



COUNTY OF BELKNAP, NEW HAMPSHIRE

Financial Statements
For the Year Ended December 31, 2021

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
County of Belknap, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information of the County of Belknap, New Hampshire (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County of Belknap, New Hampshire's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Belknap, New Hampshire, as of December 31, 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.

We did not audit the financial statements of the Gunstock Area Commission (a component unit which is as of and for the fiscal year ended April 29, 2021), which represents the entirety of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gunstock Area Commission, is based solely on the report of the other auditors.

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 County of Belknap, New Hampshire, 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.

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

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Responsibilities of Management for the Financial Statements

The County'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.

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 County'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 Responsibility 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 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, 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 County'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 County'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, the Budgetary Comparison for the All Budgeted Funds, and certain pension and OPEB schedules, 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 August 15, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control over financial reporting and compliance.

Merrimack, New Hampshire
August 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Belknap, New Hampshire (the County), we offer readers this narrative overview and analysis of the financial activities of the County for the year ended December 31, 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 four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to financial statements, and (4) required supplementary information.

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 County's net position changed during the most recent 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 periods.

The component unit column in the government-wide financial statements is the financial data of Gunstock Area Commission, which is reported as of its latest fiscal operating year, April 29, 2021. A component unit is an entity that is legally separate from the County, but for which the County is financially accountable.

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 County's funds are reported in two categories: governmental funds and fiduciary 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 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 year. Such information may be useful in evaluating the County'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 County's near-term financing decisions. Reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support County programs.

Included in the County's fiduciary funds are custodial funds, which report resources that are held by the County for other parties outside of the County's reporting units. The custodial funds also include resources held by the County for the benefit of nursing home residents and inmates.

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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current year, the total of liabilities and deferred inflows exceeded assets and deferred outflows by \$(8,345,021) (i.e., net position), a change of \$(1,008,787) in comparison to the prior year.
- As of the close of the current year, governmental funds reported combined ending fund balances of \$4,123,355, a change of \$(1,581,393) in comparison to the prior year.
- At the end of the current year, unassigned fund balance for the General Fund was \$1,743,211 a change of \$(664,245) in comparison to the prior year.

Government-Wide Financial Analysis

Net position of the County's governmental activities for the current and prior year is as follows:

| <u>NET POSITION</u> | | |
|----------------------------------|-----------------------------------|-----------------------|
| | Governmental <u>Activities</u> | |
| | <u>2021</u> | <u>2020</u> |
| Assets | | |
| Current and other assets | \$ 12,592,081 | \$ 8,782,555 |
| Capital assets | <u>13,661,019</u> | <u>13,687,606</u> |
| Total assets | 26,253,100 | 22,470,161 |
| Deferred outflows of resources | 3,214,577 | 4,938,942 |
| Liabilities | | |
| Long-term liabilities | 24,853,096 | 30,171,425 |
| Other liabilities | <u>8,576,326</u> | <u>3,188,972</u> |
| Total liabilities | 33,429,422 | 33,360,397 |
| Deferred inflows of resources | 4,383,276 | 1,384,940 |
| Net position | | |
| Net investment in capital assets | 6,385,355 | 6,184,515 |
| Restricted | 99,881 | 127,141 |
| Unrestricted | <u>(14,830,257)</u> | <u>(13,647,890)</u> |
| Total net position | \$ <u>(8,345,021)</u> | \$ <u>(7,336,234)</u> |

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At the close of the most recent year, total net position was \$(8,345,021), a change of \$(1,008,787) from the prior year.

The largest portion of net position, \$6,385,355, reflects the County's investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and construction in progress) 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. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$99,881, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position reflects a deficit, primarily resulting from the County's unfunded pension and OPEB liabilities.

Change in net position of the County's governmental activities for the current and prior year is as follows:

| <u>CHANGE IN NET POSITION</u> | | |
|------------------------------------|------------------------------------|----------------|
| | <u>Governmental Activities</u> | |
| | <u>2021</u> | <u>2020</u> |
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 12,238,963 | \$ 13,589,882 |
| Operating grants and contributions | 1,673,392 | 1,707,169 |
| General revenues: | | |
| County taxes | 13,145,309 | 14,770,507 |
| Investment income | 6,320 | 411 |
| Miscellaneous | 681,167 | 645,455 |
| Transfers from Gunstock Area | | |
| Commission | 247,404 | - |
| Total revenues | 27,992,555 | 30,713,424 |
| Expenses | | |
| General government | 3,955,646 | 4,612,909 |
| Public safety | 2,142,617 | 2,351,315 |
| Corrections | 4,375,497 | 5,185,830 |
| Human services | 7,367,150 | 7,433,559 |
| Cooperative extension | 214,611 | 221,700 |
| Nursing home | 10,639,916 | 12,385,083 |
| Interest | 305,905 | 360,793 |
| Total expenses | 29,001,342 | 32,551,189 |
| Change in net position | (1,008,787) | (1,837,765) |
| Net position - beginning of year | (7,336,234) | (5,498,469) |
| Net position - end of year | \$ (8,345,021) | \$ (7,336,234) |

