

New Hampshire Municipal Association, Inc.

Financial Report

December 31, 2017

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Independent Auditors' Report

Board of Directors
New Hampshire Municipal Association, Inc.
Concord, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of New Hampshire Municipal Association, Inc. (NHMA), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise NHMA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NHMA as of December 31, 2017, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Prior Period Financial Statements

The financial statements of NHMA, as of December 31, 2016, were audited by other auditor's whose report dated June 2, 2017, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, the Schedule of Proportionate Share of Net Pension Liability on page 23, and the Schedule of Contributions on page 24, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise NHMA's basic financial statements. The Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual Comparison on pages 26 through 27, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual Comparison is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual Comparison is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 8, 2018 on our consideration of NHMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NHMA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NHMA's internal control over financial reporting and compliance.

Macpage LLC

South Portland, Maine
May 8, 2018

Management's Discussion and Analysis

December 31, 2017 and 2016

Introduction

As management of New Hampshire Municipal Association, Inc. (NHMA), we offer readers of the financial statements this narrative overview and analysis of the financial activities of NHMA for the reporting periods ending December 31, 2017 and 2016. This section, the management discussion and analysis, is intended to provide an overview of NHMA's financial condition, results of operations, and other key information.

Overview

New Hampshire Municipal Association, Inc. is a nonprofit, non-partisan membership organization with the mission to provide legislative policy development and advocacy, legal advice on municipal problems and issues, and training and education on municipal duties and legal principles. The services are provided to and on behalf of municipal members of NHMA. As of December 31, 2017, 232 of the 234 towns and cities in New Hampshire were members of NHMA. In addition, 35 other political subdivisions (village districts and counties) and 9 regional planning commissions were associate members of NHMA during 2017.

NHMA was originally created in 1941 to provide advocacy and other support services to New Hampshire municipalities. NHMA operated in this manner until the period from 2003 through 2013 when NHMA operated as a wholly owned subsidiary of Local Government Center, Inc., performing traditional league advocacy services. Organizational changes effective September 1, 2013, resulted in the Local Government Center, Inc. absorbing all NHMA, LLC obligations and operations, and the renaming of Local Government Center, Inc. back to New Hampshire Municipal Association, Inc. As a subsidiary of LGC, NHMA, LLC was exempt from federal income taxes under Section 501(c)(4) and 115 of the Internal Revenue Code. As a standalone nonprofit corporation, NHMA remains exempt from federal income taxes under Section 501(c)(4) and 115 of the Internal Revenue Code.

NHMA's bylaws provide that dues are established by the NHMA Board of Directors. Dues are based on the budget adopted by the Board, and each municipal member's dues are calculated in accordance with the Board-approved formula, which is based on population and equalized valuation, with a minimum and maximum level. Associate member dues are set separately by the NHMA Board of Directors at a flat amount.

NHMA participates in the HealthTrust/PLT/NHMA defined benefit multiple-employer cost-sharing pension plan. Based upon the December 31, 2016 actuarial report of the HealthTrust/PLT/NHMA Pension Plan (the latest information available), the plan fiduciary net position is \$11,826,928, the total pension liability is \$13,107,820 and the net pension liability is \$1,280,892 resulting in a funded ratio of 90.23%. As of December 31, 2015, the plan fiduciary net position was \$10,613,765, the total pension liability was \$12,447,263 and the net pension liability was \$1,833,498, resulting in a funded ratio of 85.27%. The HealthTrust/PLT/NHMA Pension Plan did not issue standalone financial reports for the periods ending December 31, 2016 and 2015.

Discussion of the Basic Financial Statements

Following the pronouncements of the Governmental Accounting Standards Board (GASB), NHMA's financial information is presented in four basic components, the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows and the Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual Comparison.

Management's Discussion and Analysis

December 31, 2017 and 2016

Statements of Net Position

These statements provide information about NHMA's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and net position as of December 31, 2017 and 2016. Total current assets represent cash, accounts receivable, and expenses prepaid for a subsequent period. Current liabilities reflect amounts to be paid to staff for wages or vacation time earned during the respective calendar year but not paid until a later period, other accounts payable, and dues received that are applicable to the following year. Non-current liabilities as of December 31, 2017 consist of NHMA's proportionate share of the HealthTrust/PLT/NHMA Pension Plan net pension liability pursuant to the adoption of the GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" (GASB 68). The following table summarizes the Statements of Net Position:

Summary Statement of Net Position

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Assets		
Current assets	\$1,598,687	\$ 1,296,227
Non-current assets	77,740	80,056
Total assets	<u>1,673,039</u>	<u>1,376,283</u>
Deferred Outflows of Resources		
Deferred pension amounts	<u>185,281</u>	<u>213,865</u>
Liabilities		
Current liabilities	789,140	464,323
Non-current liabilities	168,896	230,094
Total liabilities	<u>954,648</u>	<u>694,417</u>
Deferred Inflows of Resources		
Deferred pension expenses	<u>123,087</u>	<u>56,372</u>
Net Position, End of Year	<u>\$ 780,585</u>	<u>\$ 839,359</u>

Net position at December 31, 2017 reflects unrestricted net position of \$702,845 and NHMA's 1.2% investment in Center at Triangle Park, Inc. (CTP) of \$77,740 for a total of \$780,585. The investment in CTP decreased \$2,316 from \$80,056 at December 31, 2016 to \$77,740 at December 31, 2017 due to NHMA's proportionate share (1.2%) of the CTP operating loss as of June 30, 2017. Unrestricted net position at December 31, 2017 represents amounts available for future member services and equates to approximately five and a half months or 46% of 2017 budgeted operating expenses. As of December 31, 2016, net position included \$759,303 of unrestricted net position, and NHMA's 1.2% investment in Center at Triangle Park, Inc. of \$80,056, for a total of \$839,359.

