



STRAFFORD REGIONAL PLANNING COMMISSION

Financial Statements
For the Year Ended June 30, 2021

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Strafford Regional Planning Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Strafford Regional Planning Commission (the Commission), as of and for the year ended June 30, 2021 and the related notes to financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Commission's 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Strafford Regional Planning Commission, as of June 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of the Commission'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 internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Merrimack, New Hampshire
November 19, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Strafford Regional Planning Commission (the Commission), we offer readers this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The accounts of the Commission are reported as governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Commission's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Commission's near-term financing decisions. Reconciliations to facilitate this comparison between governmental funds and governmental activities are provided.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

- As of the close of the current fiscal year, total assets exceeded liabilities and deferred inflows by \$157,236 (i.e., net position), a change of \$61,141 in comparison to the prior fiscal year.
- As of the close of the current fiscal year, governmental funds reported an ending fund balance of \$192,256, a change of \$67,567 in comparison to the prior fiscal year.
- As of the close of the current fiscal year, unassigned fund balance for the General Fund was \$184,080, a change of \$66,216 in comparison to the prior fiscal year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

| | <u>2021</u> | <u>2020</u> |
|----------------------------------|-------------------|------------------|
| Assets | | |
| Current assets | \$ 367,946 | \$ 235,250 |
| Capital assets | <u>16,730</u> | <u>22,466</u> |
| Total assets | 384,676 | 257,716 |
| Liabilities | | |
| Other liabilities | 130,746 | 65,695 |
| Long-term liabilities | <u>51,750</u> | <u>51,060</u> |
| Total liabilities | 182,496 | 116,755 |
| Deferred inflows of resources | 44,944 | 44,866 |
| Net Position | | |
| Net investment in capital assets | 2,671 | 4,102 |
| Unrestricted | <u>154,565</u> | <u>91,993</u> |
| Total net position | <u>\$ 157,236</u> | <u>\$ 96,095</u> |

As noted earlier, net position may serve over time as a useful indicator of financial position. At the close of the most recent fiscal year, total net position was \$157,236 a change of \$61,141 from the prior fiscal year.

A portion of net position, \$2,671, reflects our investment in capital assets (e.g., equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services; consequently, these assets are not available for future spending. The remaining balance of unrestricted net position of \$154,565 may be used to meet the Commission's ongoing obligations.

Change in net position of the Commission's governmental activities for the current and prior fiscal years are as follows:

| | <u>2021</u> | <u>2020</u> |
|--|--------------|-------------|
| Revenues: | | |
| Program revenues: | | |
| Operating grants and contributions | \$ 1,215,556 | \$ 793,793 |
| General revenues: | | |
| Local dues | 118,463 | 115,680 |
| Investment income | 151 | 260 |
| Miscellaneous | - | 270 |
| Total revenues | 1,334,170 | 910,003 |
| Expenses: | | |
| Depreciation | 5,736 | 478 |
| Dues and subscriptions | 4,575 | 4,641 |
| Employee benefits and taxes | 165,322 | 124,375 |
| Equipment, rentals, maintenance, and support | 58,685 | 30,591 |
| Insurance | 5,765 | 5,299 |
| Library expense | 1,748 | 1,740 |
| Meetings | 2,204 | 961 |
| Miscellaneous | 942 | 28 |
| Office expense | 11,206 | 3,423 |
| Postage | 480 | 397 |
| Printing and reproduction | 794 | 1,711 |

(continued)

(continued)

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|-------------------|------------------|
| Rent | 30,000 | 30,000 |
| Salaries and wages | 674,486 | 544,210 |
| Supplies | 2,161 | 2,321 |
| Technical and professional services | 298,860 | 82,858 |
| Telephone and internet | 4,488 | 8,398 |
| Training | 3,930 | 3,473 |
| Travel | <u>1,647</u> | <u>14,219</u> |
| Total expenses | <u>1,273,029</u> | <u>859,123</u> |
| Change in net position | 61,141 | 50,880 |
| Net position - beginning of year | <u>96,095</u> | <u>45,215</u> |
| Net position - end of year | <u>\$ 157,236</u> | <u>\$ 96,095</u> |

Governmental activities for the year resulted in a change in net position of \$61,141. Key elements of this change are as follows:

| | |
|--|------------------|
| General Fund operating results | \$ 67,567 |
| Depreciation expense in excess of principal debt service | (1,431) |
| Change in compensated absences liability | <u>(4,995)</u> |
| Total | <u>\$ 61,141</u> |

The Commission's current year General Fund operating results of \$67,567 is a result of the following:

- \$18,556 of local dues funds received were not expended and retained in savings.
- Contracts invoiced based upon the Commission's adopted billing rate table had a net profit of \$1,033.
- The balance of \$47,978 is a result of the Commission's predetermined indirect cost rate that was set at 128% of direct salaries. At the end of fiscal year 2021, the actual rate was 117%.

