

**New Hampshire Municipal Association, Inc.**

**Financial Report**

**December 31, 2018**

## **Contents**

<b>Independent Auditors' Report</b>	<b>1</b>
<b>Management's Discussion and Analysis</b>	<b>3</b>
<b>Statements of Net Position</b>	<b>10</b>
<b>Statements of Revenues, Expenses and Changes in Net Position</b>	<b>11</b>
<b>Statements of Cash Flows</b>	<b>12</b>
<b>Notes to Financial Statements</b>	<b>13</b>
<b>Required Supplementary Information:</b>	
<b>Schedule of Proportionate Share of Net Pension Liability</b>	<b>23</b>
<b>Schedule of Contributions</b>	<b>24</b>
<b>Other Information:</b>	
<b>Schedule of Revenues, Expenses and Changes in Net Position –     Budget to Actual Comparison</b>	<b>26</b>

## 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, 2018, 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 auditors' 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, 2018, 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, 2017, were audited by Macpage LLC, who merged with Wipfli LLP as of August 1, 2018, and whose report, dated May 8, 2018, 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 June 4, 2019 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.

*Wipfli LLP*

South Portland, Maine  
June 4, 2019

## Management's Discussion and Analysis

December 31, 2018 and 2017

### Introduction

This report provides readers of the New Hampshire Municipal Association, Inc. (NHMA) financial statements a narrative overview and analysis of the financial activities of NHMA for the reporting periods ending December 31, 2018 and 2017. 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, 2018, 232 of the 234 towns and cities in New Hampshire were members of NHMA. In addition, 36 other political subdivisions (village districts and counties) and 9 regional planning commissions were associate members of NHMA during 2018.

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, 2017 actuarial report of the HealthTrust/PLT/NHMA Pension Plan (the latest information available), the plan fiduciary net position is \$13,261,696, the total pension liability is \$14,742,813 and the net pension liability is \$1,481,117 resulting in a funded ratio of 89.95%. As of December 31, 2016, the plan fiduciary net position was \$11,826,928, the total pension liability was \$13,107,820 and the net pension liability was \$1,280,892, resulting in a funded ratio of 90.23%. The HealthTrust/PLT/NHMA Pension Plan did not issue standalone financial reports for the periods ending December 31, 2017 and 2016.

### 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, 2018 and 2017

### 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, 2018 and 2017. Total current assets represent cash and cash equivalents, 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, 2018 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, 2018</u>	<u>December 31, 2017</u>
<b>Assets</b>		
Current assets	<b>\$ 1,393,943</b>	\$ 1,598,687
Non-current assets	<b>75,940</b>	77,740
Total assets	<b><u>1,469,883</u></b>	<u>1,676,427</u>
<b>Deferred Outflows of Resources</b>		
Deferred pension amounts	<b><u>268,764</u></b>	<u>185,281</u>
<b>Liabilities</b>		
Current liabilities	<b>570,078</b>	789,140
Non-current liabilities	<b><u>228,607</u></b>	<u>168,896</u>
Total liabilities	<b><u>798,685</u></b>	<u>958,036</u>
<b>Deferred Inflows of Resources</b>		
Deferred pension expenses	<b><u>194,605</u></b>	<u>123,087</u>
Net Position, End of Year	<b><u>\$ 745,357</u></b>	<u>\$ 780,585</u>

Net position at December 31, 2018 reflects unrestricted net position of \$669,417 and NHMA's 1.2% investment in Center at Triangle Park, Inc. (CTP) of \$75,940 for a total of \$745,357. The investment in CTP decreased \$1,800 from \$77,740 at December 31, 2017 to \$75,940 at December 31, 2018 due to NHMA's proportionate share (1.2%) of the CTP operating loss as of June 30, 2018. Unrestricted net position at December 31, 2018 represents amounts available for future member services and equates to approximately five months or 42.64% of 2018 budgeted operating expenses. As of December 31, 2017, net position included \$702,845 of unrestricted net position, and NHMA's 1.2% investment in Center at Triangle Park, Inc. of \$77,740, for a total of \$780,585.