Statements of Revenues, Expenses and Changes in Net Position: The results of NHMA's operations for 2017 and 2016 are shown on these statements. The statements provide information about income from member dues, operating expenses, and other income. Additionally, these statements set forth NHMA's change in net position for the year. The following table summarizes operations shown in the Statements of Revenues, Expenses and Changes in Net Position:

Management's Discussion and Analysis

December 31, 2017 and 2016

Summary Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2017	December 31, 2016
Operating Revenues		
Member dues	\$1,105,577	\$1,062,007
Annual meeting	177,076	181,726
Sponsorship Agreement	20,000	48,000
Advertising and publications	113,323	96,098
Workshops and training	77,280	60,333
Services and other revenue	38,662	26,854
Total operating revenues	<u>1,531,918</u>	<u>1,475,018</u>
Operating Expenses		
Salaries and related benefits	1,142,790	1,024,446
Annual meeting	139,494	139,754
Professional fees	29,175	84,487
Printing and publications	66,138	66,974
Meetings and training	44,264	35,640
Other general and administrative	166,515	146,634
Total operating expenses	<u>1,588,376</u>	<u>1,497,935</u>
Operating loss	(56,458)	(22,917)
Non-Operating Expenses		
Decrease in investment in CTP	<u>(2,316)</u>	<u>(5,462)</u>
Decrease in net position	(58,774)	(28,379)
Net position beginning of year	<u>839,359</u>	<u>867,738</u>
Net position, end of year	<u>\$ 780,585</u>	<u>\$ 839,359</u>

For 2017, the NHMA Board of Directors budgeted municipal member dues revenue of \$1,081,990, a four percent increase over 2016, with minimum dues set at \$1,020 and maximum dues of \$26,780. Associate member dues were also increased by four percent from \$515 to \$535. These increases account for the \$43,570 increase in dues revenue over 2016. Sponsorship agreement revenue shows a decrease of \$28,000 from 2016 due to HealthTrust's sponsorship of NHMA's annual conference being reflected under annual meeting revenue. Revenues from workshops and training sessions was up \$16,947 over 2016 due primarily to the addition of several new workshops in 2017 and an increase in the number of "NHMA On-Demand" workshops held in 2017. Revenue from services was up \$11,808 due primarily to the addition of two association management service contracts in 2017.

Salaries and related benefits are \$118,344 higher than 2016 primarily from the addition of the Business Administrator position and an increase in accrued leave time as of December 31, 2017. This is partially offset by a decrease of \$55,312 in service fees compared to 2016 due to elimination of the need to contract for accounting and financial reporting services. Meeting and training costs were \$8,624 higher than 2016 due primarily to costs associated with new workshops. Other general administrative costs were \$19,881 higher than 2016 due primarily to the acquisition of replacement computers that were expensed in 2017. The net position at December 31, 2017 is \$780,585, a decrease of \$58,774 or 7% from the prior year.

Management's Discussion and Analysis

December 31, 2017 and 2016

Statements of Cash Flows. These statements review how NHMA's cash balance changed during the calendar years 2017 and 2016. It is divided into three sections explaining where NHMA provided or used cash during the year. These areas relate to NHMA's operations, investing activities, and financing activities. It provides the reasons for the increase or decrease in NHMA's cash position. There were no cash flows from investing activities during 2017 and 2016. The Statements of Cash Flows indicate a net increase in cash and cash equivalents of \$291,595 for 2017 and a net decrease in cash and cash equivalents of \$26,882 for 2016.

Notes to the Financial Statements

This report also contains notes to the financial statements and other supplementary information in addition to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a Statement of Revenues, Expenses and Changes in Net Position – Budget to Actual Comparison for the year ended December 31, 2017. The following table summarizes this statement:

Summary Statement of Revenues, Expenses and Changes in Net Position – Budget to Actual Comparison

	Budget	Actual	Variance – Positive (negative)
Operating Revenues			
Member dues	\$ 1,105,021	\$ 1,105,577	\$ 556
Annual meeting	165,000	177,076	12,076
Sponsorship Agreement	20,000	20,000	-
Advertising and publications	106,000	113,323	7,323
Workshops and training	91,375	77,280	(14,095)
Services and other revenue	36,116	38,662	2,546
Total operating revenues	<u>1,523,512</u>	<u>1,531,918</u>	<u>8,406</u>
Operating Expenses			
Salaries and related benefits	\$ 1,112,801	1,142,790	(29,989)
Annual meeting	123,500	139,494	(15,994)
Professional fees	22,200	29,175	(6,975)
Printing and publications	66,635	66,138	497
Meetings and training	49,730	44,264	5,466
Other general and administrative	145,318	166,515	(21,197)
Total expenses	<u>1,520,184</u>	<u>1,588,376</u>	<u>(68,192)</u>
Operating (loss) income	3,328	(56,458)	(59,786)
Decrease in investment in CTP	-	(2,316)	(2,316)
Change in net position	<u>\$ 3,328</u>	<u>\$ (58,774)</u>	<u>\$ (62,102)</u>

Management's Discussion and Analysis

December 31, 2017 and 2016

Other Information—Continued

Operating revenues were \$8,406 higher than budgeted, while operating expenses for the year were \$68,192 or 4.5% higher than budgeted. Salaries and related benefits were over budget due primarily to the GASB 68 adjustment for pension expense of \$34,101 and accrued salaries for increased leave balances as of December 31, 2017. Annual meeting expenses were higher than budgeted due primarily to facility fee increases. Other general and administrative costs are \$21,197 over budget due primarily to the acquisition of replacement computers approved by the Board of Directors after adoption of the 2017 budget. Overall, this resulted in a change in net position of \$(58,774), which was \$62,102 lower than the budgeted amount of \$3,328.