Governmental activities for the year resulted in a change in net position of \$(1,008,787). Key elements of this change are as follows:

| | |
|---|------------------------------|
| Governmental funds operating results | \$ (1,581,393) |
| Purchase of capital assets, net of disposals | 935,696 |
| Depreciation expense in excess of principal debt service | (734,855) |
| Change in accrued interest liability | 3,564 |
| Change in compensated absence liability | (20,113) |
| Change in net pension liability, net of related deferrals | 814,068 |
| Change in net OPEB liability, net of related deferrals | <u>(425,754)</u> |
| Total | \$ <u><u>(1,008,787)</u></u> |

Financial Analysis of the County'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, unassigned fund balance may serve as a useful measure of the County'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 year, unassigned fund balance of the General Fund was \$1,743,211, while total fund balance was \$4,083,427. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Refer to the table below.

| <u>General Fund</u> | <u>December 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> | <u>Change</u> |
|-------------------------|------------------------------------|------------------------------------|----------------|
| Unassigned fund balance | \$ 1,743,211 | \$ 2,407,456 | \$ (664,245) |
| Total fund balance | \$ 4,083,427 | \$ 5,625,547 | \$ (1,542,120) |

As a percentage of total General
Fund expenditures:

| | | | |
|-------------------------|-------|-------|-------|
| Unassigned fund balance | 6.1% | 8.2% | -2.1% |
| Total fund balance | 14.4% | 19.2% | -4.8% |

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$(39,273) primarily from timing differences between the receipt and disbursement of grants.

Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$1,391,854 to receive and expend American Rescue Plan Act (ARPA) funds.

Total fund balances of all governmental funds changed by \$(1,581,393) during the current year. Key factors in this change are as follows:

| | |
|--|-----------------------|
| General Fund revenues less than budget | \$ (373,040) |
| ARPA Fund revenues less than budget | (302,972) |
| General Fund expenditures less than appropriations | 1,674,535 |
| ARPA Fund expenditures less than appropriations | 302,972 |
| Nonmajor Governmental Funds results from operations - unbudgeted | (39,273) |
| Use of fund balance - reduce taxes | (3,000,000) |
| Other GAAP adjustments | <u>156,385</u> |
| Total | \$ <u>(1,581,393)</u> |

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental activities at year end amounted to \$13,661,019 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and construction in progress.

Major capital asset events during the year included the following additions:

- Boiler replacement of approximately \$215,000.
- Dispatch radio tower project of approximately \$393,000.

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-Term Debt

At the end of the current year, total bonded debt (including unamortized premium) outstanding totaled \$7,278,328, all of which was backed by the full faith and credit of the County.

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 the County of Belknap, New Hampshire's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Board of Commissioners
County of Belknap, New Hampshire
34 County Drive
Laconia, New Hampshire 03246

COUNTY OF BELKNAP, NEW HAMPSHIRE

Statement of Net Position
December 31, 2021

| | <u>Primary Government</u> Governmental Activities | Gunstock Area Commission (Component Unit - April 29, 2021) |
|---|---|---|
| Assets | | |
| Current: | | |
| Cash and short-term investments | \$ 10,955,918 | \$ 5,494,251 |
| Restricted cash | 63,543 | - |
| Investments | - | 244,009 |
| Accounts receivable, net | 1,559,070 | 10,668 |
| Due from external parties | 12,148 | - |
| Inventory, net | 1,402 | 411,485 |
| Prepaid expenses | - | 141,940 |
| Total Current Assets | 12,592,081 | 6,302,353 |
| Noncurrent: | | |
| Capital assets: | | |
| Nondepreciable capital assets | 662,208 | 2,197,595 |
| Capital assets, net of accumulated depreciation | 12,998,811 | 10,075,389 |
| Total Noncurrent Assets | 13,661,019 | 12,272,984 |
| Total Assets | 26,253,100 | 18,575,337 |
| Deferred Outflows of Resources | | |
| Related to pension | 2,343,460 | - |
| Related to OPEB | 871,117 | - |
| Total Deferred Outflows of Resources | 3,214,577 | - |
| Liabilities | | |
| Current: | | |
| Accounts payable | 1,600,220 | 244,042 |
| Accrued expenses | 440,112 | 473,960 |
| Unearned revenues - ARPA | 4,864,813 | - |
| Due to other governments | - | 247,404 |
| Due to external parties | 1,661,058 | - |
| Advance from grantors | - | 59,778 |
| Other liabilities | 6,533 | - |
| Restricted cash liability | 3,590 | - |
| Unearned revenue | - | 2,413,802 |
| Current portion of noncurrent liabilities: | | |
| Bonds payable | 209,924 | 472,142 |
| Capital lease payable | - | 254,579 |
| Compensated absences | 445,528 | - |
| Total Current Liabilities | 9,231,778 | 4,165,707 |
| Noncurrent: | | |
| Bonds payable, net of current portion | 7,068,404 | 1,941,430 |
| Capital lease payable, net of current portion | - | 362,438 |
| Compensated absences, net of current portion | 109,638 | - |
| Net pension liability | 11,626,513 | - |
| Net OPEB liability | 5,393,089 | - |
| Total Noncurrent Liabilities | 24,197,644 | 2,303,868 |
| Total Liabilities | 33,429,422 | 6,469,575 |
| Deferred Inflows of Resources | | |
| Related to pension | 4,058,055 | - |
| Related to OPEB | 325,221 | - |
| Total Deferred Inflows of Resources | 4,383,276 | - |
| Net Position | | |
| Net investment in capital assets | 6,385,355 | 9,242,395 |
| Restricted | | |
| Registry of deeds | 59,953 | - |
| Other purposes | 39,928 | - |
| Unrestricted | (14,830,257) | 2,863,367 |
| Total Net Position | \$ (8,345,021) | \$ 12,105,762 |