**Statements of Revenues, Expenses and Changes in Net Position:** The results of NHMA's operations for 2018 and 2017 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, 2018 and 2017

### Summary Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2018	December 31, 2017
<b>Operating Revenues</b>		
Member dues	\$ 1,138,931	\$ 1,105,577
Annual meeting	188,554	177,076
Sponsorship Agreement	28,500	20,000
Advertising and publications	102,851	113,323
Workshops and training	75,720	77,280
Services and other revenue	44,538	38,662
Total operating revenues	<u>1,579,094</u>	<u>1,531,918</u>
<b>Operating Expenses</b>		
Salaries and related benefits	1,200,390	1,142,790
Annual meeting	127,585	139,494
Professional fees	34,494	29,175
Printing and publications	69,822	66,138
Meetings and training	36,692	44,264
Other general and administrative	153,162	166,515
Total operating expenses	<u>1,622,145</u>	<u>1,588,376</u>
<b>Operating loss</b>	<b>(43,051)</b>	<b>(56,458)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	9,623	
Decrease in investment in CTP	<u>(1,800)</u>	<u>(2,316)</u>
Decrease in net position	<b>(35,228)</b>	<b>(58,774)</b>
Net position beginning of year	<u>780,585</u>	<u>839,359</u>
Net position, end of year	<u><b>\$ 745,357</b></u>	<u><b>\$ 780,585</b></u>

For 2018, the NHMA Board of Directors budgeted municipal member dues revenue of \$1,114,450, a three percent increase over 2017, with minimum dues set at \$1,050 and maximum dues of \$27,583. Associate member dues were also increased by three percent from \$535 to \$552. These increases account for the \$33,354 increase in dues revenue over 2017.

Salaries and related benefits are \$57,600 higher than 2017 primarily from an increase in pension costs and an increase in accrued leave time as of December 31, 2018. This is partially offset by a decrease in benefits costs in 2018 over 2017. Other general administrative costs were \$13,354 lower than 2017 due primarily to the acquisition of new telephones that were expensed in 2017, as well as reductions in monthly telephone and internet charges. The net position at December 31, 2018 is \$745,357, a decrease of \$35,228 or 5% from the prior year.

**Statements of Cash Flows.** These statements review how NHMA's cash balance changed during the calendar years 2018 and 2017. 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.

## Management's Discussion and Analysis

### December 31, 2018 and 2017

It provides the reasons for the increase or decrease in NHMA's cash position. The Statements of Cash Flows indicate a net decrease in cash and cash equivalents of \$199,630 for 2018 and a net increase in cash and cash equivalents of \$291,595 for 2017.

### 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, 2018. 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)
<b>Operating Revenues</b>			
Member dues	\$ 1,138,738	\$ 1,138,931	\$ 193
Annual meeting	175,000	188,554	13,554
Sponsorship Agreement	28,000	28,500	500
Advertising and publications	97,000	102,851	5,851
Workshops and training	77,850	75,720	(2,130)
Services and other revenue	44,981	44,538	(443)
Total operating revenues	<u>1,561,569</u>	<u>1,579,094</u>	<u>17,525</u>
<b>Operating Expenses</b>			
Salaries and related benefits	1,140,534	1,200,390	(59,856)
Annual meeting	125,500	127,585	(2,085)
Professional fees	39,800	34,494	5,306
Printing and publications	66,840	69,822	(2,982)
Meetings and training	48,275	36,692	11,583
Other general and administrative	148,962	153,162	(4,200)
Total expenses	<u>1,569,911</u>	<u>1,622,145</u>	<u>(52,234)</u>
Operating loss	(8,342)	(43,051)	(34,709)
Interest income	-	9,623	9,623
Decrease in investment in CTP	-	(1,800)	(1,800)
Change in net position	<u>\$ 8,342</u>	<u>\$ (35,228)</u>	<u>\$ (26,886)</u>

## Management's Discussion and Analysis

December 31, 2018 and 2017

### Other Information—Continued

Operating revenues were \$17,525 higher than budgeted, while operating expenses for the year were \$52,234 or 3.34% higher than budgeted. Salaries and related benefits were over budget due primarily to the GASB 68 adjustment for pension expense of \$47,746 and accrued salaries for increased leave balances as of December 31, 2018. Overall, this resulted in a change in net position of \$(43,051), which was \$34,709 lower than the budgeted amount of \$(8,342).

