

New Hampshire Municipal Association, Inc.

Financial Statements

Year Ended December 31, 2021



WIPFLI

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of New Hampshire Municipal Association, Inc. (NHMA) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise NHMA's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of New Hampshire Municipal Association, Inc. as of December 31, 2021 and 2020, and respective changes in financial position and, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Hampshire Municipal Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hampshire Municipal Association, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New Hampshire Municipal Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hampshire Municipal Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis on pages 4-11, the schedule of proportionate share of net pension liability on page 26, and the schedule of contributions on page 27, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 financial statements in an appropriate operational, economic, or historical context. The management's discussion and analysis presents the comparison of 2021 to 2020, and excludes comparative amounts for 2019. 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary 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 28 and 29, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audits 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 information 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 on our consideration of the New Hampshire Municipal Association, Inc.'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 New Hampshire Municipal Association, Inc.'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 the New Hampshire Municipal Association, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
South Portland, Maine
May 11, 2022

Management's Discussion and Analysis December 31, 2021 and 2020

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, 2021 and 2020. 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

NHMA 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, 2021, 234 of the 234 towns and cities in New Hampshire were members of NHMA. In addition, 50 others consisting of political subdivisions (village districts and counties) and regional planning commissions were associate members of NHMA during 2021.

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 NHMA's 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 NHMA Board of Directors at a flat amount.

NHMA participates in the HealthTrust/NHMA defined benefit multiple-employer cost-sharing pension plan. Based upon the December 31, 2020 actuarial report of the HealthTrust/NHMA Pension Plan (the latest information available), the plan fiduciary net position is \$15,893,393, the total pension liability is \$17,650,013 and the net pension liability is \$1,756,620, resulting in a funded ratio of 90.1%. As of December 31, 2019, the plan fiduciary net position was \$14,589,648, the total pension liability was \$16,802,357, and the net pension liability was \$2,212,709, resulting in a funded ratio of 86.8%. The HealthTrust/NHMA Pension Plan did not issue standalone financial reports for the periods ending December 31, 2020 and 2019.

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, 2021 and 2020

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, 2021 and 2020. 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, 2021 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), as amended and updated in accordance with GASB Statement No. 73. The following table summarizes the Statements of Net Position:

Summary Statements of Net Position

<i>Years Ended December 31, 2021 and 2020</i>	2021	2020
Assets		
Current assets	\$ 1,953,736	\$ 1,684,415
Non-current assets	68,260	70,727
Total assets	2,021,996	1,755,142
Deferred Outflows of Resources		
Deferred pension amounts	235,619	330,455
Liabilities		
Current liabilities	615,132	566,540
Non-current liabilities	255,400	331,961
Total liabilities	870,532	898,501
Deferred Inflows of Resources		
Deferred pension expenses	236,392	277,301
Net Position, End of Year	\$ 1,150,691	\$ 909,795

Net position at December 31, 2021 reflects unrestricted net position of \$1,082,431 and NHMA's 1.2% investment in Center at Triangle Park, Inc. (CTP) of \$68,260 for a total of \$1,150,691. The investment in CTP decreased \$2,467 from \$70,727 at December 31, 2020 to \$68,260 at December 31, 2021 due to NHMA's proportionate share (1.2%) of the CTP operating loss as of June 30, 2021. Unrestricted net position at December 31, 2021 represents amounts available for future member services and equates to approximately nine months or 76.7% of 2021 budgeted operating expenses. As of December 31, 2020, net position included \$839,068 of unrestricted net position, and NHMA's 1.2% investment in Center at Triangle Park, Inc. of \$70,727, for a total of \$909,795.

Management's Discussion and Analysis
December 31, 2021 and 2020

Statements of Revenues, Expenses and Changes in Net Position. The results of NHMA's operations for 2021 and 2020 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:

