to specific programs					725,610
Miscellaneous					146,447
Total general revenues					<u>7,035,319</u>
Change in net position					<u>(464,075)</u>
Net position, beginning					<u>17,123,401</u>
Net position, ending					<u>\$ 16,659,326</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, 2020

	General	Capital Projects Expendable Trust	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,638,292	\$ 144,308	\$ 43,457	\$ 738,861	\$ 9,564,918
Investments	-	676,741	1,282,884	2,770	1,962,395
Receivables, net of allowances for uncollectibles:					
Taxes	871,603	-	-	-	871,603
Accounts	318,289	-	-	54,422	372,711
Intergovernmental	2,630	-	-	-	2,630
Interfund receivable	462,549	9,322	-	105,669	577,540
Prepaid items	160,422	-	-	-	160,422
Tax deeded property held for resale	36,213	-	-	-	36,213
Total assets	<u>\$ 10,489,998</u>	<u>\$ 830,371</u>	<u>\$ 1,326,341</u>	<u>\$ 901,722</u>	<u>\$ 13,548,432</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 75,894	\$ -	\$ -	\$ 3,819	\$ 79,713
Accrued salaries and benefits	145,399	-	-	-	145,399
Intergovernmental payable	7,900,011	-	-	-	7,900,011
Interfund payable	103,358	-	2,311	471,871	577,540
Escrow and performance deposits	-	-	-	260	260
Total liabilities	<u>8,224,662</u>	<u>-</u>	<u>2,311</u>	<u>475,950</u>	<u>8,702,923</u>
Deferred inflows of resources:					
Deferred revenue	662,917	-	-	35,086	698,003
Fund balances:					
Nonspendable	196,635	-	762,350	-	958,985
Restricted	777	-	561,680	91,885	654,342
Committed	-	830,371	-	628,376	1,458,747
Unassigned	1,405,007	-	-	(329,575)	1,075,432
Total fund balances	<u>1,602,419</u>	<u>830,371</u>	<u>1,324,030</u>	<u>390,686</u>	<u>4,147,506</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,489,998</u>	<u>\$ 830,371</u>	<u>\$ 1,326,341</u>	<u>\$ 901,722</u>	<u>\$ 13,548,432</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, 2020

Total fund balances of governmental funds (Exhibit 3)		\$ 4,147,506
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	\$ 68,396,969	
Less accumulated depreciation	<u>(46,949,409)</u>	21,447,560
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Prepaid principal and interest on debt		(124,640)
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (577,540)	
Payables	<u>577,540</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 406,687	
Unavailable ambulance revenue	8,656	
Unavailable payment in lieu of taxes	233,866	
Unavailable sewer charges	35,086	
Unavailable elderly and welfare liens	<u>233,989</u>	918,284
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(37,260)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 3,592,480	
Capital lease outstanding	185,904	
Compensated absences payable	323,298	
Accrued landfill postclosure care costs	652,500	
Net pension liability	5,785,579	
Total OPEB liability	<u>367,605</u>	(10,907,366)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 1,360,671	
Deferred outflows of resources related to OPEB	23,670	
Deferred inflows of resources related to pensions	(162,870)	
Deferred inflows of resources related to OPEB	<u>(6,229)</u>	
		1,215,242
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 16,659,326</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, 2020

	General	Capital Projects Fund Expendable Trust	Permanent	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 4,630,164	\$ -	\$ -	\$ 133,547	\$ 4,763,711
Licenses, permits and fees	1,345,299	-	-	-	1,345,299
Intergovernmental	981,550	-	-	-	981,550
Charges for services	721,451	-	-	261,357	982,808
Miscellaneous	85,945	7,478	50,614	154,537	298,574
Total revenues	<u>7,764,409</u>	<u>7,478</u>	<u>50,614</u>	<u>549,441</u>	<u>8,371,942</u>
Expenditures:					
Current:					
General government	1,885,832	4,290	14,362	1,334	1,905,818
Public safety	1,952,195	-	-	18,072	1,970,267
Highways and streets	1,724,569	-	-	-	1,724,569
Sanitation	605,136	-	-	162,927	768,063
Health	12,328	-	-	-	12,328
Welfare	115,621	300	-	25,207	141,128
Culture and recreation	454,373	5,564	-	40,059	499,996
Conservation	-	-	-	81,435	81,435
Economic development	5,021	-	-	-	5,021
Debt service:					
Principal	594,960	-	-	-	594,960
Interest	122,895	-	-	-	122,895
Capital outlay	-	1,111,995	-	521,425	1,633,420
Total expenditures	<u>7,472,930</u>	<u>1,122,149</u>	<u>14,362</u>	<u>850,459</u>	<u>9,459,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>291,479</u>	<u>(1,114,671)</u>	<u>36,252</u>	<u>(301,018)</u>	<u>(1,087,958)</u>
Other financing sources (uses):					
Transfers in	127,500	748,000	-	2,311	877,811
Transfers out	(748,000)	-	(2,311)	(127,500)	(877,811)
Inception of capital lease	217,816	-	-	-	217,816
Total other financing sources and uses	<u>(402,684)</u>	<u>748,000</u>	<u>(2,311)</u>	<u>(125,189)</u>	<u>217,816</u>
Net change in fund balances	(111,205)	(366,671)	33,941	(426,207)	(870,142)
Fund balances, beginning, as restated, see Note III.D.1.	1,713,624	1,197,042	1,290,089	816,893	5,017,648
Fund balances, ending	<u>\$ 1,602,419</u>	<u>\$ 830,371</u>	<u>\$ 1,324,030</u>	<u>\$ 390,686</u>	<u>\$ 4,147,506</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, 2020