Financial Analysis of the Commission's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, fund balance may serve as a useful measure of the Commission's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$184,080, while total fund balance was \$196,256. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

| <u>General Fund</u> | <u>6/30/21</u> | <u>6/30/20</u> | <u>Change</u> | <u>Percentage of General Fund Expenditures</u> |
|-------------------------|----------------|----------------|---------------|--|
| Unassigned fund balance | \$ 184,080 | \$ 117,864 | \$ 66,216 | 14.53% |
| Total fund balance | \$ 192,256 | \$ 124,689 | \$ 67,567 | 15.18% |

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental activities at fiscal year-end amounted to \$16,730 (net of accumulated depreciation). This investment in capital assets includes equipment and vehicles.

Additional information on capital assets can be found in the notes to the financial statements.

Long-term Debt

At the end of the current fiscal year, total debt outstanding (e.g., capital lease payable) was \$14,059, all of which was backed by the full faith and credit of the Commission.

Additional information on long-term debt can be found in the notes to the financial statements.

Requests for Information

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

Strafford Regional Planning Commission
150 Wakefield Street, Suite 12
Rochester, New Hampshire 03867

STRAFFORD REGIONAL PLANNING COMMISSION

Statement of Net Position
June 30, 2021

| | Governmental <u>Activities</u> |
|---|-----------------------------------|
| Assets | |
| Current Assets: | |
| Cash and short-term investments | \$ 142,029 |
| Accounts receivable | 217,741 |
| Prepaid expenses | <u>8,176</u> |
| Total Current Assets | 367,946 |
| Noncurrent Assets: | |
| Capital assets, net of accumulated depreciation | <u>16,730</u> |
| Total Noncurrent Assets | <u>16,730</u> |
| Total Assets | 384,676 |
| Liabilities | |
| Current Liabilities: | |
| Accounts payable | 70,131 |
| Accrued expenses | 57,666 |
| Advance receipts | 2,949 |
| Current portion of capital lease payable | <u>4,558</u> |
| Total Current Liabilities | 135,304 |
| Noncurrent Liabilities: | |
| Capital lease payable, net of current portion | 9,501 |
| Compensated absences | <u>37,691</u> |
| Total Noncurrent Liabilities | <u>47,192</u> |
| Total Liabilities | 182,496 |
| Deferred Inflows of Resources | |
| Local dues in advance | <u>44,944</u> |
| Total Deferred Inflows of Resources | 44,944 |
| Net Position | |
| Net investment in capital assets | 2,671 |
| Unrestricted | <u>154,565</u> |
| Total Net Position | <u><u>\$ 157,236</u></u> |

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

STRAFFORD REGIONAL PLANNING COMMISSION

Statement of Activities For the Year Ended June 30, 2021

| | <u>Expenses</u> | <u>Program Revenues</u> Operating Grants and <u>Contributions</u> | Net (Expenses) Revenues and Change in <u>Net Position</u> |
|--------------------------------|----------------------------|---|--|
| Governmental Activities | | | |
| Planning services | \$ <u>1,273,029</u> | \$ <u>1,215,556</u> | \$ <u>(57,473)</u> |
| Total Governmental Activities | \$ <u><u>1,273,029</u></u> | \$ <u><u>1,215,556</u></u> | (57,473) |
| General Revenues: | | | |
| Local dues | | | 118,463 |
| Investment income | | | <u>151</u> |
| Total General Revenues | | | <u>118,614</u> |
| Change in Net Position | | | 61,141 |
| Net Position: | | | |
| Beginning of year | | | <u>96,095</u> |
| End of year | | | \$ <u><u>157,236</u></u> |

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

STRAFFORD REGIONAL PLANNING COMMISSION

Governmental Funds
Balance Sheet
June 30, 2021

| | General Fund |
|--|-------------------|
| Assets | |
| Cash and short-term investments | \$ 142,029 |
| Accounts receivable | 217,741 |
| Prepaid expenses | <u>8,176</u> |
| Total Assets | <u>\$ 367,946</u> |
| Liabilities | |
| Accounts payable | \$ 70,131 |
| Accrued expenses | 57,666 |
| Advance receipts | <u>2,949</u> |
| Total Liabilities | 130,746 |
| Deferred Inflows of Resources | |
| Local dues in advance | 44,944 |
| Fund Balances | |
| Nonspendable for prepaid expenses | 8,176 |
| Unassigned | <u>184,080</u> |
| Total Fund Balances | <u>192,256</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 367,946</u> |