Summary Statements of Revenues, Expenses and Changes in Net Position	2021	2020
<i>December 31,</i>		
Operating Revenues		
Member dues	\$ 1,227,738	\$ 1,228,217
Annual meeting	101,146	64,540
Sponsorship agreement	20,000	20,000
Advertising and publications	101,288	79,765
Workshops and training	73,935	61,240
Services	34,236	41,475
Other revenue	2,369	4,350
Total Operating Revenues	1,560,712	1,499,587
Operating Expenses		
Salaries and related benefits	1,032,442	1,143,089
Annual meeting	65,256	5,567
Professional fees	41,849	39,123
Printing and publications	40,820	47,067
Meetings and training	8,921	11,257
Other general and administrative	128,379	127,579
Total Operating Expenses	1,317,667	1,373,682
Operating Income	243,045	125,905
Non-Operating Revenues (Expenses)		
Interest income	318	10,280
Decrease in investment in center at Triangle Park, Inc.	(2,467)	(2,552)
Increase in Net Position	240,896	133,633
Net position, beginning of year	909,795	776,162
Net position, end of year	\$ 1,150,691	\$ 909,795

Management's Discussion and Analysis December 31, 2021 and 2020

For 2021, NHMA's Board of Directors budgeted municipal member dues revenue of \$1,221,998, a zero percent increase over 2020, with minimum dues set at \$1,082 and maximum dues of \$28,416. Associate member dues were also not increased in 2021, remaining at \$574. The year over year change is due to population factors in calculating individual member dues.

Salaries and related benefits are \$110,647 lower than 2020, primarily from a decrease in salaries expense. Other significant changes include an increase in advertising and workshop revenue combined of \$63,305 as a result of the workshops being hosted virtually and an increase in advertisers for 2021. The net position at December 31, 2021 is \$1,150,691, an increase of \$240,896, or 26.5% from the prior year.

Statements of Cash Flows

These statements review how NHMA's cash balance changed during the calendar years 2021 and 2020. 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. The Statements of Cash Flows indicate a net increase in cash and cash equivalents for 2021 and 2020 of \$232,579 and \$70,664, respectively.

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.

Management's Discussion and Analysis
December 31, 2021 and 2020

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, 2021. The following table summarizes this statement:

Summary Statements of Revenues, Expenses and Changes in Net Position - Budget to Actual Comparison

<i>Year Ended December 31, 2021</i>	Budget	Actual	Variance- Positive (negative)
Operating Revenues			
Member dues	\$ 1,221,998	\$ 1,227,738	\$ 5,740
Annual meeting	40,000	101,146	61,146
Sponsorship agreement	20,000	20,000	-
Advertising and publications	69,000	101,288	32,288
Workshops and training	40,980	73,935	32,955
Services and other revenue	25,839	36,605	10,766
Total Operating Revenues	1,417,817	1,560,712	142,895
Operating Expenses			
Salaries and related benefits	1,088,264	1,032,442	55,822
Annual meeting	15,000	65,256	(50,256)
Professional fees	40,489	41,849	(1,360)
Printing and publications	68,720	40,820	27,900
Meetings and training	27,020	8,921	18,099
Other general and administrative	171,011	128,379	42,632
Total Operating Expenses	\$ 1,410,504	\$ 1,317,667	\$ 92,837
Operating Income	7,313	243,045	235,732
Interest income	1,200	318	(882)
Decrease in investment in center at Triangle Park, Inc.	-	(2,467)	2,467
Change in Net Position	\$ 8,513	\$ 240,896	\$ 232,383

Operating revenues were \$142,895 higher than budgeted, while operating expenses for the year were \$92,837 lower, or 7% lower than the budget. Annual meeting expenses increased in relation to the annual meeting revenue, netting revenue of \$10,809 over budget due to increased attendance at the event. Overall, this resulted in a change in net position of \$240,896, which was \$232,383 higher than the budgeted amount of \$8,513.

Operating Results

NHMA's operating results for 2021 are found on the Statement of Revenues, Expenses and Changes in Net Position. Operating income amounted to \$243,045 for the year ended December 31, 2021, with total assets of \$2,021,996 and deferred outflows of resources related to pension of \$235,619. Current liabilities were \$615,132, with a net pension liability of \$255,400 and deferred inflows of resources related to pension of \$236,392.

Management's Discussion and Analysis December 31, 2021 and 2020

Net position at year end was \$1,150,691. In 2016, NHMA's 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, 2021, NHMA's unrestricted net position of \$1,082,431 represents 76.7% of the 2021 budgeted expenses approved by the Board. This level of net position would provide approximately nine 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 \$1,227,738 in 2021. 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, 2021 and 2020, 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 2022.