Net change in fund balances of governmental funds (Exhibit 5)		\$ (870,142)
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 capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 1,991,638	
Depreciation expense	<u>(1,375,203)</u>	616,435
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Increase in prepaid debt		(124,640)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (877,811)	
Transfers out	<u>877,811</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	\$ (65,261)	
Change in unavailable ambulance revenue	(13,799)	
Change in unavailable payment in lieu of taxes	130,359	
Change in unavailable sewer charges	(11,522)	
Change in unavailable elderly and welfare liens	<u>(10,846)</u>	28,931
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.		
Inception of capital lease	\$ (217,816)	
Repayment of bond and note principal	701,941	
Repayment of capital lease principal	<u>31,912</u>	516,037
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.		
Decrease in accrued interest expense	\$ 21,748	
Increase in compensated absences payable	(39,609)	
Increase in accrued landfill postclosure care costs	(412,500)	
Decrease in total OPEB liability and related deferrals	<u>231,505</u>	(198,856)
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	\$ 410,862	
Cost of benefits earned, net of employee contributions	<u>(842,702)</u>	(431,840)
Change in net position of governmental activities (Exhibit 2)		<u>\$ (464,075)</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, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 4,789,588	\$ 4,564,903	\$ (224,685)
Licenses, permits and fees	1,306,000	1,345,299	39,299
Intergovernmental	773,924	981,550	207,626
Charges for services	808,570	721,451	(87,119)
Miscellaneous	73,401	85,945	12,544
Total revenues	<u>7,751,483</u>	<u>7,699,148</u>	<u>(52,335)</u>
EXPENDITURES			
Current:			
General government	1,953,303	1,885,832	67,471
Public safety	1,846,702	1,952,195	(105,493)
Highways and streets	1,594,174	1,506,753	87,421
Sanitation	627,626	605,136	22,490
Health	12,559	12,328	231
Welfare	118,522	115,621	2,901
Culture and recreation	471,107	454,373	16,734
Conservation	1	-	1
Economic development	6,050	(16,710)	22,760
Debt service:			
Principal	593,483	594,960	(1,477)
Interest on long-term debt	127,956	122,895	5,061
Interest on tax anticipation note	2,000	-	2,000
Total expenditures	<u>7,353,483</u>	<u>7,233,383</u>	<u>120,100</u>
Excess of revenues over expenditures	<u>398,000</u>	<u>465,765</u>	<u>67,765</u>
Other financing sources (uses):			
Transfers in	-	127,500	127,500
Transfers out	(748,000)	(748,000)	-
Total other financing sources and uses	<u>(748,000)</u>	<u>(620,500)</u>	<u>127,500</u>
Net change in fund balance	<u>\$ (350,000)</u>	<u>(154,735)</u>	<u>\$ 195,265</u>
Increase in nonspendable fund balance		(126,981)	
Unassigned fund balance, beginning, as restated, see Note III.D.1.		2,093,410	
Unassigned fund balance, ending		<u>\$ 1,811,694</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, 2020

	Private Purpose Trust	Custodial
Assets:		
Cash and cash equivalents	\$ 27,103	\$ 170,071
Investments	800,110	1,488,220
Total assets	<u>827,213</u>	<u>1,658,291</u>
Net position:		
Held in trust for specific purposes	\$ 827,213	\$ -
Held on behalf of school district and precincts	-	1,658,291
Total net position	<u>\$ 827,213</u>	<u>\$ 1,658,291</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, 2020

	Private Purpose Trust	Custodial
Additions:		
New funds	\$ 30,000	\$ 447,000
Investment earnings:		
Interest and dividends	21,288	7,255
Net change in fair value of investments	10,760	-
Total additions	<u>62,048</u>	<u>454,255</u>
Deductions:		
Trust distributions	11,580	-
Payments to school district	-	59,628
Total deductions	<u>11,580</u>	<u>59,628</u>
Change in net position	50,468	394,627
Net position, beginning, as restated, see Note III.D.1.	<u>776,745</u>	<u>1,263,664</u>
Net position, ending	<u>\$ 827,213</u>	<u>\$ 1,658,291</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, 2020

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 year ended December 31, 2020.

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.

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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, with the exception that it has not yet implemented GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*.

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.

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 debt 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.

Expendable Trust Fund – Reports as a capital project fund, and used to account for capital reserve and other funds established by Town Meeting for future expenditures.

Permanent Fund – Used to account for the funds held by the Trustees of Trust Funds, from which only income, and not principal, is used for supporting Town purposes.

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.

Custodial Funds – Account for amounts collected by the Town and remitted to other governments. These assets are therefore not available to support the Town's own programs. The Town's custodial funds are 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. 84, *Fiduciary Activities*. This results in a change in the measurement and presentation of the agency fund, which is now reported as a custodial fund, and additions and deductions are now reported on the Statement of Changes in Fiduciary Net Position. The prior year's equity was restated as shown in Note III.D.1. 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

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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 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 the capital lease, compensated absences, accrued landfill postclosure care costs, the net pension liability, and the total 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; and the unexpended bond proceeds in the Road, Bridges and Culverts Fund.
- 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 Fund that cannot be spent, and the balances of tax deeded property and prepaid expenditures.
- Restricted, representing 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 Funds.
- Unassigned, representing the remaining balance of the General Fund, and the deficit balances of the nonmajor Pay-by-Bag and Roads, Bridges and Culverts Funds.