### Operating Results

NHMA's operating results for 2018 are found on the Statement of Revenues, Expenses and Changes in Net Position. Operating loss amounted to \$(43,051) for the year ended December 31, 2018, with total assets of \$1,469,883 and deferred outflows of resources related to pensions of \$268,764. Current liabilities were \$570,078 with net pension liabilities of \$228,607 and deferred inflows of resources related to pensions of \$194,605.

Net position at year end was \$745,357. 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, 2018, NHMA's unrestricted net position of \$669,417 represents 42.64% of the 2018 budgeted expenses approved by the Board. This level of net position would provide approximately five 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 \$1,138,931 in 2018. 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, 2018 and 2017, 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 2019, and in fact NHMA has had one new municipal member commit to joining, and four new associate members have joined.

## Management's Discussion and Analysis

December 31, 2018 and 2017

### 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 2018, 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*; *State Aid to Municipalities*; and three Municipal Law Lectures (authored by various municipal attorneys).
- A new book was written and published in conjunction with Drummond Woodsum; *A Guide to Effective Enforcement: Investigating and Enforcing Code and Land Use Violations*.
- *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 2018 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)*, five *Local Officials Workshops*, *Local Welfare Workshop*, two *Budget and Finance Workshops*, and the *Municipal Law Lecture Series*. In total, over one thousand members attended workshops.
- New workshops were added, including a workshop held in conjunction with the New Hampshire Municipal Lawyers Association on *The First Amendment: Elections Signs and More*, and a workshop on *Effective Code Enforcement*, incorporating the new book published this year.
- Workshops were presented for the University of New Hampshire's Technology Transfer Center on *Hard Road to Travel* and *Budgeting for Public Works*.
- NHMA continued to build on the *Right-to-Know Law Workshops* that were started in 2017, holding three workshops in 2018 including specialized training on the Right-to-Know Law as it specifically applies to law enforcement.
- NHMA presented two workshops on *The Intersection of Land Use and Road Law* using the 2015 update to the *Hard Road to Travel Handbook*.
- NHMA presented over 20 *On Demand* seminars. 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 19 webinars, attended by over 870 people from approximately 125 member municipalities, on subjects from legislative updates, the Right-to-Know Law, code enforcement, elections, cybersecurity and more.

## Management's Discussion and Analysis

December 31, 2018 and 2017

### Workshops and Educational Programming—Continued:

- Finally, staff members were in high demand, speaking before a wide variety of groups who also serve municipal officials: NH Tax Collectors Association, OSI Spring Planning and Zoning Conference, Nashua Regional Planning Commission, NH Government Finance Officers Association, NH Library Trustees Association, the New Hampshire Building Officials Association, the NH Economic Development Association, and the New Hampshire Association of Conservation Commissions.

### Advocacy and Legal Advice:

- NHMA closely followed approximately 300 legislative bills of municipal interest.
- NHMA answered over 3,100 legal inquiries, either by phone or email, covering such topics as the authority of select boards, planning board questions, the Right-to-Know Law, unanticipated revenue, roads and driveways, and much more.

### Administrative Initiatives:

- NHMA added legislative tracking as an additional service for our Association Management Services groups.

