



STRAFFORD REGIONAL PLANNING COMMISSION

Financial Statements
For the Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Strafford Regional Planning Commission

Report on the Audit of the Financial Statements

Opinions

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, 2022 and the related notes to financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit 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. 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 the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in the notes to the financial statements, in the year ending June 30, 2022, the Commission adopted GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal

Merrimack, New Hampshire
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Greenfield, Massachusetts
Ellsworth, Maine

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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 the Commission'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 opinions. 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 and *Government Auditing Standards* 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 the Commission'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 the Commission'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 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 December 16, 2022 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 or 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
December 16, 2022

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, 2022.

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. This report also contains required supplementary information in addition to the basic financial statements themselves.

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 \$176,019 (i.e., net position), a change of \$18,783 in comparison to the prior fiscal year.
- As of the close of the current fiscal year, governmental funds reported an ending fund balance of \$217,693, a change of \$25,437 in comparison to the prior fiscal year.
- As of the close of the current fiscal year, unassigned fund balance for the General Fund was \$209,547, a change of \$25,467 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 year.

	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$ 380,417	\$ 367,946
Capital assets	<u>97,643</u>	<u>19,225</u>
Total Assets	478,060	387,171
Liabilities		
Other liabilities	108,299	130,746
Long-term liabilities	<u>139,317</u>	<u>54,245</u>
Total Liabilities	247,616	184,991
Deferred Inflows of Resources	54,425	44,944
Net Position		
Net investment in capital assets	417	2,671
Unrestricted	<u>175,602</u>	<u>154,565</u>
Total Net Position	<u>\$ 176,019</u>	<u>\$ 157,236</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 \$176,019, a change of \$18,783 from the prior fiscal year.

A portion of net position, \$417, reflects our investment in capital assets (e.g., equipment, vehicles, and right-to-use leased office space), 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 \$175,602 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 year is as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues:		
Charges for services	\$ 198,965	\$ 175,434
Operating grants and contributions	1,160,524	1,040,122
General revenues:		
Local dues	125,078	118,463
Investment income	<u>155</u>	<u>151</u>
Total Revenues	1,484,722	1,334,170
Expenses		
Depreciation and amortization	31,497	35,307
Dues and subscriptions	4,529	4,575
Employee benefits and taxes	178,660	165,322
Equipment, rentals, maintenance, and support	57,584	58,685
Insurance	5,004	5,765
Meetings	3,117	2,204
Miscellaneous	6,802	3,964
Office expense	11,509	11,206

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	<u>2022</u>	<u>2021</u>
Rent	5,316	429
Salaries and wages	841,864	674,486
Supplies	4,793	2,161
Technical and professional services	303,307	298,860
Telephone and internet	3,929	4,488
Training	1,683	3,930
Travel	<u>6,345</u>	<u>1,647</u>
Total Expenses	<u>1,465,939</u>	<u>1,273,029</u>
Change in Net Position	18,783	61,141
Net Position - Beginning of Year	<u>157,236</u>	<u>96,095</u>
Net Position - End of Year	<u>\$ 176,019</u>	<u>\$ 157,236</u>

Governmental activities for the year resulted in a change in net position of \$18,783. Key elements of this change are as follows:

General Fund operating results	\$ 25,437
Increase in compensated absences liability	(4,400)
Other	<u>(2,254)</u>
Total	<u>\$ 18,783</u>

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 \$209,547, while total fund balance was \$217,693. 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>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>	<u>Percentage of General Fund Expenditures</u>
Unassigned fund balance	\$ 209,547	\$ 184,080	\$ 25,467	14.36%
Total fund balance	\$ 217,693	\$ 192,256	\$ 25,437	14.92%

The Commission's unassigned fund balance increased by \$25,467 primarily from local dues received and not expended.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental activities at fiscal year-end amounted to \$97,643 (net of accumulated depreciation/amortization). This investment in capital assets includes equipment, vehicles, and right-to-use leased office space.