Outlook and Service results based on member feedback through NHMA's 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 ongoing services that our members continue to rely upon to fulfill their statutory and fiduciary responsibilities as elected and appointed municipal officials include:

Publications:

In 2021, NHMA published updated versions of the Municipal Officials Directory, Knowing the Territory, Model Welfare Guidelines, Right to Know Guidebook, Town and School Meeting Handbook, and supplements to Hard Road to Travel.

Town and City magazine was published six times and mailed to over 1,750 people and delivered electronically to 820 people.

NHMA NewsLink, a biweekly newsletter, was distributed electronically to 1,031 interested individuals.

The Legislative Bulletin was emailed weekly during the 2021 legislative session, keeping members informed of action at the State House impacting municipal operations.

Management's Discussion and Analysis December 31, 2021 and 2020

Workshops and Educational Programming:

The ongoing Coronavirus pandemic continued to affect the way NHMA presented workshops in 2021. We continued with virtual events and had over 1,800 attendees at our workshops. We were able to host a successful hybrid Annual Conference, which was very well received.

NHMA held all the traditional workshops, including two Town and School Moderators Workshops (Traditional and SB2), two Local Officials Workshops, one Budget and Finance Workshop, four Right-to-Know Workshops, two Hard Road to Travel Workshops, a Municipal Trustees training, an Effective Code Enforcement Workshop, and a Land Use Law Conference. We continued the popular Academy for Good Governance, a series of six courses created by NHMA and Primex exclusively for elected governing body members (select board, town council, city council, board of aldermen, school board, and village district commissioners).

Workshops were presented for the University of New Hampshire's Technology Transfer Center on Hard Road to Travel.

NHMA presented 7 On Demand seminars. These are workshops that staff present in the field or virtually, 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 18 webinars, attended by over 900 people, on subjects from legislative updates, the Right-to-Know Law, code enforcement, elections, and cybersecurity.

Finally, staff members were in high demand, speaking before a wide variety of groups who also serve municipal officials: NH Government Finance Officers Association, NH Department of Environmental Services, NH Department of Health and Human Services.

Advocacy and Legal Advice:

- NHMA closely followed approximately 300 legislative bills of municipal interest.
- NHMA answered over 3,300 legal inquiries, either by phone or email. Common subjects were the authority of select boards, Right-to-Know law, planning board questions, Town Meeting, Zoning Board of Adjustment and COVID-19 impact on municipalities.

Management's Discussion and Analysis
December 31, 2021 and 2020

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

New Hampshire Municipal Association, Inc.

Statements of Net Position

December 31,	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 1,872,505	\$ 1,639,926
Accounts receivable	21,192	15,415
Prepaid expenses	27,867	28,748
Other current assets	32,172	326
Total Current Assets	1,953,736	1,684,415
Non-Current Assets		
Investments in Center at Triangle Park, Inc.	68,260	70,727
Total Assets	2,021,996	1,755,142
Deferred outflows of resources	235,619	330,455
Total Assets and Deferred Outflows of Resources	2,257,615	2,085,597
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	9,442	6,385
Accrued payroll and related liabilities	128,924	112,072
Unearned revenue	476,766	448,083
Total Current Liabilities	615,132	566,540
Non-Current Liabilities		
Net pension liability	255,400	331,961
Total Liabilities	870,532	898,501
Deferred inflows of resources	236,392	277,301
Total Liabilities and Deferred Inflows of Resources	1,106,924	1,175,802
Net Position		
Unrestricted	1,082,431	839,068
Investments in Center at Triangle Park, Inc.	68,260	70,727
Total Net Position	1,150,691	909,795
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,257,615	\$ 2,085,597

See accompanying notes to financial statements.

New Hampshire Municipal Association, Inc.