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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

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 2020, \$350,000 of the fund balance from 2019 was so used.

Revenues are budgeted by source. Expenditures in the General Fund are budgeted by function as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation, economic development, and debt service. 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)	\$ 7,826,648
Adjustments:	
Basis difference:	
Capital lease inception	217,816
Tax revenue deferred in the prior year	471,948
Tax revenue deferred in the current year	(406,687)
Per Exhibit 5 (GAAP basis)	<u>\$ 8,109,725</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 7,981,383
Adjustments:	
Basis difference:	
Encumbrances, beginning	22,508
Encumbrances, ending	(777)
Inception of capital lease	217,816
Per Exhibit 5 (GAAP basis)	<u>\$ 8,220,930</u>

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Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,811,694
Adjustments:	
Basis difference:	
Deferred tax revenue, GAAP basis	(406,687)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,405,007</u>

The other major funds do not have annual budgets.

III. Detailed Notes on Funds and Government-Wide Statements

III.A.1. Investments

As of December 31, 2020, the Town had the following investments:

U.S. Government Agencies	\$ 74,882
Exchange Traded Funds	436,954
Mutual Funds	178,688
Common Stock	712,706
Corporate Bonds	707,264
New Hampshire Public Deposit Investment Pool	2,140,231
	<u>\$ 4,250,725</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 1,962,395
Fiduciary funds - statement of fiduciary net position (Exhibit 8)	2,288,330
Total	<u>\$ 4,250,725</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.

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.

**TOWN OF HOPKINTON, NEW HAMPSHIRE
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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 8% 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 levied prior to 2019, and 14% per annum for the redemption of taxes levied thereafter. 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 2019 property taxes on September 16th.

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, 2020, upon which the 2020 property tax levy was based was:

For the New Hampshire education tax	\$749,331,291
For all other taxes	\$780,889,991

The tax rates and amounts assessed for the year ended December 31, 2020 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$6.25	\$ 4,884,220
School portion:		
State of New Hampshire	\$1.84	1,379,446
Local	\$18.59	14,516,242
County portion	\$2.57	2,003,056
Precinct portion:		
Contoocook Village	\$1.63	272,007
Hopkinton Village	\$0.37	18,084
Total property taxes assessed		\$ 23,073,055

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The following details the taxes receivable at year-end:

Property:	
Levy of 2020	\$ 796,461
Unredeemed (under tax lien):	
Levy of 2019	125,492
Levy of 2018	76,847
Levy of 2017	40,873
Levy of 2016	6,584
Levy of 2015	5,050
Levy of 2014	2,145
Levy of 2013	3,062
Levy of 2012	2,978
Levy of 2011	2,916
Levy of 2010	604
Land use change	7,233
Timber	1,358
Less: allowance for estimated uncollectible taxes	(200,000)
Net taxes receivable	<u><u>\$ 871,603</u></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.

Related amounts are as follow:

Accounts	\$ 401,194
Intergovernmental	2,630
Liens	233,989
Less: allowance for uncollectible amounts	(262,472)
Net total receivables	<u><u>\$ 375,341</u></u>

Deferred Revenue

Deferred revenue in the governmental funds consists of \$406,687 of taxes, \$35,086 of sewer charges, \$233,866 of payment in lieu of taxes, and \$8,656 of ambulance fees deferred because they were not received within sixty days of year-end; and \$13,708 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.

TOWN OF HOPKINTON, NEW HAMPSHIRE
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III.A.3. 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	8,821,874	-	-	8,821,874
Machinery, vehicles and equipment	4,969,498	1,204,156	(361,800)	5,811,854
Infrastructure	43,094,062	787,482	-	43,881,544
Total capital assets being depreciated	<u>58,032,762</u>	<u>1,991,638</u>	<u>(361,800)</u>	<u>59,662,600</u>
Total all capital assets	<u>66,767,131</u>	<u>1,991,638</u>	<u>(361,800)</u>	<u>68,396,969</u>
Less accumulated depreciation:				
Land improvements	(892,736)	(25,252)	-	(917,988)
Buildings and building improvements	(3,012,651)	(264,211)	-	(3,276,862)
Machinery, vehicles and equipment	(3,459,540)	(405,379)	361,800	(3,503,119)
Infrastructure	(38,571,079)	(680,361)	-	(39,251,440)
Total accumulated depreciation	<u>(45,936,006)</u>	<u>(1,375,203)</u>	<u>361,800</u>	<u>(46,949,409)</u>
Net book value, capital assets being depreciated	<u>12,096,756</u>	<u>616,435</u>	<u>-</u>	<u>12,713,191</u>
Net book value, all capital assets	<u>\$ 20,831,125</u>	<u>\$ 616,435</u>	<u>\$ -</u>	<u>\$ 21,447,560</u>

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

General government	\$ 5,505
Public safety	348,937
Highways and streets	939,608
Sanitation	18,977
Culture and recreation	62,176
Total depreciation expense	<u>\$ 1,375,203</u>

III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2020 consists of the balance of the 2020-2021 district assessment due to the Hopkinton School District in the amount of \$7,825,136, and water charges due to the Contoocook Village Precinct in the amount of \$74,875.