### 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](http://www.nhmunicipal.org)

## Statements of Net Position

December 31,

	2018	2017
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,356,565	\$ 1,556,195
Accounts receivable	13,340	22,666
Prepaid expenses	22,964	19,641
Other assets	1,074	185
<b>Total Current Assets</b>	<u>1,393,943</u>	<u>1,598,687</u>
<b>Non-Current Assets</b>		
Investment in Center at Triangle Park, Inc.	<u>75,940</u>	<u>77,740</u>
<b>Total Assets</b>	<u>1,469,883</u>	<u>1,676,427</u>
<b>Deferred Outflows of Resources</b>	<u>268,764</u>	<u>185,281</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 1,738,647</u>	<u>\$ 1,861,708</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,214	\$ 105,721
Accrued payroll and related liabilities	161,012	135,511
Unearned revenue	406,852	547,908
<b>Total Current Liabilities</b>	<u>570,078</u>	<u>789,140</u>
<b>Non-Current Liabilities</b>		
Net pension liability	<u>228,607</u>	<u>168,896</u>
<b>Total Liabilities</b>	<u>798,685</u>	<u>958,036</u>
<b>Deferred Inflows of Resources</b>	<u>194,605</u>	<u>123,087</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>993,290</u>	<u>1,081,123</u>
<b>Net Position</b>		
Unrestricted	669,417	702,845
Investment in Center at Triangle Park, Inc.	75,940	77,740
<b>Total Net Position</b>	<u>745,357</u>	<u>780,585</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 1,738,647</u>	<u>\$ 1,861,708</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,	2018	2017
<b>Operating Revenues</b>		
Member dues	\$ 1,138,931	\$ 1,105,577
Annual meeting	188,554	177,076
Sponsorship agreement	28,500	20,000
Advertising and publications	102,851	113,323
Workshops and training	75,720	77,280
Services	39,174	35,728
Other revenue	5,364	2,934
<b>Total Operating Revenues</b>	<b>1,579,094</b>	<b>1,531,918</b>
<b>Operating Expenses</b>		
Salaries and related benefits	1,200,390	1,142,790
Annual meeting	127,585	139,494
Rent	36,840	37,536
Professional fees	34,494	24,594
Printing and publications	69,822	66,138
Meetings and training	36,692	44,264
Support services		4,581
Insurance	23,977	27,456
Postage	14,612	17,440
Dues and memberships	10,641	10,336
IT expenses	35,057	32,642
Staff expenses	14,362	19,508
Telephone	4,677	5,697
Bank fees	4,893	4,466
Office supplies	4,292	7,930
Other expenses	3,811	3,504
<b>Total operating expenses</b>	<b>1,622,145</b>	<b>1,588,376</b>
<b>Operating loss</b>	<b>(43,051)</b>	<b>(56,458)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	9,623	
Decrease in investment in Center at Triangle Park, Inc.	(1,800)	(2,316)
<b>Decrease in Net Position</b>	<b>(35,228)</b>	<b>(58,774)</b>
<b>Net position, beginning of year</b>	<b>780,585</b>	<b>839,359</b>
<b>Net position, end of year</b>	<b>\$ 745,357</b>	<b>\$ 780,585</b>

See independent auditors' report.

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

## Statements of Cash Flows

Years Ended December 31,

	2018	2017
<b>Cash flows from operating activities</b>		
Receipts from member dues	\$ 1,003,773	\$ 1,264,833
Receipts from other revenues	432,061	462,735
Payments for salaries and related benefits	(1,127,143)	(1,089,174)
Payments to CTP	(36,840)	(37,536)
Payments to vendors	(481,104)	(309,263)
<b>Net cash provided by (used in) operating activities</b>	<u>(209,253)</u>	<u>291,595</u>
<b>Cash flows from investing activities:</b>		
Interest received	9,623	-
<b>Net cash provided by investing activities</b>	<u>9,623</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	(199,630)	291,595
<b>Cash and cash equivalents, beginning of year</b>	<u>1,556,195</u>	<u>1,264,600</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,356,565</u>	<u>\$ 1,556,195</u>
<b>Reconciliation of operating loss to net cash from Operating Activities:</b>		
Operating loss	\$ (43,051)	\$ (56,458)
Change in operating assets and liabilities:		
Accounts receivable	9,326	(2,594)
Prepaid expenses	(3,323)	(9,523)
Other assets	(889)	1252
Deferred outflows	(83,483)	28,584
Accounts payable and accrued expenses	(103,507)	97,974
Accrued payroll and related liabilities	25,501	19,515
Unearned revenue	(141,056)	207,328
Net pension liability	59,711	(61,198)
Deferred inflows	71,518	66,715
Total adjustments	<u>(166,202)</u>	<u>348,053</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (209,253)</u>	<u>\$ 291,595</u>

See independent auditors' report.