Operating Results

NHMA's operating results for 2017 are found on the Statement of Revenues, Expenses and Changes in Net Position. Operating loss amounted to \$(56,458) for the year ended December 31, 2017, with total assets of \$1,676,427 and deferred outflows of resources related to pensions of \$185,281. Current liabilities were \$789,140 with net pension liabilities of \$168,896 and deferred inflows of resources related to pensions of \$123,087.

Net position at year end was \$780,585. In 2016, the NHMA Board of Directors adopted an "Unrestricted Year-End Net Position" policy which establishes a guideline concerning the appropriate level of year-end net position which is 45% to 75% of the Board approved operating expenses. At December 31, 2017, NHMA's unrestricted net position of \$702,845 represents 46% of the 2017 budgeted expenses approved by the Board. This level of net position would provide approximately five and a half months of operating expenses.

Operating results include revenue from member dues, the annual meeting, a sponsorship agreement, advertising, publications, and workshops. NHMA earned membership dues in the amount of \$1,105,577 in 2017. These funds are used to provide legislative advocacy services on behalf of NHMA's town and city members, to support legal advisory services, training, and publications for members. Operating expenses include amounts for salaries and related benefits, expenses related to legislative policy activities, and expenses for general activities.

Significant Accounting Policies

The financial statements are prepared under the accrual method of accounting. Thus, expenses are recognized in the period in which they are incurred and revenues in the period in which they are earned. At December 31, 2017 and 2016, calculations for prepaid expenses, accrued salaries, and related expenses were recognized to ensure expenses and revenues were recognized in the appropriate period(s).

Risks & Uncertainties

In times of tight budgets, local governing bodies carefully review all expenditures. NHMA occasionally loses a member for local budgeting or political reasons. As of the date of this report, we believe all municipal and associate members will continue membership in 2018.

Management's Discussion and Analysis

December 31, 2017 and 2016

Outlook and Service Results

Based on member feedback through the NHMA Board of Directors and on workshop/annual meeting evaluations, and the continued high-volume use of its services, NHMA sees an ongoing demand for its government affairs activities, legal and financial advisory services, training programs and publications for the foreseeable future. New and on-going services that our members continue to rely upon to fulfill their statutory and fiduciary responsibilities as elected and appointed municipal officials include:

Publications:

- In 2017, NHMA published updated versions of the *Municipal Officials Directory*; *Town and School Meeting Handbook*; *Knowing the Territory: A Survey of Municipal Law for New Hampshire Local Officials*; *The Art of Welfare Administration*; and three Municipal Law Lectures (authored by various municipal attorneys).
- *A Guide to Open Government: New Hampshire's Right-to-Know Law* was a new publication produced in 2017.
- *Town and City* magazine was published six times and mailed to over 2,400 people.
- *NHMA NewsLink*, a biweekly newsletter, was distributed electronically to 3,300 interested individuals.
- The *Legislative Bulletin* was emailed weekly during the 2017 legislative session, keeping members informed of action at the State House impacting municipal operations.

Workshops and Educational Programming:

- NHMA held all the traditional workshops including two *Town and School Moderators Workshops (Traditional and SB2)*, six *Local Officials Workshops*, *Local Welfare Workshop*, two *Budget and Finance Workshops*, and the *Municipal Law Lecture Series*.
- New workshops were added, including an *Employment Law Workshop*, and six mini-workshops held around the state on *Effective Approaches to Employee Discipline*, all presented by attorneys from Drummond Woodsum.
- The new publication *A Guide to Open Government: New Hampshire's Right-to-Know Law* formed the basis for three *Right-to-Know Law Workshops* and led to specialized training on the Right-to-Know Law as it specifically applies to law enforcement.
- NHMA presented a *Municipal Liability and Immunity Workshop* in partnership with the NH Municipal Lawyers Association, featuring state law topics from New Hampshire practitioners, and a federal law review by a D.C. attorney from the International Municipal Lawyers Association.
- A *LEAN White Belt Workshop* was presented in conjunction with the New Hampshire Bureau of Education and Training.
- NHMA presented two workshops on *The Intersection of Land Use and Road Law* workshop using the 2015 update to the *Hard Road to Travel Handbook*.
- NHMA presented over 30 *On Demand* seminars—a significant increase from 2016. These are workshops that staff present in the field, to employees and officials from a single town or from neighboring municipalities, on specific topics, making it easy for local officials to attend training and ask questions in a small group setting.
- NHMA produced 13 webinars, attended by nearly 600 people from 111-member municipalities, on subjects from legislative updates and the Right-to-Know Law to Municipal Volunteers, Best Practices for Background Checks, Current Use Assessing, and Conflicts of Interest.

Management's Discussion and Analysis

December 31, 2017 and 2016

Workshops and Educational Programming—Continued:

- Finally, staff members were in high demand, speaking before a wide variety of groups who also serve municipal officials: Waste Water Treatment Operators training at the Department of Environmental Services, the NH City and Town Clerks Association, several Regional planning Commissions, the NH School Boards Association, the NH Government Finance Officers Association, the Library Trustees Association, UNH's Technology Transfer Center (T2), the Northern New England Chapter of the American Planning Association (NNECAPA), and the Office of Energy and Planning (now the Office of Strategic Initiatives) spring land use conference.