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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 the capital lease, compensated absences, accrued landfill postclosure care costs, the net pension liability, and the total OPEB liability.

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2020	Current Portion
General obligation bonds and notes payable:						
Open space (Rice)	\$467,900	2005	2025	4.00	\$ 100,000	\$ 20,000
Highway garage	\$530,566	2013	2023	2.21	159,168	53,056
Fire station renovations	\$2,995,041	2014	2029	3.49	2,061,467	200,757
Roads, bridges, and culverts	\$2,200,000	2016	2026	2.54	1,271,845	108,617
					<u>3,592,480</u>	<u>382,430</u>
Capital lease payable:						
Excavator	\$217,816	2020	2026	2.68	185,904	28,596
Compensated absences payable					323,298	5,625
Accrued landfill postclosure care costs					652,500	21,750
Net pension liability					5,785,579	-
Total OPEB liability					367,605	-
					<u>\$ 10,907,366</u>	<u>\$ 438,401</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

	General Obligation Bonds and Notes Payable	Capital Lease Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	Total OPEB Liability	Total
Balance, beginning	\$ 4,294,421	\$ -	\$ 283,689	\$ 240,000	\$ 4,414,537	\$ 602,327	\$ 9,834,974
Additions	-	217,816	39,609	412,500	1,371,042	-	2,040,967
Reductions	(701,941)	(31,912)	-	-	-	(234,722)	(968,575)
Balance, ending	<u>\$ 3,592,480</u>	<u>\$ 185,904</u>	<u>\$ 323,298</u>	<u>\$ 652,500</u>	<u>\$ 5,785,579</u>	<u>\$ 367,605</u>	<u>\$ 10,907,366</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
2021	\$ 382,430	\$ 87,166	\$ 469,596
2022	501,385	90,827	592,212
2023	513,708	77,071	590,779
2024	473,175	62,501	535,676
2025	486,380	48,586	534,966
2026-2029	1,235,402	77,779	1,313,181
Totals	<u>\$ 3,592,480</u>	<u>\$ 443,930</u>	<u>\$ 4,036,410</u>

The future minimum lease obligations for the capital lease are as follow:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 28,596	\$ 5,949	\$ 34,545
2022	29,511	5,034	34,545
2023	30,456	4,089	34,545
2024	31,430	3,115	34,545
2025	32,436	2,109	34,545
2026	33,475	1,070	34,545
Totals	<u>\$ 185,904</u>	<u>\$ 21,366</u>	<u>\$ 207,270</u>

At the March 12, 2003 Town Meeting, \$5,000,000 of long-term borrowing was authorized for acquiring land for open space. As of December 31, 2020, five bonds totaling \$2,037,486 have been issued from this authorization, leaving \$2,962,514 still unissued. The 2020 Town Meeting authorized \$1,800,000 of long-term borrowing for roads, bridges and culverts. This debt was not issued until 2021.

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

**TOWN OF HOPKINTON, NEW HAMPSHIRE
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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	\$ 471,871
Nonmajor	General	103,358
Nonmajor	Permanent	2,311
		\$ 577,540

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 the General Fund represents cash receipts belonging to other funds not yet transferred. The amount due to the Nonmajor Funds from the Permanent Fund represents 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:			Total
	General Fund	Expendable Trust Fund	Nonmajor Funds	
Transfers out:				
General Fund	\$ -	\$ 748,000	\$ -	\$ 748,000
Permanent Fund	-	-	2,311	2,311
Nonmajor Funds	127,500	-	-	127,500
	\$ 127,500	\$ 748,000	\$ 2,311	\$ 877,811

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The transfers from the General Fund represent appropriations. The transfers from the Nonmajor Funds represent \$7,500 from the Library Fund and \$120,000 from the Pay-by-Bag Fund to the General Fund as voted; and the transfer from the Permanent Fund to the Nonmajor Funds represents earnings paid to the Library.

III.D. Equity

III.D.1 Restatement of Beginning Equity

The equity balances at January 1, 2020 were restated as follow:

	General Fund	Expendable Trust Fund	Permanent Fund	Custodial Fund	Nonmajor Funds
To adjust for change in accounting principle	\$ -	\$ -	\$ -	\$ 1,263,664	\$ -
To reclassify TIF taxes	(118,634)	-	-	-	118,634
To reclassify funds as major	-	1,197,042	1,290,089	-	(2,487,131)
Fund balances/net position, as previously reported	1,832,258	-	-	-	3,185,390
Fund balances/net position, as restated	<u>\$ 1,713,624</u>	<u>\$ 1,197,042</u>	<u>\$ 1,290,089</u>	<u>\$ 1,263,664</u>	<u>\$ 816,893</u>