Statements of Revenues, Expenses, and Changes in Net Position

<i>Year Ended December 31,</i>	2021	2020
Operating Revenues		
Member dues	\$ 1,227,738	\$ 1,228,217
Annual meeting	101,146	64,540
Sponsorship agreement	20,000	20,000
Advertising and publications	101,288	79,765
Workshops and training	73,935	61,240
Services	34,236	41,475
Other revenue	2,369	4,350
Total Operating Revenues	1,560,712	1,499,587
Operating Expenses		
Salaries and related benefits	1,032,442	1,143,089
Annual meeting	65,256	5,567
Rent	34,090	34,380
Professional fees	41,849	39,123
Printing and publications	40,820	47,067
Meetings and training	8,921	11,257
Insurance	29,923	25,961
Postage	6,601	8,481
Dues and memberships	20,605	20,797
IT expenses	21,616	23,886
Staff expenses	4,213	3,177
Telephone	4,784	3,873
Bank fees	3,752	2,403
Mileage	74	290
Outreach	-	200
Office supplies	2,448	1,483
Other expenses	273	2,648
Total Operating Expenses	1,317,667	1,373,682
Operating Income	243,045	125,905
Non-Operating Revenues (Expenses)		
Interest income	318	10,280
Decrease in investment in center at Triangle Park, Inc.	(2,467)	(2,552)
Increase in Net Position	240,896	133,633
Net position, beginning of year	909,795	776,162
Net position, end of year	\$ 1,150,691	\$ 909,795

See accompanying notes to financial statements.

New Hampshire Municipal Association, Inc.

Statements of Cash Flows

<i>Year Ended December 31,</i>	2021	2020
Cash flows from operating activities		
Receipts from member dues	\$ 1,221,271	\$ 1,151,583
Receipts from other revenues	309,897	271,298
Payments for salaries and related benefits	(1,038,224)	(1,144,495)
Payments to CTP	(34,090)	(34,380)
Payments to vendors	(226,593)	(183,622)
Net cash provided by operating activities	232,261	60,384
Cash flows from investing activities:		
Interest received	318	10,280
Net cash provided by investing activities	318	10,280
Net change in cash and cash equivalents	232,579	70,664
Cash and cash equivalents, beginning of year	1,639,926	1,569,262
Cash and cash equivalents, end of year	1,872,505	1,639,926
Reconciliation of operating loss to net cash from operating activities:		
Operating income	243,045	125,905
Changes in operating assets and liabilities:		
Accounts receivable	(5,777)	5,222
Prepaid expenses	881	(12,993)
Other current assets	(31,846)	(307)
Deferred outflows	94,836	123,286
Accounts payable and accrued expenses	3,056	4,788
Accrued payroll and related liabilities	16,852	(38,911)
Unearned revenue	28,684	(60,825)
Net pension liability	(76,561)	(199,407)
Deferred inflows	(40,909)	113,626
Total adjustments	(10,784)	(65,521)
Total	\$ 232,261	\$ 60,384

See accompanying notes to financial statements.

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

Note 1: Summary of 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, 2021 and 2020, 234 towns and cities were members, out of a total of 234 towns and cities in New Hampshire. In addition, 50 and 51 other political subdivisions and regional planning commissions are associate members of NHMA at December 31, 2021 and 2020, 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. Because the governing body of NHMA is comprised of only elected and appointed municipal officials, NHMA is considered a governmental entity for the purpose of applying accounting and financial reporting standards, as more fully described in the basis of presentation footnote.

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. (NHMA).

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 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.

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2021 and 2020.

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.

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, 2021 and 2020, 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, 2021 and 2020, NHMA recognized a loss of \$2,467 and \$2,552, respectively, from the operations of CTP. The carrying value of the investment in CTP at December 31, 2021 and 2020 was \$68,260 and \$70,727, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of 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 the acquisition of net position that applies to a future period and so will not be recognized as an inflow of revenue until that time. NHMA's deferred inflows relate to its pension liability and are disclosed in Note 8.

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 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, 2021 and 2020.

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 accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts 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 June 15, 2021. Management is currently evaluating the impact of adoption on its financial statements.

New Hampshire Municipal Association, Inc.

Notes to 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, 2021 and 2020, the carrying amount of cash and cash equivalents held in excess of the FDIC limit was \$1,624,850 and \$1,393,490, 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.

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, 2021 and 2020:

	Balance 12/31/20	Additions	Disposals	Balance 12/31/21
Capital assets at cost:				
Computer hardware	\$ 8,126	\$ -	\$ -	\$ 8,126
Less: Accumulated depreciation	(8,126)	-	-	(8,126)
Total net capital assets	\$ -	\$ -	\$ -	-

Note 4: Unearned Revenue

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

<i>Years Ended December 31, 2021 and 2020</i>	2021	2020
Unearned member dues	\$ 413,691	\$ 393,776
Unearned advertising revenue	36,350	24,288
Other unearned revenue	26,725	30,019
Total unearned revenue	\$ 476,766	\$ 448,083

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

Note 4: Unearned Revenue (Continued)

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 member dues revenue is recognized as revenue on January 1, which is the beginning of the membership year.