Advocacy and Legal Advice:

- NHMA closely followed the state biennial budget for any changes in state aid programs or other impacts on municipalities and followed over 250 other bills of municipal interest.
- NHMA answered over 2,900 legal inquiries, either by phone or email, covering such topics as the authority of selectmen, planning board questions, the Right-to-Know Law, unanticipated revenue, roads and driveways, and much more.
- New in 2017, NHMA partnered with the Drummond Woodsum law firm, reconstituting the Employment Law Hotline, through which any municipal member of NHMA can seek a complimentary consultation on employment matters.

Administrative Initiatives:

- In 2017 NHMA established the position of Business Administrator to perform all our accounting and financial reporting functions in-house rather than contracting with outside vendors for these services.
- NHMA expanded our Association Management Services program by contracting with several new affiliate groups offering workshop planning, financial management, membership recordkeeping, and other services needed by affiliate associations.

Requests for Information

This financial report is designed to provide a general overview of New Hampshire Municipal Association's finances for all those with an interest in the association's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Judith Pellowe, Business Administrator
New Hampshire Municipal Association
25 Triangle Park Dr.
Concord, NH 03301

The New Hampshire Municipal Association's web site contains additional information at:
www.nhmunicipal.org

Statements of Net Position

December 31,

	2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 1,556,195	\$ 1,264,600
Accounts receivable	22,666	20,072
Prepaid expenses	19,641	10,118
Other assets	185	1,437
Total Current Assets	<u>1,598,687</u>	<u>1,296,227</u>
Non-Current Assets		
Investment in Center at Triangle Park, Inc.	<u>77,740</u>	<u>80,056</u>
Total Assets	<u>1,676,427</u>	<u>1,376,283</u>
Deferred Outflows of Resources	<u>185,281</u>	<u>213,865</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,861,708</u>	<u>\$ 1,590,148</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	\$ 105,721	\$ 7,747
Accrued payroll and related liabilities	135,511	115,996
Unearned revenue	547,908	340,580
Total Current Liabilities	<u>789,140</u>	<u>464,323</u>
Non-Current Liabilities		
Net pension liability	<u>168,896</u>	<u>230,094</u>
Total Liabilities	<u>958,036</u>	<u>694,417</u>
Deferred Inflows of Resources	<u>123,087</u>	<u>56,372</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,081,123</u>	<u>750,789</u>
Net Position		
Unrestricted	702,845	759,303
Investment in Center at Triangle Park, Inc.	77,740	80,056
Total Net Position	<u>780,585</u>	<u>839,359</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,861,708</u>	<u>\$ 1,590,148</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31,	2017	2016
Operating Revenues		
Member dues	\$ 1,105,577	\$ 1,062,007
Annual meeting	177,076	181,726
Sponsorship agreement	20,000	48,000
Advertising and publications	113,323	96,098
Workshops and training	77,280	60,333
Services	35,728	22,916
Other revenue	2,934	3,938
Total Operating Revenues	1,531,918	1,475,018
Operating Expenses		
Salaries and related benefits	1,142,790	1,024,446
Annual meeting	139,494	139,754
Rent	37,536	35,629
Professional fees	24,594	23,819
Printing and publications	66,138	66,974
Meetings and training	44,264	35,640
Support services	4,581	60,668
Insurance	27,456	25,507
Postage	17,440	14,925
Dues and memberships	10,336	15,131
IT expenses	32,642	11,527
Depreciation		228
Staff expenses	19,508	22,247
Telephone	5,697	7,261
Bank fees	4,466	3,854
Office supplies	7,930	3,804
Other expenses	3,504	6,521
Total operating expenses	1,588,376	1,497,935
Operating loss	(56,458)	(22,917)
Non-Operating Expenses		
Decrease in investment in Center at Triangle Park, Inc.	(2,316)	(5,462)
Decrease in Net Position	(58,774)	(28,379)
Net position, beginning of year	839,359	867,738
Net position, end of year	\$ 780,585	\$ 839,359

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years Ended December 31,

	2017	2016
Cash flows from operating activities		
Receipts from member dues	\$ 1,264,833	\$ 1,125,417
Receipts from other revenues	462,735	386,377
Payments for salaries and related benefits	(1,089,174)	(983,193)
Payments to CTP	(37,536)	(35,629)
Payments to vendors	(309,263)	(526,220)
Net cash provided by (used in) operating activities	<u>291,595</u>	<u>(33,248)</u>
Cash flows from capital and financing activities		
Shareholder distribution from Center at Triangle Park, Inc.		6,366
Net cash provided by capital and financing activities	<u>-</u>	<u>6,366</u>
Net change in cash and cash equivalents	291,595	(26,882)
Cash and cash equivalents, beginning of year	<u>1,264,600</u>	<u>1,291,482</u>
Cash and cash equivalents, end of year	<u>\$ 1,556,195</u>	<u>\$ 1,264,600</u>
Reconciliation of operating loss to net cash from Operating Activities:		
Operating loss	\$ (56,458)	\$ (22,917)
Adjustments not affecting cash:		
Depreciation		228
Change in operating assets and liabilities:		
Accounts receivable	(2594)	(182)
Prepaid expenses	(9,523)	2,024
Other assets	1,252	(383)
Deferred outflows	28,584	(117,080)
Accounts payable and accrued expenses	97,974	(90,612)
Accrued payroll and related liabilities	19,515	10,501
Unearned revenue	207,328	37,341
Net pension liability	(61,198)	111,858
Deferred inflows	66,715	35,974
Total adjustments	<u>348,053</u>	<u>(10,559)</u>
Net cash provided by (used in) operating activities	<u>\$ 291,595</u>	<u>\$ (33,248)</u>

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

New Hampshire Municipal Association, Inc. (NHMA) is a nonprofit, non-partisan membership organization of municipalities with the mission to provide legislative advocacy and legal services through policy development, advice on municipal problems and issues, training, and education on municipal duties and legal principles. The services are provided to and on behalf of municipal members of NHMA. As of December 31, 2017, 232 towns and cities in New Hampshire are members of NHMA. In addition, 44 and 43 other political subdivisions and regional planning commissions are associate members of NHMA at December 31, 2017 and 2016, respectively. The Board of Directors is comprised of only elected and appointed municipal officials elected by NHMA members. Membership dues are assessed annually based on criteria set forth in NHMA's bylaws.