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

Long-term Debt

At the end of the current fiscal year, total debt outstanding (e.g., loan payable) was \$9,500, 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 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, 2022

	Governmental <u>Activities</u>
Assets	
Current:	
Cash and short-term investments	\$ 229,680
Accounts receivable	142,591
Prepaid expenses	<u>8,146</u>
Total Current Assets	380,417
Noncurrent:	
Right-to-use leased assets, net of accumulated amortization	86,649
Other capital assets, net of accumulated depreciation	<u>10,994</u>
Total Noncurrent Assets	<u>97,643</u>
Total Assets	478,060
Liabilities	
Current:	
Accounts payable	17,182
Accrued expenses	76,475
Advance receipts	14,642
Current portion of long-term liabilities:	
Lease liability	27,458
Loan payable	<u>4,827</u>
Total Current Liabilities	140,584
Noncurrent:	
Lease liability, net of current portion	60,268
Loan payable, net of current portion	4,673
Compensated absences	<u>42,091</u>
Total Noncurrent Liabilities	<u>107,032</u>
Total Liabilities	247,616
Deferred Inflows of Resources	
Local dues received in advance	<u>54,425</u>
Total Deferred Inflows of Resources	54,425
Net Position	
Net investment in capital assets	417
Unrestricted	<u>175,602</u>
Total Net Position	<u>\$ 176,019</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, 2022

		<u>Program Revenues</u>		Net (Expenses) Revenues and Change in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Planning services	\$ 1,465,939	\$ 198,965	\$ 1,160,524	\$ (106,450)
Total Governmental Activities	\$ <u>1,465,939</u>	\$ <u>198,965</u>	\$ <u>1,160,524</u>	(106,450)
		General Revenues		
		Local dues		125,078
		Investment income		<u>155</u>
		Total General Revenues		<u>125,233</u>
		Change in Net Position		18,783
		Net Position		
		Beginning of year		<u>157,236</u>
		End of year		\$ <u>176,019</u>

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

STRAFFORD REGIONAL PLANNING COMMISSION

Governmental Funds
Balance Sheet
June 30, 2022

	General Fund
Assets	
Cash and short-term investments	\$ 229,680
Accounts receivable	142,591
Prepaid expenses	<u>8,146</u>
Total Assets	<u>\$ 380,417</u>
Liabilities	
Accounts payable	\$ 17,182
Accrued expenses	76,475
Advance receipts	<u>14,642</u>
Total Liabilities	108,299
Deferred Inflows of Resources	
Local dues received in advance	54,425
Fund Balances	
Nonspendable for prepaid expenses	8,146
Unassigned	<u>209,547</u>
Total Fund Balances	<u>217,693</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 380,417</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, 2022

Total Governmental Fund Balances	\$ 217,693
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	10,994
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	86,649
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Lease liability	(87,726)
Loan payable	(9,500)
Compensated absences	<u>(42,091)</u>
Net Position of Governmental Activities	<u>\$ 176,019</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, 2022

	General Fund
Revenues	
Intergovernmental revenue	\$ 1,160,524
Charges for services	198,965
Local dues	125,078
Investment income	155
	<hr/>
Total Revenues	1,484,722
Expenditures	
Dues and subscriptions	4,529
Employee benefits and taxes	178,660
Equipment, rentals, maintenance, and support	62,143
Insurance	5,004
Meetings	3,117
Miscellaneous	6,802
Office expense	11,509
Rent	30,000
Right-to-use office space	112,410
Salaries and wages	837,464
Supplies	4,793
Technical and professional services	303,307
Telephone and internet	3,929
Training	1,683
Travel	6,345
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Total Expenditures	1,571,695
Other Financing Sources (Uses)	
Issuance of lease	112,410
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Total Other Financing Sources (Uses)	112,410
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Change in Fund Balance	25,437
Fund Balance, Beginning of Year	192,256
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Fund Balance, End of Year	\$ 217,693
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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, 2022

Change in Fund Balance - Governmental Funds	\$ 25,437
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense:

Right-to-use asset for leased office space	112,410
Right-to-use leased asset amortization	(25,761)
Depreciation expense	(5,736)

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

Repayments of loan	4,559
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Issuance of lease	(112,410)
Payments on lease	24,684
Change in compensated absences	<u>(4,400)</u>

Change in Net Position - Governmental Activities	\$ <u>18,783</u>
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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 accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of significant accounting policies of the Commission:

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 2022, no entities met the component unit requirements of GASB 14 (as amended).

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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) 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 (1) charges to customers for goods, services, or privileges provided and (2) 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

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

Capital Assets

Capital assets, which include equipment, vehicles, and right-to-use leased office space, 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/amortized using the straight-line method over the estimated useful lives of the respective assets.