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 recognized as revenue on January 1, which is the beginning of the contract period.

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 2021, the adjusted amount for the year ended December 31, 2021 is \$34,620.

NHMA incurred \$34,620 and \$34,380 in lease payments during the years ended December 31, 2021 and 2020, 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 \$180,000 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 insured by, HealthTrust, LLC.

NHMA is a participant in HealthTrust's risk pool. For the years ended December 31, 2021 and 2020, NHMA incurred \$131,840 and \$127,653, 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.

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

Note 6: Transactions with Former Affiliates (Continued)

NHMA has a sponsorship agreement with HealthTrust whereby HealthTrust has preferential marketing rights in NHMA's publications, and at workshops and the annual conference. Revenue earned under the sponsorship agreement with HealthTrust was \$20,000 in both 2021 and 2020, 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 both 2021 and 2020. 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 MissionSquare Retirement. 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 MissionSquare Retirement.

Employee contributions to the deferred compensation plan totaled \$39,848 and \$26,038 for the years ended December 31, 2021 and 2020, respectively. There were no employer contributions in 2021 and 2020.

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, and at the end of 2020 the name was changed to the Health Trust/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 and HealthTrust, 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 and HealthTrust 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.

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

Note 8: Defined Benefit Pension Plan (Continued)

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 withdraw 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 5.5% 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, 2021 and December 31, 2020, the employer contribution was 8.94% and 9.12%, respectively, of each participant's earnings to the Plan. NHMA's contributions to the plan for the years ended December 31, 2021 and 2020 were \$69,281 and \$76,839 respectively.

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, 2021, NHMA reported a net pension liability of \$255,400 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of December 31, 2020, 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, 2020, NHMA reported a net pension liability of \$331,961 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of December 31, 2019, 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, 2020 through December 31, 2020. As of December 31, 2020, and 2018 NHMA's proportion was 14.54% and 15.00%, respectively.

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

Note 8: Defined Benefit Pension Plan (Continued)

For the years ended December 31, 2021 and 2020, NHMA recognized pension expense of \$46,638 and \$114,345, respectively. At December 31, 2021 and 2020, NHMA reported its proportionate share of the Plan's deferred outflows and inflows of resources related to pensions from the following sources:

	<u>2021</u>		<u>2020</u>	
	Deferred Outflows Resources	Deferred Inflows Resources	Deferred Outflows Resources	Deferred Inflows Resources
Difference between expected and actual economic experience	\$ 8,432	\$ 53,343	\$ 10,632	\$ 71,457
Changes in proportion and differences between employer contributions and share of contributions	8,369	23,427	11,878	17,742
Changes in assumptions	42,066	-	64,764	-
Difference between projected and actual earnings on plan investments	107,471	159,622	166,342	188,102
Contributions paid to plan subsequent to the measurement date	69,281	-	76,839	-
Total deferred pension amounts	\$ 235,619	\$ 236,392	\$ 330,455	\$ 277,301

The net amounts of NHMA's balances of deferred outflows and inflows of resources as of December 31, 2021 related to pensions will be recognized as pension expense as follows during the years ended December 31:

	Pension Expense Amount
2022	\$ (10,676)
2023	9,958
2024	(50,633)
2025	(13,520)
2026	(4,299)
Thereafter	(884)
Total	\$ (70,054)

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

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:

	<u>2020</u>	<u>2019</u>
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	13 years	14 years
Actuarial assumptions:		
Investment rate of return	6.00 %	6.00 %
Inflation rate	2.25 %	2.25 %
Projected salary increase	3.50 %	3.50 %
Cost-of-living adjustments	None	None
Mortality assumptions	Utilized RP-2014 Mortality Tables projected backwards to 2006 with projection scale MP-2014 then projected to 2026 with projection scale MP-2017	Utilized RP-2014 Mortality Tables projected backwards to 2006 with projection scale MP-2014 then projected to 2026 with projection scale MP-2017

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

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, 2020, 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 %	0.65 %	0.25 %
Domestic equity	56.0	5.75	3.22
International equity	5.0	5.75	0.28
Cash	1.0	0.05	-
	100.0		3.75
Expected inflation			2.25
			6.00 %

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, 2021:

	1% Rate Decrease (5.0%)	Current Discount Rate (6.0%)	1% Rate Increase (7.0%)
NHMA's proportionate share of the net pension liability	\$ 584,166	\$ 255,400	\$ (20,686)

New Hampshire Municipal Association, Inc.