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

STRAFFORD REGIONAL PLANNING COMMISSION

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2021

| | |
|--|--------------------------|
| Governmental fund balances | \$ 192,256 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | 16,730 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds: | |
| Compensated absences | (37,691) |
| Capital lease payable | <u>(14,059)</u> |
| Net position of governmental activities | <u><u>\$ 157,236</u></u> |

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

STRAFFORD REGIONAL PLANNING COMMISSION

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

| | General Fund |
|--|--------------------------|
| Revenues | |
| Governmental grants and contracts | \$ 1,215,556 |
| Local dues | 118,463 |
| Investment income | <u>151</u> |
| Total Revenues | 1,334,170 |
| Expenditures | |
| Dues and subscriptions | 4,575 |
| Employee benefits and taxes | 165,322 |
| Equipment, rentals, maintenance, and support | 62,990 |
| Insurance | 5,765 |
| Library expense | 1,748 |
| Meetings | 2,204 |
| Miscellaneous | 942 |
| Office expense | 11,206 |
| Postage | 480 |
| Printing and reproduction | 794 |
| Rent | 30,000 |
| Salaries and wages | 669,491 |
| Supplies | 2,161 |
| Technical and professional services | 298,860 |
| Telephone and internet | 4,488 |
| Training | 3,930 |
| Travel | <u>1,647</u> |
| Total Expenditures | <u>1,266,603</u> |
| Change in Fund Balance | 67,567 |
| Fund Balance, Beginning of Year | <u>124,689</u> |
| Fund Balance, End of Year | <u><u>\$ 192,256</u></u> |

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

STRAFFORD REGIONAL PLANNING COMMISSION

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021

| | |
|--|------------------|
| Change in fund balance - governmental funds | \$ 67,567 |
|--|------------------|

Governmental funds report capital outlays are expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

| | |
|----------------------|---------|
| Depreciation expense | (5,736) |
|----------------------|---------|

The issuance of long-term debt (e.g., capital lease payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

| | |
|-------------------------------------|-------|
| Repayments of capital lease payable | 4,305 |
|-------------------------------------|-------|

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| |
|---------|
| (4,995) |
|---------|

| | |
|---|-------------------------|
| Change in net position - governmental activities | \$ <u>61,141</u> |
|---|-------------------------|

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

STRAFFORD REGIONAL PLANNING COMMISSION

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of Strafford Regional Planning Commission (the Commission) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of significant accounting policies:

Reporting Entity

Strafford Regional Planning Commission is a special-purpose public agency, established pursuant to New Hampshire RSA 36:45-53, governed by a member elected Board of Commissioners. Its purpose is (1) to provide regional planning services in order to prepare and maintain a coordinated plan for development of the region (taking into account present and future needs) with a view toward encouraging the most appropriate use of land, and (2) to provide technical planning assistance to local governments.

On May 30, 2000, the State of New Hampshire enacted Chapter Law 200:1 (codified in RSA 36) entitled "Regional Planning Commissions" with an effective date of July 29, 2000. The law specifically re-enacts the status of Regional Planning Commissions as "political subdivisions" of the State of New Hampshire. The law also: amends the purpose therein (RSA 36:45); amends the formation and representative of its members (RSA 36:46); and specifically defined its finances (RSA 36:49).

As required by GAAP, these financial statements present the Commission and applicable component units for which the Commission is considered to be financially accountable. In fiscal year 2021, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Commission.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Local dues and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds. The Commission has one governmental fund, the General Fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues, and include local dues.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures, such as debt service, claims and judgments, and compensated absences, are recorded only when payment is due.

Cash and Investments

Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Deposits with financial institutions consists of checking and savings accounts.

Capital Assets

Capital assets, which include equipment and vehicles, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful lives of the respective assets.

Compensated Absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation benefits. All vested vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The Commission reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Commission’s fund balance classifications are as follows:

- *Nonspendable funds* – Represents amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- *Restricted funds* – Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- *Committed funds* – Represents amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the Commission’s highest level of decision-making authority (i.e., the Board of Commissioners).
- *Assigned funds* – Represents amounts that are constrained by the Commission’s intent to use these resources for a specific purpose.
- *Unassigned funds* – Represents amounts that are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Commission uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling

legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Deposits and Investments

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not have formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2021, none of the Commission's bank balance was exposed to custodial credit risk as uninsured or uncollateralized.

3. Accounts Receivable

Receivables are comprised of amounts due from federal, state, and local governments for grants and contractual services. No provision for an allowance has been recorded as management believes receivables to be fully collectable.

4. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2021 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------|------------------|---------------------------|
| Capital assets, being depreciated: | | | | |
| Equipment | \$ 15,745 | \$ - | \$ - | \$ 15,745 |
| Vehicles | <u>22,944</u> | <u>-</u> | <u>-</u> | <u>22,944</u> |
| Total capital assets being depreciated | 38,689 | - | - | 38,689 |
| Less accumulated depreciation | <u>(16,223)</u> | <u>(5,736)</u> | <u>-</u> | <u>(21,959)</u> |
| Governmental activities capital assets, net | <u>\$ 22,466</u> | <u>\$ (5,736)</u> | <u>\$ -</u> | <u>\$ 16,730</u> |

5. Accrued Expenses

Accrued expenses consist of accrued wages and contractual expenses incurred in fiscal year 2021 to be paid in fiscal year 2022.

6. Advance Receipts

Advance receipts consist of contract revenues from other governments for use in subsequent fiscal years when contract performance requirements have been met.

7. Long-term Debt

Capital Lease Payable

The Commission has a four-year lease agreement for a new vehicle. Future lease obligations are as follows:

| <u>Fiscal Year</u> | <u>Amount</u> |
|---|-------------------------|
| 2022 | \$ 5,247 |
| 2023 | 5,247 |
| 2024 | <u>4,809</u> |
| Total payments | 15,303 |
| Less amounts representing interest | <u>1,244</u> |
| Present value of minimum lease payments | \$ <u><u>14,059</u></u> |

Vehicles financed by capital leases totaling \$18,801 are reported in capital assets, net of \$6,214 accumulated depreciation.

Changes in General Long-term Liabilities

During the year ended June 30, 2021, the following changes occurred in governmental activities long-term liabilities:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Less Current Portion</u> | <u>Equals Long-term Portion</u> |
|-----------------------|------------------------------|------------------------|--------------------------|---------------------------|-------------------------------------|---|
| Capital lease payable | \$ 18,364 | \$ - | \$ (4,305) | \$ 14,059 | \$ (4,558) | \$ 9,501 |
| Compensated absences | <u>32,696</u> | <u>4,995</u> | <u>-</u> | <u>37,691</u> | <u>-</u> | <u>37,691</u> |
| Total | \$ <u><u>51,060</u></u> | \$ <u><u>4,995</u></u> | \$ <u><u>(4,305)</u></u> | \$ <u><u>51,750</u></u> | \$ <u><u>(4,558)</u></u> | \$ <u><u>47,192</u></u> |

8. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Commission that are applicable to future reporting periods. Deferred inflows of resources have a negative

effect on net position, similar to liabilities. As of June 30, 2021, the deferred inflows of resources balance of \$44,944 represents dues collected in advance from member towns for the next fiscal year.

9. Line of Credit

The Commission has a \$100,000 line of credit available, secured by all assets. This line is payable upon demand and requires monthly interest payments on the outstanding balance at a variable rate of the New York Prime Rate as published in the *Wall Street Journal* plus 1%, with an initial rate of 4.25% per annum to adjust daily. This line is renewable annually, and there is a requirement that for 30 days during the year, the line must be \$0. As of June 30, 2021, the Commission had no outstanding balance on the line of credit and did not draw on the line during fiscal year 2021.

10. Operating Leases

On August 1, 2019, the Commission renewed its lease agreement for office space for two years with an option to extend for an additional two-year period. Annual lease expenses under this agreement are \$30,000. On August 1, 2021, the Commission entered into a new two-year lease agreement, for the same location at the same annual amount, with an option to extend for an additional two-year period. Future lease obligations are as follows:

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|------------------|
| 2022 | \$ 30,000 |
| 2023 | 30,000 |
| 2024 | <u>2,500</u> |
| Total | <u>\$ 62,500</u> |

11. Retirement Plan

All employees earning more than \$5,000 in the calendar year shall be eligible to participate in the Commission's retirement plan. The retirement plan is a Simple IRA as defined and regulated by the Internal Revenue Service. Participation in the Simple IRA Plan is voluntary. Under this plan, an employee may make salary reduction contributions, not to exceed a statutorily limited percentage. The Commission matches the employee's contribution subject to a maximum of three percent (3%) of the employee's gross compensation. The Commission funds placed in the Simple IRA are in addition to the employee's contribution, are considered an employer contribution, and are not taxable to the employee unless withdrawn prematurely from the Simple IRA. The Commission's matching contribution for the year ended June 30, 2021 was \$19,181.

12. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on organizations served by the Commission, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

13. Concentration of Risk

A material part of the Commission's revenue is dependent upon government sources, the loss of which would have a materially adverse effect on the Commission. During the year ended June 30, 2021, funding from the State of New Hampshire accounted for 68% of total revenue. During the year ended June 30, 2021, funding from U.S. Economic Development Administration accounted for 13% of total revenue.

14. Subsequent Events

Management has evaluated subsequent events through November 19, 2021 which is the date the financial statements were available to be issued.

15. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Commission beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.