III.D.2. Components of Fund Balance

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

	General Fund	Expendable Trust Fund	Permanent Fund	Nonmajor Funds
Nonspendable:				
Prepaid items	\$ 160,422	\$ -	\$ -	\$ -
Tax deeded property	36,213	-	-	-
Endowments	-	-	762,350	-
Total nonspendable	<u>196,635</u>	<u>-</u>	<u>762,350</u>	<u>-</u>
Restricted:				
General government	-	-	337,394	-
Highways and streets	777	-	-	1,061
Welfare	-	-	205,243	-
Culture and recreation	-	-	19,043	90,824
Total restricted	<u>777</u>	<u>-</u>	<u>561,680</u>	<u>91,885</u>
Committed:				
Public safety	-	-	-	63,365
Sanitation	-	-	-	31,825
Welfare	-	-	-	32,794
Culture and recreation	-	-	-	108,967
Conservation	-	-	-	154,716
Capital outlay	-	830,371	-	236,709
Total committed	<u>-</u>	<u>830,371</u>	<u>-</u>	<u>628,376</u>
Unassigned	1,405,007	-	-	(329,575)
Total fund balance	<u>\$ 1,602,419</u>	<u>\$ 830,371</u>	<u>\$ 1,324,030</u>	<u>\$ 390,686</u>

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III.D.3. *Restricted Net Position*

The government-wide statement of net position includes restricted net position of \$878,951 for perpetual care; \$445,079 for library, community outreach and the senior center representing public trust funds reported as restricted to reflect purpose restrictions in trust indentures; \$90,824 of the library fund balance; \$1,061 of restricted cash in the capital project; and \$777 representing additional highway block grant monies, all whose use is restricted by law.

III.D.4. *Deficit Fund Balances*

The deficit balance in the Roads, Bridges and Culverts Fund will be eliminated in 2021 with the issuance of long-term debt. The deficit in the Pay by Bag Fund will be eliminated with more conservative estimates as the COVID situation in 2020 resulted in less revenue than originally anticipated.

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 in 2020 to be recorded as an insurance expenditure/expense totaled \$69,224 for property/liability and \$84,399 for workers' compensation coverage. There were no unpaid contributions due in 2020. The member agreement permits Primex to make additional assessments to members should there be a deficiency in 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 contributions. The NHRS issues a separate financial report that is available at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

TOWN OF HOPKINTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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 28.43% for police, 30.09% for fire personnel, and 11.17% 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 2018, 2019 and 2020 were \$432,850, \$398,665, and \$450,008 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, 2020, the Town reported a liability of \$5,785,579 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward. 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, 2020, the Town's proportion was 0.0905%, which was a decrease of 0.0012% from its proportion measured as of June 30, 2019.

For the year 2020, the Town recognized pension expense of \$842,702. 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
	<u> </u>	<u> </u>
Changes in proportion and differences between employer contributions and share of contributions	\$ 67,021	\$ 100,749
Net differences between projected and actual earnings on pension plan investments	357,844	-
Changes of assumptions	572,309	-
Differences between expected and actual experience	156,239	62,121
Town contributions subsequent to the measurement date	207,258	-
	<u>\$ 1,360,671</u>	<u>\$ 162,870</u>

The Town reported \$207,258 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 2021.

TOWN OF HOPKINTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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

Year Ending December 31,	
2021	\$ 160,850
2022	280,275
2023	292,995
2024	256,423
	<u>\$ 990,543</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the actuarial valuation as of June 30, 2019 rolled forward, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5% per year
Salary increases	5.6% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational improvements using Scale MP-2015 based on the 2010-2015 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 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	<u>\$7,489,970</u>	<u>\$5,785,579</u>	<u>\$4,392,866</u>

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

TOWN OF HOPKINTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

IV.C. 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.

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.

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 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 \$367,605 at December 31, 2020 consists of the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2019 with roll-forward procedures used to determine the liability as of June 30, 2020. The roll-forward of the total OPEB liability related to the medical subsidy from 2019 to 2020 reflects service cost and interest reduced by actual benefit payments and refunds for the plan year. The Town has not determined by an actuarial valuation its implicit rate subsidy portion in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

TOWN OF HOPKINTON, NEW HAMPSHIRE
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AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

For the year ended December 31, 2020, the Town recognized OPEB expense of \$427. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB 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	\$ -	\$ 5,164
Net differences between projected and actual earnings on OPEB plan investments	1,375	
Changes of assumptions	2,364	-
Differences between expected and actual experience	-	1,065
Town contributions subsequent to the measurement date	<u>19,931</u>	<u>-</u>
	<u>\$ 23,670</u>	<u>\$ 6,229</u>

The Town reported \$19,931 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year 2021.

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

<u>Year Ending December 31,</u>	
2021	\$ (3,761)
2022	407
2023	485
2024	379
	<u>\$ (2,490)</u>

**TOWN OF HOPKINTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

Methods and Assumptions

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

Medical Insurance Subsidy	
Payroll Growth	3.25%
Discount Rate	6.75%
Inflation	2.50%
Investment Rate of Return	7.25% per year, net of OPEB plan 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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate. The following presents the Town’s total OPEB liability related to the medical subsidy calculated using the stated discount rate, as well as what 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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's total OPEB liability related to the medical subsidy	<u>\$399,181</u>	<u>\$367,605</u>	<u>\$340,191</u>

IV.D. 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.