Founded in 1941 for the purpose of exchanging information to facilitate more efficient and effective local government, NHMA was reorganized in July 2003 as the Local Government Center, Inc. (LGC). New Hampshire Municipal Association, Limited Liability Company (NHMA, LLC), a separate subsidiary of LGC, was also created. Effective September 1, 2013, NHMA, LLC was dissolved and absorbed by its parent, LGC, and LGC changed its name to New Hampshire Municipal Association, Inc.

In evaluating NHMA as a reporting entity, management has addressed all potential component units for which NHMA may be financially accountable and, as such, should be included within the NHMA's financial statements. In accordance with GASB Statement No. 14 as amended by GASB Statement No. 61, NHMA is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on NHMA. Additionally, NHMA is required to consider other organizations for which the nature and significance of their relationship with NHMA are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no other entities that should be included as part of these financial statements.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to proprietary funds of governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. NHMA's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable are stated at net realizable value. NHMA uses the allowance method to determine the uncollectible accounts receivable, which are based on management's judgment, experience and review of the current status of existing receivables. All receivables are deemed collectible by management at December 31, 2017 and 2016.

Prepaid Expenses

NHMA has made payments to vendors which reflect costs that are applicable to future accounting periods. These amounts are recorded as prepaid expenses. Prepaid expenses are reduced as the related services are provided.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investment in Center at Triangle Park, Inc.

Center at Triangle Park, Inc. (CTP) was organized February 5, 1988 as a voluntary corporation and a 501(c)(25) entity for the purpose of acquiring and holding title to real estate. CTP leases real estate to NHMA and other third parties. As of December 31, 2017 and 2016, NHMA owns 1.2% of outstanding CTP shares.

NHMA's investment in CTP is carried under the equity method of accounting, whereby the gain or loss in operations of CTP is recognized in proportion to the ownership shares, and the investment in CTP is adjusted to recognize the gain or loss.

In October of 2015, CTP sold a subdivided parcel of land adjacent to the office building. A portion of the net proceeds were used to fund operating and capital requirements, with the remaining balance being remitted to CTP stockholders in proportion to their ownership as a shareholder distribution during 2016. For NHMA, the shareholder distribution received amounted to \$6,366 for the year ending December 31, 2016.

CTP recorded an impairment loss on the remaining land held in June 2016. CTP utilized the results of an independent land appraiser in determining the amount of the impairment.

For the year ended December 31, 2017 and 2016, NHMA recognized a loss of \$2,316 and \$5,462, respectively, from the operations of CTP. The carrying value of the investment in CTP at December 31, 2017 and 2016 was \$77,740 and \$80,056, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. NHMA's deferred outflows relate to its pension liability and are disclosed in Note 8.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. NHMA's deferred inflows relate to its pension liability and are disclosed in Note 8.

Revenue Recognition

Revenue is generally recognized when received and reflected in the accounting period to which the revenue relates. As described more fully in Note 4, amounts received in cash that will be earned in the future are deferred and reported as unearned revenue.

Net Position

Net positions are classified based upon any restrictions that have been placed on those balances. Unrestricted net position represents resources that have met all applicable restrictions and are considered to be available for unrestricted use. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation. There are no restricted net positions as of December 31, 2017 and 2016.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

NHMA is exempt from federal income taxes under provisions of the Internal Revenue Code.

Operating Revenues and Expenses

NHMA's statements of revenues, expenses and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues primarily result from member dues, the annual meeting, advertising and publications, and providing training and other services to members. Operating expenses primarily consist of expenses incurred to provide services to members, and general and administrative expenses. Other income and expenses, including interest income and gains or losses on the disposal of capital assets, are classified as non-operating in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform with the current year's presentation. There was no change to net position or change in net position as previously reported.

Recent Accounting Pronouncements

In June 2017, GASB issued GASB Statement No. 87, *Leases*. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of governments that lease. Lessees will recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset and lessors will recognize a lease receivable and a deferred inflow of resources. This new leasing standard will apply for fiscal years beginning after December 31, 2019. The standard requires retroactive application to previously issued financial statements for 2019 and 2018, if presented. Management is currently evaluating the impact of adoption on its financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

NHMA maintains its cash-in-bank deposits and cash management accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. As of December 31, 2017 and 2016, the carrying amount of cash and cash equivalents held in excess of the FDIC limit was \$1,306,195 and \$1,014,600, respectively. The balance in excess of the FDIC limit is collateralized with securities held in joint custody with a third party custodian.

NOTE 3 – CAPITAL ASSETS

Capital assets consist of furniture and equipment with an estimated useful life greater than one year. Capital assets are recorded at cost and updated for additions and retirements during the year. NHMA maintains a capitalization threshold of \$5,000. The cost of normal maintenance and repairs is charged to expense as incurred, while renewals, replacement of existing systems and betterments are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net position.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 3 – CAPITAL ASSETS – CONTINUED

Furniture and equipment is depreciated using primarily the straight-line method over a useful life of three to five years.