Notes to Financial Statements

Note 9: Designated Net Position

The Board of NHMA has set aside \$10,000 of net position to be used in the future for computer equipment purchases and upgrades.

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

Year Ended	Valuation Date	NHMA Proportion of the Net Pension Liability	NHMA Proportionate Share of the Net Pension Liability	Covered 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
2021	12/31/2020	14.54 %	\$ 255,400	\$ 840,756	30.38 %	90.05 %
2020	12/31/2019	15.00 %	331,961	823,278	40.32 %	86.83 %
2019	12/31/2018	15.97 %	531,368	852,620	62.32 %	78.80 %
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.
Required Supplementary Information
Schedule of Contributions

Year Ended	Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Employee Payroll
2021	12/31/2020	\$ 69,281	\$ 69,281	-	\$ 840,756	8.24 %
2020	12/31/2019	76,839	76,839	-	823,278	9.33 %
2019	12/31/2018	72,368	72,368	-	852,620	8.49 %
2018	12/31/2017	58,907	58,907	-	813,806	7.24 %
2017	12/31/2016	58,907	58,907	-	741,109	7.95 %
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.

New Hampshire Municipal Association, Inc.
Schedule of Revenues, Expenses and Changes in Net Position -
Budget to Actual Comparison

December 31, 2021	Budget	Actual	Variance- Positive (negative)
Operating Revenues			
Member dues			
Municipal members	\$ 1,199,038	\$ 1,199,038	\$ -
Associate members	22,960	28,700	5,740
Total member dues	1,221,998	1,227,738	5,740
Annual meeting	40,000	101,146	61,146
Sponsorship agreement	20,000	20,000	-
Advertising and publications			
Advertising	60,000	90,350	30,350
Publications	9,000	10,938	1,938
Total advertising and publications	69,000	101,288	32,288
Workshops and training	40,980	73,935	32,955
Services	24,639	34,236	9,597
Other revenue	1,200	2,369	1,169
Total operating revenues	\$ 1,417,817	\$ 1,560,712	\$ 142,895

(Continued on next page)

New Hampshire Municipal Association, Inc.
Schedule of Revenues, Expenses and Changes in Net Position -
Budget to Actual Comparison

December 31, 2021	Budget	Actual	Variance- Positive (negative)
Operating Expenses			
Salaries and related benefits	\$ 1,088,264	\$ 1,032,442	\$ 55,822
Annual meeting	15,000	65,256	(50,256)
Rent	34,620	34,090	530
Printing and publications			
Publications purchased	5,791	5,289	502
Printing	62,929	35,531	27,398
Total printing and publications	68,720	40,820	27,900
Meetings and training			
Board expenses & policy development	15,400	3,226	12,174
Member workshops	11,620	5,695	5,925
Total meetings and training	27,020	8,921	18,099
Insurance	30,312	29,923	389
Postage	14,800	6,601	8,199
Dues and memberships	22,518	20,605	1,913
IT expenses			
Equipment rental	7,762	3,720	4,042
Equipment and software purchases	18,578	17,896	682
Consultants	40,489	41,849	(1,360)
Total information technology expense	66,829	63,465	3,364
Staff expenses	16,000	4,213	11,787
Telephone	7,056	4,784	2,272
Bank fees	4,000	4,388	(388)
Office supplies	3,800	2,448	1,352
Mileage	5,000	74	4,926
Other expenses	6,565	(363)	6,928
Total expenses	1,410,504	1,317,667	92,837
Operating income	7,313	243,045	235,732
Non-operating revenues (expenses)			
Interest income	1,200	318	(882)
Decrease in investment in center at Triangle Park, Inc.	-	(2,467)	(2,467)
Change in net position	\$ 8,513	\$ 240,896	\$ 232,383

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Hampshire Municipal Association (NHMA), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise NHMA's basic financial statements, and have issued our report thereon, May 11, 2022.

Internal Control Matters

In planning and performing our audit of the financial statements, we considered NHMA's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NHMA's internal control. Accordingly, we do not express an opinion on the effectiveness of NHMA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NHMA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP
South Portland, Maine
May 11, 2022