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

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0905%	0.0917%	0.0897%	0.0891%	0.0951%	0.0916%	0.0944%
Town's proportionate share of the net pension liability	\$5,785,579	\$4,414,537	\$4,318,565	\$4,382,631	\$5,055,916	\$3,626,825	\$3,542,092
Town's covered-employee payroll	\$2,475,562	\$2,339,352	\$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	233.71%	188.71%	149.79%	203.07%	249.64%	184.83%	172.52%
Plan fiduciary position as a percentage of the total pension liability	58.7%	65.6%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 410,862	\$ 398,665	\$ 586,911	\$ 382,922	\$ 368,038	\$ 350,050	\$ 356,384
Contributions in relation to the contractually required contribution	<u>(410,862)</u>	<u>(398,665)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$2,475,562	\$2,339,352	\$2,883,141	\$2,158,167	\$2,025,249	\$1,962,243	\$2,053,126
Contributions as a percentage of covered-employee payroll	16.60%	17.04%	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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 622	\$ 801	\$ 875
Interest	27,535	31,940	33,231
Differences between expected and actual experience	(8,582)	(3,461)	11,262
Changes of assumptions	19,044	-	-
Contributions	38,983	42,646	49,043
Benefit payments	(39,318)	(44,634)	(43,788)
Administrative expense and non-contribution items	109	265	(67)
Change in percentage	<u>(273,115) *</u>	<u>(5,130)</u>	<u>105,941</u>
Net change in total OPEB liability	(234,722)	22,427	156,497
Total OPEB liability, beginning	<u>602,327</u>	<u>579,900</u>	<u>423,403</u>
Total OPEB liability, ending	<u>\$ 367,605</u>	<u>\$ 602,327</u>	<u>\$ 579,900</u>
Covered payroll	\$2,475,562	\$2,339,352	\$2,883,141
Total OPEB liability as a percentage of covered payroll	14.85%	25.75%	20.11%

*The Town has not performed an actuarial study to determine its implicit rate subsidy portion of the OPEB liability for 2020. The implicit rate subsidy portion for fiscal years 2019 and 2018 were based on a standard that has been subsequently superceded.

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

	2020	2019	2018
Actuarially determined contribution	\$ 39,146 *	\$ 79,994	\$ 64,525
Contributions in relation to the actuarially determined contribution	(39,146)	(60,190)	(54,809)
Contribution deficiency	\$ -	\$ 19,804	\$ 9,716
Covered-employee payroll	\$2,475,562	\$2,339,352	\$2,883,141
Contributions as a percentage of covered-employee payroll	1.58%	3.42%	2.24%

*The Town has not performed an actuarial study to determine its implicit rate subsidy portion of the OPEB liability for 2020. The implicit rate subsidy portion for fiscal years 2019 and 2018 were based on a standard that has been subsequently superceded.

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, 2020

The Pension and OPEB schedules are meant to present related information for ten years. Because this is the sixth year that the Town has presented the pension schedules, and the third year that the Town has presented its OPEB information in the current format, only seven and three 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 14
TOWN OF HOPKINTON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

	Special Revenue Funds											Capital Project Fund	Total	
	Library	Recreation Revolving	Recycling Revolving	Conservation Commission	Pay-by-Bag	Sewer	Senior Center Rental	Drug Forfeiture and Seizure	Public Safety Revolving	Exit 6 TIF	Hart's Corner TIF	Other		Roads, Bridges & Culverts
ASSETS														
Cash and cash equivalents	\$ 85,743	\$ 50,088	\$ 18,825	\$ 91,216	\$ 77,890	\$ 6,523	\$ 1,002	\$ 32,522	\$ 18,701	\$ 233,331	\$ 4,712	\$ 117,247	\$ 1,061	\$ 738,861
Investments	2,770	-	-	-	-	-	-	-	-	-	-	-	-	2,770
Receivables, net of allowance for uncollectibles:														
Accounts receivable, net of allowance	-	-	-	-	10,600	43,722	-	-	100	-	-	-	-	54,422
Interfund receivable	2,311	745	-	63,500	3,347	35,766	-	-	-	-	-	-	-	105,669
Total assets	<u>\$ 90,824</u>	<u>\$ 50,833</u>	<u>\$ 18,825</u>	<u>\$ 154,716</u>	<u>\$ 91,837</u>	<u>\$ 86,011</u>	<u>\$ 1,002</u>	<u>\$ 32,522</u>	<u>\$ 18,801</u>	<u>\$ 233,331</u>	<u>\$ 4,712</u>	<u>\$ 117,247</u>	<u>\$ 1,061</u>	<u>\$ 901,722</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES														
Liabilities:														
Accounts payable	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 3,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,819
Interfund payable	-	-	-	-	114,276	34,206	-	-	200	1,334	-	14,719	307,136	471,871
Escrow and performance deposits	-	-	-	-	-	-	260	-	-	-	-	-	-	260
Total liabilities	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>114,276</u>	<u>37,925</u>	<u>260</u>	<u>-</u>	<u>200</u>	<u>1,334</u>	<u>-</u>	<u>14,719</u>	<u>307,136</u>	<u>475,950</u>
Deferred inflows of resources:														
Unavailable revenue	-	-	-	-	-	35,086	-	-	-	-	-	-	-	35,086
Fund balances:														
Restricted	90,824	-	-	-	-	-	-	-	-	-	-	-	1,061	91,885
Committed	-	50,733	18,825	154,716	-	13,000	742	32,522	18,601	231,997	4,712	102,528	-	628,376
Unassigned	-	-	-	-	(22,439)	-	-	-	-	-	-	-	(307,136)	(329,575)
Total fund balances	<u>90,824</u>	<u>50,733</u>	<u>18,825</u>	<u>154,716</u>	<u>(22,439)</u>	<u>13,000</u>	<u>742</u>	<u>32,522</u>	<u>18,601</u>	<u>231,997</u>	<u>4,712</u>	<u>102,528</u>	<u>(306,075)</u>	<u>390,686</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 90,824</u>	<u>\$ 50,833</u>	<u>\$ 18,825</u>	<u>\$ 154,716</u>	<u>\$ 91,837</u>	<u>\$ 86,011</u>	<u>\$ 1,002</u>	<u>\$ 32,522</u>	<u>\$ 18,801</u>	<u>\$ 233,331</u>	<u>\$ 4,712</u>	<u>\$ 117,247</u>	<u>\$ 1,061</u>	<u>\$ 901,722</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, 2020