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

## Notes to Financial Statements

December 31, 2018 and 2017

### 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, 2018 and 2017, 232 of 234 towns and cities in New Hampshire are members of NHMA. In addition, 45 and 44 other political subdivisions and regional planning commissions are associate members of NHMA at December 31, 2018 and 2017, 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, 2018 and 2017.

#### 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, 2018 and 2017

### 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, 2018 and 2017, 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.

For the year ended December 31, 2018 and 2017, NHMA recognized a loss of \$1,800 and \$2,316, respectively, from the operations of CTP. The carrying value of the investment in CTP at December 31, 2018 and 2017 was \$75,940 and \$77,740, 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, 2018 and 2017.

## Notes to Financial Statements

December 31, 2018 and 2017

### 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.

#### 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. 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, 2018 and 2017, the carrying amount of cash and cash equivalents held in excess of the FDIC limit was \$1,106,565 and \$1,306,195, 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, 2018 and 2017

### 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, 2018 and 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>

### NOTE 4 – UNEARNED REVENUE

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

	<u>2018</u>	<u>2017</u>
Unearned member dues	\$ 350,309	\$ 484,152
Unearned advertising revenue	21,313	32,266
Other unearned revenue	<u>35,230</u>	<u>31,490</u>
Total unearned revenue	<u>\$ 406,852</u>	<u>\$ 547,908</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.

### 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 2018, the adjusted amount for the upcoming year ended December 31, 2019 is \$35,772.

NHMA incurred \$36,840 and \$37,536 in lease payments during the years ended December 31, 2018 and 2017, respectively. Assuming future lease payments are consistent with the current year amount, with future minimum lease payments of approximately \$36,000 per year, total future minimum lease payments will be approximately \$286,000 over the remaining life of the lease.

## Notes to Financial Statements

December 31, 2018 and 2017

### 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, 2018 and 2017, NHMA incurred \$137,748 and \$145,081, 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 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 \$28,500 and \$20,000 in 2018 and 2017, 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 in 2018 and 2017. 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 \$44,519 and \$42,684 for the years ended December 31, 2018 and 2017, respectively. There were no employer contributions in 2018 and 2017.

## Notes to Financial Statements

December 31, 2018 and 2017

### 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, 2018 and December 31, 2017, the employer contribution was 6.91% of each participant's earnings to the Plan. NHMA's contributions to the plan for the years ended December 31, 2018 and 2017 were \$58,907 and \$56,215 respectively.

## Notes to Financial Statements

December 31, 2018 and 2017

### 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, 2018, NHMA reported a net pension liability of \$228,607 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of December 31, 2017, 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, 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. 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, 2017 through December 31, 2017. As of December 31, 2017, and 2016 NHMA's proportion was 15.44% and 13.19%, respectively.

For the years ended December 31, 2018 and 2017, NHMA recognized pension expense of \$106,653 and \$90,316, respectively. At December 31, 2018 and 2017, NHMA reported its proportionate share of the Plan's deferred outflows and inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflows Resources	Deferred Inflows Resources	Deferred Outflows Resources	Deferred Inflows Resources
Difference between expected and actual economic experience	\$ -	\$ 116,976	\$ -	\$ 103,671
Changes in proportion and differences between employer contributions and share of contributions	11,203	1,657	10,179	
Changes in assumptions	110,576			
Difference between projected and actual earnings on Plan investments	88,077	75,972	118,887	19,416
Contributions paid to Plan subsequent to the measurement date	58,908		56,215	
Total deferred pension amounts	<u>\$ 268,764</u>	<u>\$ 194,605</u>	<u>\$ 185,281</u>	<u>\$ 123,087</u>

The net amounts of NHMA's balances of deferred outflows and inflows of resources as of December 31, 2018 related to pensions will be recognized as pension expense as follows during the years ended December 31:

	Pension Expense Amount
2019	\$ 28,679
2020	14,582
2021	(22,408)
2022	(14,088)
2023	7,832
Thereafter	654
Total	<u>\$ 15,251</u>

## Notes to Financial Statements

December 31, 2018 and 2017

### 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:

	2017	2016
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	16 years	15 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

## Notes to Financial Statements

December 31, 2018 and 2017

### 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, 2017, 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%	5.3%	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 6.0%. 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 6.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.0%) or one percentage point higher (7.0%) than the current rate as of December 31, 2018:

	1% Rate Decrease (5.0%)	Current Discount Rate (6.0%)	1% Rate Increase (7.0%)
NHMA's proportionate share of the net pension liability:	\$544,483	\$228,607	\$(35,462)

**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
2018	12/31/2017	15.44%	\$228,607	\$813,806	28.09%	89.95%
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
2018	12/31/2017	\$58,907	\$58,907	\$ -	\$813,806	6.91%
2017	12/31/2016	56,215	56,215	-	741,109	7.59%
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, 2018

	Budget	Actual	Variance - Positive (Negative)
<b>Operating Revenues</b>			
Member dues			
Municipal members	\$ 1,114,450	\$ 1,114,443	\$ (7)
Associate members	24,288	24,488	200
Total member dues	<u>1,138,738</u>	<u>1,138,931</u>	<u>193</u>
Annual meeting	175,000	188,554	13,554
Sponsorship agreement	28,000	28,500	500
Advertising and publications			
Advertising	81,000	81,858	858
Publications	16,000	20,993	4,993
Total advertising and publications	<u>97,000</u>	<u>102,851</u>	<u>5,851</u>
Workshops and training	77,850	75,720	(2,130)
Services	39,981	39,174	(807)
Other revenue	5,000	5,364	364
Total operating revenues	<u>\$ 1,561,569</u>	<u>\$ 1,579,094</u>	<u>\$ 17,525</u>

(continued on next page)

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

December 31, 2018

	Budget	Actual	Variance - Positive (Negative)
<b>Operating Expenses</b>			
Salaries and related benefits	\$ 1,140,534	\$ 1,200,390	\$ (59,856)
Annual meeting	125,500	127,585	(2,085)
Rent	36,840	36,840	
Professional fees			
Auditor	16,100	15,000	1,100
Total professional fees	<u>16,100</u>	<u>15,000</u>	<u>1,100</u>
Printing and publications			
Publications purchased	4,565	5,233	(668)
Printing	30,925	33,210	(2,285)
Town & City printing	31,350	31,379	(29)
Total printing and publications	<u>66,840</u>	<u>69,822</u>	<u>(2,982)</u>
Meetings and training			
Board expenses	10,350	11,934	(1,584)
Member workshops	31,125	21,669	9,456
Total meetings and training	<u>41,475</u>	<u>33,603</u>	<u>7,872</u>
Policy Development	6,800	3,089	3,711
Insurance	26,554	23,977	2,577
Postage	13,230	14,612	(1,382)
Dues and memberships	13,368	10,641	2,727
Information technology expense			
Equipment rental	6,170	1,338	4,832
Repairs and maintenance	1,000		1,000
Equipment and software purchases	16,290	33,719	(17,429)
Consultants	23,700	19,494	4,206
Total information technology expense	<u>47,160</u>	<u>54,551</u>	<u>(7,391)</u>
Staff expenses	18,000	14,362	3,638
Telephone	7,500	4,677	2,823
Bank fees	4,000	4,893	(893)
Office supplies	2,500	4,292	(1,792)
Other expenses	3,510	3,811	(301)
Total expenses	<u>1,569,911</u>	<u>1,622,145</u>	<u>(52,234)</u>
Operating loss	<u>(8,342)</u>	<u>(43,051)</u>	<u>(34,709)</u>
Non-operating revenues (expenses)			
Interest income		9,623	9,623
Decrease in investment in Center at Triangle Park, Inc.		(1,800)	(1,800)
Change in net position	<u>\$ (8,342)</u>	<u>\$ (35,228)</u>	<u>\$ (26,886)</u>