Capital asset activity is as follows for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets at cost:				
Computer hardware	\$ 8,126			\$8,126
Less: Accumulated depreciation	(8,126)			(8,126)
Total net capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital asset activity is as follows for the year ended December 31, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets at cost:				
Computer hardware	\$ 8,126			\$ 8,126
Less: Accumulated depreciation	(7,898)	\$ (228)		(8,126)
Total net capital assets	<u>\$ 228</u>	<u>\$ (228)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – UNEARNED REVENUE

The components of unearned revenue are as follows at December 31:

	<u>2017</u>	<u>2016</u>
Unearned member dues	\$ 484,152	\$ 311,966
Unearned advertising revenue	32,266	21,453
Other unearned revenue	<u>31,490</u>	<u>7,161</u>
Total unearned revenue	<u>\$ 547,908</u>	<u>\$ 340,580</u>

Members pay dues on an annual basis with a January 1 renewal date. Member dues are recognized as revenue in the membership year to which they relate. The portion of the dues received in cash that will be earned in a future period is deferred and reported as unearned revenue. Unearned revenue is reduced ratably as membership dues are earned over the period to which they relate.

Advertising revenue is recognized as revenue ratably over the contract period to which it relates or as services are performed, as applicable, with any unearned amounts recorded as unearned revenue. Unearned advertising revenue is reduced ratably as advertising revenue is earned.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 5 – LEASES

NHMA leases facilities from CTP pursuant to a 10-year lease agreement, effective June 1, 2016. Under the terms of the new agreement, NHMA is charged a monthly fee of one-twelfth (1/12) of NHMA's annual proportionate share (based on the square footage occupied by NHMA) of CTP's total budgeted operating expenses. The amount due will be adjusted, effective January 1 of each calendar year, based on CTP's then current budget. CTP will provide NHMA several months' notice of the adjusted amount. As of April 28, 2017, the adjusted amount for the upcoming year ended December 31, 2018 is \$36,840.

NHMA incurred \$37,536 and \$35,629 in lease payments during the years ended December 31, 2017 and 2016, respectively. Assuming future lease payments are consistent with the current year amount, with future minimum lease payments of approximately \$37,000 per year, total future minimum lease payments will be approximately \$310,000 over the remaining life of the lease.

NOTE 6 – TRANSACTIONS WITH FORMER AFFILIATES

Prior to September 1, 2013, Local Government Center HealthTrust, LLC (HealthTrust, LLC) and Local Government Center Property-Liability Trust, LLC (Property-Liability Trust, LLC) were subsidiaries of LGC. Effective with LGC's reorganization on September 1, 2013, HealthTrust, LLC and Property-Liability Trust, LLC transferred all of their assets, liabilities, net position and operations to the separate New Hampshire voluntary corporations HealthTrust, Inc. (HealthTrust) and Property-Liability Trust, Inc. (Property-Liability Trust), respectively. As such, effective September 1, 2013, NHMA had no ownership interest in and operates as a totally separate, independent organization from the former LGC subsidiaries. However, some members of NHMA are also members of, and insured by, HealthTrust.

NHMA is a participant in HealthTrust's risk pool. For the years ended December 31, 2017 and 2016, NHMA incurred \$145,081 and \$115,051, respectively, for employee benefits coverage through HealthTrust's pool, which is included in the salaries and related benefits expense on the statements of revenues, expenses and changes in net position.

NHMA received administrative and other business support services from HealthTrust pursuant to a service agreement ratified by NHMA's governing board, which ended in 2016. NHMA incurred \$60,668 for these support services during 2016.

NHMA has a sponsorship agreement with HealthTrust whereby HealthTrust has preferential marketing rights in NHMA publications, and at workshops and the annual conference. Revenue earned under the sponsorship agreement with HealthTrust was \$20,000 and \$48,000 in 2017 and 2016, respectively, and is included in the revenue from sponsorship agreements on the statements of revenues, expenses and changes in net position.

HealthTrust is a sponsor of NHMA's annual meetings. Revenue recognized from this sponsorship was \$20,000 and \$25,000 in 2017 and 2016, respectively. The sponsorship revenue from HealthTrust is included in annual meeting revenue on the statements of revenues, expenses and changes in net position.

NOTE 7 – DEFERRED COMPENSATION PLAN

The employees of NHMA are covered by a Section 457 Deferred Compensation Plan administered by ICMA Retirement Corporation. All full-time employees are immediately eligible to participate in the plan and may elect to defer up to 100% of their gross compensation up to the federal limits. Contributions to the plan and the related income on those contributions are held by ICMA Retirement Corporation.

Employee contributions to the deferred compensation plan totaled \$42,684 and \$30,280 for the years ended December 31, 2017 and 2016, respectively. There were no employer contributions in 2017 and 2016.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

Effective January 1, 2007, LGC established the New Hampshire Local Government Center Defined Benefit Pension Plan, a single-employer plan. As part of the September 1, 2013 reorganization, the New Hampshire Local Government Center Defined Benefit Pension Plan became a cost-sharing multiple-employer defined benefit pension plan and changed its name to the HealthTrust/PLT/NHMA Pension Plan (the Plan). This change had no impact on the financial assets or obligations of the pension plan, and there were no changes to the benefits provided or the eligibility criteria.