	Special Revenue Funds											Capital Project Fund	Total	
	Library	Recreation Revolving	Recycling Revolving	Conservation Commission	Pay-by-Bag	Sewer	Senior Center Rental	Drug Forfeiture and Seizure	Public Safety Revolving	Exit 6 TIF	Hart's Corner TIF	Other		Roads, Bridges & Culverts
REVENUES														
Taxes	\$ -	\$ -	\$ -	\$ 14,141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,045	\$ 2,361	\$ -	\$ -	\$ 133,547
Charges for services	2,828	22,622	-	-	57,351	163,738	-	-	14,818	-	-	-	-	261,357
Miscellaneous	9,828	18	8	114,598	424	4	(120)	13	32	3	-	29,729	-	154,537
Total revenues	<u>12,656</u>	<u>22,640</u>	<u>8</u>	<u>128,739</u>	<u>57,775</u>	<u>163,742</u>	<u>(120)</u>	<u>13</u>	<u>14,850</u>	<u>117,048</u>	<u>2,361</u>	<u>29,729</u>	<u>-</u>	<u>549,441</u>
EXPENDITURES														
Current:														
General government	-	-	-	-	-	-	-	-	-	1,334	-	-	-	1,334
Public safety	-	-	-	-	-	-	-	-	13,677	-	-	4,395	-	18,072
Sanitation	-	-	-	-	-	162,927	-	-	-	-	-	-	-	162,927
Welfare	-	-	-	-	-	-	-	-	-	-	-	25,207	-	25,207
Culture and recreation	191	28,475	-	-	-	-	425	-	-	-	-	10,968	-	40,059
Conservation	-	-	-	81,435	-	-	-	-	-	-	-	-	-	81,435
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	521,425	521,425
Total expenditures	<u>191</u>	<u>28,475</u>	<u>-</u>	<u>81,435</u>	<u>-</u>	<u>162,927</u>	<u>425</u>	<u>-</u>	<u>13,677</u>	<u>1,334</u>	<u>-</u>	<u>40,570</u>	<u>521,425</u>	<u>850,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,465</u>	<u>(5,835)</u>	<u>8</u>	<u>47,304</u>	<u>57,775</u>	<u>815</u>	<u>(545)</u>	<u>13</u>	<u>1,173</u>	<u>115,714</u>	<u>2,361</u>	<u>(10,841)</u>	<u>(521,425)</u>	<u>(301,018)</u>
Other financing sources (uses):														
Transfers in	2,311	-	-	-	-	-	-	-	-	-	-	-	-	2,311
Transfers out	(7,500)	-	-	-	(120,000)	-	-	-	-	-	-	-	-	(127,500)
Total other financing sources and uses	<u>(5,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,189)</u>
Net change in fund balances	7,276	(5,835)	8	47,304	(62,225)	815	(545)	13	1,173	115,714	2,361	(10,841)	(521,425)	(426,207)
Fund balances, beginning, as restated, see Note III.D.1.	83,548	56,568	18,817	107,412	39,786	12,185	1,287	32,509	17,428	116,283	2,351	113,369	215,350	816,893
Fund balances, ending	<u>\$ 90,824</u>	<u>\$ 50,733</u>	<u>\$ 18,825</u>	<u>\$ 154,716</u>	<u>\$ (22,439)</u>	<u>\$ 13,000</u>	<u>\$ 742</u>	<u>\$ 32,522</u>	<u>\$ 18,601</u>	<u>\$ 231,997</u>	<u>\$ 4,712</u>	<u>\$102,528</u>	<u>\$ (306,075)</u>	<u>\$ 390,686</u>