Leases

At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The following assumptions are made:

- The Commission uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price, if the Commission is reasonably certain that it will be exercised.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Leased assets are separately reported from capital assets as right-to-use assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

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 retirement.

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 appro-

priation 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 consists of capital assets, net of accumulated depreciation/amortization, 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 GAAP 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

Custodial Credit Risk

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, 2022, 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, 2022 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, being depreciated/amortized:				
Equipment	\$ 15,745	\$ -	\$ -	\$ 15,745
Vehicles	22,944	-	-	22,944
Right-to-use leased office space	<u>-</u>	<u>112,410</u>	<u>-</u>	<u>112,410</u>
Total capital assets being depreciated/amortized	38,689	112,410	-	151,099
Less accumulated depreciation/amortization for:				
Equipment	(15,745)	-	-	(15,745)
Vehicles	(6,214)	(5,736)	-	(11,950)
Right-to-use leased office space	<u>-</u>	<u>(25,761)</u>	<u>-</u>	<u>(25,761)</u>
Total accumulated depreciation/amortization	<u>(21,959)</u>	<u>(31,497)</u>	<u>-</u>	<u>(53,456)</u>
Governmental activities capital assets, net	\$ <u>16,730</u>	\$ <u>80,913</u>	\$ <u>-</u>	\$ <u>97,643</u>

5. Accrued Expenses

Accrued expenses consist of accrued wages and contractual expenses incurred in fiscal year 2022 to be paid in fiscal year 2023.

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. Lease Obligations

The Commission is the lessee of office space under a lease expiring in fiscal year 2026. Future principal and interest lease payments as of June 30, 2022 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 27,458	\$ 2,542	\$ 30,000
2024	28,400	1,600	30,000
2025	29,375	625	30,000
2026	<u>2,493</u>	<u>7</u>	<u>2,500</u>
Total	\$ <u>87,726</u>	\$ <u>4,774</u>	\$ <u>92,500</u>

8. Long-term Debt

Loan Payable

The Commission issues direct borrowings to provide funds for the acquisition of equipment and vehicles. Direct borrowings outstanding are as follows:

Governmental Activities	Original	Serial	Interest	Amount Outstanding as of
<u>Loans - Direct Borrowings</u>	<u>Issue</u>	<u>Maturities Through</u>	<u>Rate(s) %</u>	<u>06/30/22</u>
Vehicle	\$ 18,801	05/24/24	5.74%	\$ <u>9,500</u>

Future Debt Service

The annual payments to retire all loans outstanding as of June 30, 2022 are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 4,827	\$ 420
2024	<u>4,673</u>	<u>136</u>
Total	\$ <u>9,500</u>	\$ <u>556</u>

Changes in Long-term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

Governmental Activities	<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>
Leases	\$ -	\$ 112,410	\$ (24,684)	\$ 87,726	\$ (27,458)	\$ 60,268
Loans payable (direct borrowings)	14,059	-	(4,559)	9,500	(4,827)	4,673
Compensated absences	<u>37,691</u>	<u>4,400</u>	<u>-</u>	<u>42,091</u>	<u>-</u>	<u>42,091</u>
Total	<u>\$ 51,750</u>	<u>\$ 116,810</u>	<u>\$ (29,243)</u>	<u>\$ 139,317</u>	<u>\$ (32,285)</u>	<u>\$ 107,032</u>

9. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets 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, 2022, the deferred inflows of resources balance of \$54,425 represents dues collected in advance from member towns for the next fiscal year.

10. 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, 2022, the Commission had no outstanding balance on the line of credit and did not draw on the line during fiscal year 2022.

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, 2022 was \$22,380.

12. Commitments and Contingencies

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, 2022, funding from the State of New Hampshire accounted for 49.3% of total revenue. During the year ended June 30, 2022, funding from the U.S. Economic Development Administration accounted for 19.6% of total revenue.

14. Change in Accounting Principle

During fiscal year 2022, the Commission adopted GASB Statement No. 87, *Leases*. This statement redefines a lease as the right-to-use another entity's asset over a definitive period of time. The effect of this standard for fiscal year 2022 includes the reporting of both a lease liability and right-to-use leased asset on the Statement of Net Position.

15. Subsequent Events

Management has evaluated subsequent events through December 16, 2022 which is the date the financial statements were available to be issued.