The Boards of Directors of the participating employers in the Plan, NHMA, HealthTrust and Property-Liability Trust (PLT), collectively retain the authority to establish, amend or terminate the Plan and its provisions at any time subject to any legal limitations. The Boards of Directors also established a Retirement Committee to administer the Plan. The Retirement Committee serves as the Plan administrator to the Plan and has discretionary authority to interpret the terms of the Plan and its decisions regarding administration, interpretation and application. All active, non-temporary employees of NHMA, HealthTrust and Property-Liability Trust are required to participate in the Plan as a condition of employment. The Plan provides a monthly benefit when a Plan participant retires or leaves after qualifying for benefits. The Plan does not issue a standalone financial report.

On February 19, 2016, the Retirement Committee determined that partial termination of the Plan occurred when the PLT Board voted to commence runoff on April 14, 2015. The partial termination triggered a clause in the Plan granting all PLT employees, regardless of service, who terminate employment on or after April 14, 2015, 100% vested status, eligible for pension benefits as provided in the Plan. Pursuant to the terms of the Plan, PLT must give 90-days advanced notice to the Retirement Committee before ceasing to make contributions and effectively withdrawing from the Plan. An employer may only withdraw as of the Plan's year-end, resulting in a withdrawal liability as calculated by the Plan's actuary. The withdrawing employer must pay the withdrawal liability in one lump sum within 60-days of being notified of the withdrawal liability by the Retirement Committee. On June 3, 2016, PLT gave notice of its intent to withdrawal from the Plan. After notification from the Retirement Committee, PLT made a withdrawal liability payment of \$99,387 in July 2017.

Benefits

The participants' benefits are established in the Plan and may be changed only with an amendment to the Plan. A participant's benefit is determined under a formula that multiplies the participant's final average earnings by her/his credited service. The formula is 1.50% of the final average earnings for each year of credited services, not to exceed 50% of the participant's average salary. Final average salary is defined as the average of the highest three consecutive years out of the last ten years base salary prior to retirement or termination. If a participant chooses early retirement, the benefit will be reduced by 0.25% for each month prior to the normal retirement date. If a participant remains employed after age 65, benefits will continue to accrue without any actuarial adjustment for late retirement.

Contributions

The contribution requirements of the participating employers under the Plan are established and may be amended by the Retirement Committee, based on the annual actuarial valuation of the Plan. The contribution requirements of the participating employees are established in the Plan and may be changed only with an amendment to the Plan. Participants contribute 5% of their base earnings to the Plan. The employers shall contribute to the Plan an amount determined by the Retirement Committee. For the years ended December 31, 2017 and December 31, 2016, the employer contribution was 6.91% and 7.27%, respectively, of each participant's earnings to the Plan. NHMA's contributions to the plan for the years ended December 31, 2017 and 2016 were \$56,215 and \$53,880 respectively.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 8 – DEFINED BENEFIT PENSION PLAN – CONTINUED

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

As of and for the year ended December 31, 2017, NHMA reported a net pension liability of \$168,896 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. As of and for the year ended December 31, 2016, NHMA reported a net pension liability of \$230,094 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. NHMA's proportion of the net pension liability was based on its contributions to the Plan relative to the contributions of all participating employers to the Plan for the period from January 1, 2016 through December 31, 2016. As of December 31, 2016, and 2015 NHMA's proportion was 13.19% and 12.55%, respectively.

For the years ended December 31, 2017 and 2016, NHMA recognized pension expense of \$90,316 and \$30,752, respectively. At December 31, 2017 and 2016, NHMA reported its proportionate share of the Plan's deferred outflows and inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows Resources	Deferred Inflows Resources	Deferred Outflows Resources	Deferred Inflows Resources
Difference between expected and actual economic experience	\$ -	\$ 103,671	\$ -	\$ 56,372
Changes in proportion and differences between employer contributions and share of contributions	10,179		5,299	
Difference between projected and actual earnings on Plan investments	118,887	19,416	154,686	
Contributions paid to Plan subsequent to the measurement date	56,215		53,880	
Total deferred pension amounts	<u>\$ 185,281</u>	<u>\$ 123,087</u>	<u>\$ 213,865</u>	<u>\$ 56,372</u>

The net amounts of NHMA's balances of deferred outflows and inflows of resources as of December 31, 2017 related to pensions will be recognized as pension expense as follows during the years ended December 31:

	Pension Expense Amount
2017	\$ 21,504
2018	21,504
2019	9,460
2020	(22,140)
2021	(15,032)
Thereafter	(9,317)
Total	<u>\$ 5,979</u>

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 8 – DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Methods and Assumptions

The significant methods and assumptions used in the actuarial valuation are as follows for the plan years ended December 31:

	2016	2015
Actual cost method	Entry age normal cost method	Entry age normal cost method
Asset valuation method	4-year smoothed market	4-year smoothed market
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Equivalent single amortization period	15 years	16 years
Actuarial assumptions:		
Investment rate of return	6.5%	6.5%
Inflation rate	2.5%	2.5%
Projected salary increases	4.0%	4.0%
Cost-of-living adjustments	None	None
Mortality assumptions	Utilized RP-2000 Combined Healthy Mortality Table projected to 2020 for males and females using scale AA	Utilized RP-2000 Combined Healthy Mortality Table projected to 2020 for males and females using scale AA
Section 417(e) interest rate	Option factors are currently based on the IRC Section 417(e) applicable mortality and interest. The actuaries have estimated that this basis creates an implicit subsidy, since it differs from the valuation assumptions. The actuaries have increased liabilities and normal cost by a 2% liability adjustment to account for this subsidy	Option factors are currently based on the IRC Section 417(e) applicable mortality and interest. The actuaries have estimated that this basis creates an implicit subsidy, since it differs from the valuation assumptions. The actuaries have increased liabilities and normal cost by a 2% liability adjustment to account for this subsidy