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, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 4,538,862	\$ 4,405,914	\$ (132,948)
Land use change	15,000	31,015	16,015
Timber	25,000	18,095	(6,905)
Payments in lieu of taxes	130,726	40,251	(90,475)
Interest and penalties on delinquent taxes	80,000	69,628	(10,372)
Total taxes	<u>4,789,588</u>	<u>4,564,903</u>	<u>(224,685)</u>
Licenses, permits and fees:			
Business licenses and permits	1,000	1,031	31
Motor vehicle permits	1,280,000	1,324,911	44,911
Other	25,000	19,357	(5,643)
Total licenses, permits and fees	<u>1,306,000</u>	<u>1,345,299</u>	<u>39,299</u>
Intergovernmental:			
State sources:			
Municipal aid	46,406	46,406	-
Meals and rooms distributions	289,043	289,043	-
Highway block grant	191,707	191,685	(22)
State and federal forest land	457	448	(9)
Flood control reimbursement	237,825	230,196	(7,629)
Other	8,485	7,112	(1,373)
Federal sources:			
Police grants	1	4,030	4,029
GOFERRS	-	145,031	145,031
First Responders	-	50,129	50,129
CARES	-	17,470	17,470
Total intergovernmental	<u>773,924</u>	<u>981,550</u>	<u>207,626</u>
Charges for services:			
Income from departments	<u>808,570</u>	<u>721,451</u>	<u>(87,119)</u>
Miscellaneous:			
Sale of property	2,500	3,636	1,136
Interest on investments	40,000	37,173	(2,827)
Rent of property	30,901	12,540	(18,361)
Fines and forfeits	-	400	400
Insurance dividends and reimbursements	-	6,005	6,005
Contributions and donations	-	7,793	7,793
Other	-	18,398	18,398
Total miscellaneous	<u>73,401</u>	<u>85,945</u>	<u>12,544</u>
Other financing sources:			
Transfers in:			
Nonmajor funds	-	127,500	127,500
Total revenues and other financing sources	7,751,483	<u>\$ 7,826,648</u>	<u>\$ 75,165</u>
Use of fund balance to reduce taxes	350,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 8,101,483</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, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 272,583	\$ 265,213	\$ -	\$ 7,370
Election and registration	-	205,325	202,042	-	3,283
Financial administration	-	123,618	123,725	-	(107)
Revaluation of property	-	80,600	84,372	-	(3,772)
Legal	-	15,000	10,347	-	4,653
Personnel administration	-	924,525	853,594	-	70,931
Planning and zoning	-	122,940	119,925	-	3,015
General government buildings	-	114,552	114,726	-	(174)
Cemeteries	-	22,594	40,234	-	(17,640)
Insurance, not otherwise allocated	-	71,566	71,654	-	(88)
Total general government	-	<u>1,953,303</u>	<u>1,885,832</u>	-	<u>67,471</u>
Public safety:					
Police	-	836,359	793,585	-	42,774
Ambulance	-	723,945	692,208	-	31,737
Fire	-	286,397	266,648	-	19,749
Emergency management	-	1	199,754	-	(199,753)
Total public safety	-	<u>1,846,702</u>	<u>1,952,195</u>	-	<u>(105,493)</u>
Highways and streets:					
Public works	-	853,594	832,087	-	21,507
Highways	777	738,300	672,381	777	65,919
Street lighting	-	2,280	2,285	-	(5)
Total highways and streets	<u>777</u>	<u>1,594,174</u>	<u>1,506,753</u>	<u>777</u>	<u>87,421</u>
Sanitation:					
Transfer station	-	566,846	571,705	-	(4,859)
Solid waste disposal	-	42,000	20,220	-	21,780
Community wells	-	18,780	13,211	-	5,569
Total sanitation	-	<u>627,626</u>	<u>605,136</u>	-	<u>22,490</u>
Health:					
Administration	-	6,659	6,428	-	231
Health agencies	-	5,900	5,900	-	-
Total health	-	<u>12,559</u>	<u>12,328</u>	-	<u>231</u>
Welfare:					
Administration	-	68,522	67,634	-	888
Vendor payments	-	50,000	47,987	-	2,013
Total welfare	-	<u>118,522</u>	<u>115,621</u>	-	<u>2,901</u>
Culture and recreation:					
Parks and recreation	-	159,512	147,173	-	12,339
Public library	-	311,595	307,200	-	4,395
Total culture and recreation	-	<u>471,107</u>	<u>454,373</u>	-	<u>16,734</u>
Conservation	-	1	-	-	1
Economic development	<u>21,731</u>	<u>6,050</u>	<u>5,021</u>	-	<u>22,760</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, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	593,483	594,960	-	(1,477)
Interest on long-term debt	-	127,956	122,895	-	5,061
Interest on tax anticipation note	-	2,000	-	-	2,000
Total debt service	-	<u>723,439</u>	<u>717,855</u>	-	<u>5,584</u>
Other financing uses:					
Transfers out:					
Nonmajor funds	-	<u>748,000</u>	<u>748,000</u>	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 22,508</u>	<u>\$ 8,101,483</u>	<u>\$ 8,003,114</u>	<u>\$ 777</u>	<u>\$ 120,100</u>

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, 2020

Unassigned fund balance, beginning, as restated		\$ 2,093,410
Changes:		
Unassigned fund balance used to reduce tax rate		(350,000)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 75,165	
Unexpended balance of appropriations (Exhibit 17)	<u>120,100</u>	
Budget surplus		195,265
Increase in nonspendable fund balance		<u>(126,981)</u>
Unassigned fund balance, ending		<u><u>\$ 1,811,694</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, each major fund, and the aggregate remaining fund information of the Town of Hopkinton as of and for the year ended December 31, 2020, 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 above 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 do, however, want to discuss the following.

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

As noted previously, this statement took effect for the Town for the year ended December 31, 2018, and requires that the Town 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 should be determined through an actuarial valuation, or a specific alternative method. The Town has prepared information based on standards promulgated by GASB Statement No. 45, which were replaced by Statement No. 75. We recommend that the Town consider using an actuary to determine the liability as required by the standard.

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 15, 2021

Roberts & Greene, PLLC

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