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 8 – DEFINED BENEFIT PENSION PLAN – CONTINUED

Long-Term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocations as of December 31, 2016, these best estimates are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return	Allocation Weighted Long- Term Expected Real Rate of Return
Domestic fixed income	38.0%	2.0%	0.8%
Domestic equity	55.0%	5.2%	2.9%
International equity	5.0%	6.0%	0.3%
Cash	2.0%	1.0%	0.0%
	<u>100.0%</u>		<u>3.9%</u>
Expected Inflation			<u>3.0%</u>
Total Return			<u>6.9%</u>

Discount Rate

The discount rate used to measure total pension liability was 7.0%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

The following presents NHMA's proportionate share of the net pension liability, calculated using the Single Discount Rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate as of December 31, 2017:

	1% Rate Decrease (6.0%)	Current Discount Rate (7.0%)	1% Rate Increase (8.0%)
NHMA's proportionate share of the net pension liability:	\$420,507	\$168,896	\$(42,603)

:

REQUIRED SUPPLEMENTARY INFORMATION

New Hampshire Municipal Association, Inc.
Schedule of Proportionate Share of Net Pension Liability
Required Supplementary Information

Year Ended	Valuation Date	NHMA Proportion of the Net Pension Liability	NHMA Proportionate Share of the Net Pension Liability	Covered Employee Payroll	NHMA Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	12/31/2016	13.19%	\$168,896	\$741,109	22.79%	90.23%
2016	12/31/2015	12.55%	230,094	717,401	32.07%	85.27%
2015	12/31/2014	11.79%	118,236	706,561	16.73%	91.37%
2014	12/31/2013	11.79%	91,689	775,506	11.82%	92.81%

The required supplementary information is intended to show information for ten years, and the additional years' information will be displayed as it becomes available.

**New Hampshire Municipal Association, Inc.
Schedule of Contributions
Required Supplementary Information**

Year Ended	Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2017	12/31/2016	\$56,215	\$56,215	\$ -	\$775,506	7.25%
2016	12/31/2015	53,880	53,880	-	717,401	7.51%
2015	12/31/2014	57,514	57,514	-	706,561	8.14%
2014	12/31/2013	56,379	56,379	-	775,506	7.27%

The required supplementary information is intended to show information for ten years, and the additional years' information will be displayed as it becomes available.

OTHER INFORMATION

Schedule of Revenues, Expenses and Changes in Net Position - Budget To Actual Comparison

December 31, 2017

	Budget	Actual	Variance - Positive (Negative)
Operating Revenues			
Member dues			
Municipal members	\$ 1,081,990	1,081,993	\$ 3
Associate members	23,031	23,584	553
Total member dues	<u>1,105,021</u>	<u>1,105,577</u>	<u>556</u>
Annual meeting	165,000	177,076	12,076
Sponsorship agreement	20,000	20,000	-
Advertising and publications			
Advertising	76,000	90,571	14,571
Publications	30,000	22,752	(7,248)
Total advertising and publications	<u>106,000</u>	<u>113,323</u>	<u>7,323</u>
Workshops and training	91,375	77,280	(14,095)
Services	30,016	35,728	5,712
Other revenue	6,100	2,934	(3,166)
Total operating revenues	<u>\$ 1,523,512</u>	<u>\$ 1,531,918</u>	<u>\$ 8,406</u>

(continued on next page)

Schedule of Revenues, Expenses and Changes in Net Position - Budget To Actual Comparison (Continued)

December 31, 2017

	Budget	Actual	Variance - Positive (Negative)
Operating Expenses			
Salaries and related benefits	\$ 1,112,801	\$ 1,142,790	\$ (29,989)
Annual meeting	123,500	139,494	(15,994)
Rent	42,603	37,536	5,067
Professional fees			
Legal	7,100	-	7,100
Auditor	15,100	14,998	102
Consulting	-	9,596	(9,596)
Total professional fees	<u>22,200</u>	<u>24,594</u>	<u>(2,394)</u>
Printing and publications			
Publications purchased	5,385	6,988	(1,603)
Printing	30,200	33,029	(2,829)
Town & City printing	31,050	26,121	4,929
Total printing and publications	<u>66,635</u>	<u>66,138</u>	<u>497</u>
Meetings and training			
Board expenses	9,550	7,635	1,915
Member workshops	40,180	36,629	3,551
Total meetings and training	<u>49,730</u>	<u>44,264</u>	<u>5,466</u>
Support services		4,581	(4,581)
Insurance	27,300	27,456	(156)
Postage	14,920	17,440	(2,520)
Dues and memberships	8,825	10,336	(1,511)
Information technology expense			
Equipment rental	7,270	4,133	3,137
Repairs and maintenance	1,000	550	450
Equipment and software purchases		16,540	(16,540)
Consultants	3,500	11,419	(7,919)
Total information technology expense	<u>11,770</u>	<u>32,642</u>	<u>(20,872)</u>
Staff expenses	18,000	19,508	(1,508)
Telephone	9,000	5,697	3,303
Bank fees	4,200	4,466	(266)
Office supplies	2,500	7,930	(5,430)
Other expenses	6,200	3,504	2,696
Total expenses	<u>1,520,184</u>	<u>1,588,376</u>	<u>(68,192)</u>
Operating loss	<u>3,328</u>	<u>(56,458)</u>	<u>(59,786)</u>
Non-operating expenses			
Decrease in investment in Center at Triangle Park, Inc.	-	(2,316)	(2,316)
Change in net position	<u>\$ 3,328</u>	<u>\$ (58,774)</u>	<u>\$ (62,102)</u>