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

COUNTY OF BELKNAP, NEW HAMPSHIRE

Statement of Activities
For the Year Ended December 31, 2021

| | | <u>Program Revenues</u> | | Net (Expenses) Revenues and Change in <u>Net Position</u> | Gunstock Area Commission (Component Unit- for the year ended <u>April 29, 2021</u>) |
|---------------------------------------|----------------------|---------------------------------|---|--|--|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | | |
| Governmental Activities | | | | | |
| General government | \$ 3,955,646 | \$ 1,410,939 | \$ 561,655 | \$ (1,983,052) | |
| Public safety | 2,142,617 | 356,711 | 67,567 | (1,718,339) | |
| Corrections | 4,375,497 | 53,475 | 198,809 | (4,123,213) | |
| Human services | 7,367,150 | - | 459,234 | (6,907,916) | |
| Cooperative extension | 214,611 | - | - | (214,611) | |
| Nursing home | 10,639,916 | 10,417,838 | 386,127 | 164,049 | |
| Interest | <u>305,905</u> | <u>-</u> | <u>-</u> | <u>(305,905)</u> | |
| Total Governmental Activities | \$ <u>29,001,342</u> | \$ <u>12,238,963</u> | \$ <u>1,673,392</u> | (15,088,987) | |
| Component Unit | | | | | |
| Gunstock Area Commission | \$ <u>11,698,142</u> | \$ <u>14,052,263</u> | \$ <u>-</u> | | \$ <u>2,354,121</u> |
| Total Component Unit | \$ <u>11,698,142</u> | \$ <u>14,052,263</u> | \$ <u>-</u> | | 2,354,121 |
| General Revenues and Transfers | | | | | |
| County taxes | | | | 13,145,309 | - |
| Investment income | | | | 6,320 | 4,268 |
| Miscellaneous | | | | 681,167 | 153,328 |
| Transfers, net | | | | <u>247,404</u> | <u>(247,404)</u> |
| Total General Revenues and Transfers | | | | <u>14,080,200</u> | <u>(89,808)</u> |
| Change in Net Position | | | | (1,008,787) | 2,264,313 |
| Net Position | | | | | |
| Beginning of year | | | | <u>(7,336,234)</u> | <u>9,841,449</u> |
| End of year | | | | \$ <u>(8,345,021)</u> | \$ <u>12,105,762</u> |

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

COUNTY OF BELKNAP, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
December 31, 2021

| | General <u>Fund</u> | ARPA <u>Fund</u> | Nonmajor Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|-------------------------------------|------------------------|---------------------|--|---------------------------------------|
| Assets | | | | |
| Cash and short-term investments | \$ 5,629,678 | \$ 5,304,651 | \$ 21,589 | \$ 10,955,918 |
| Restricted cash | 63,543 | - | - | 63,543 |
| Accounts receivable, net | 1,559,070 | - | - | 1,559,070 |
| Due from other funds | 445,001 | - | 24,005 | 469,006 |
| Due from custodial funds | 12,148 | - | - | 12,148 |
| Inventory | <u>1,402</u> | <u>-</u> | <u>-</u> | <u>1,402</u> |
| Total Assets | \$ <u>7,710,842</u> | \$ <u>5,304,651</u> | \$ <u>45,594</u> | \$ <u>13,061,087</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,599,717 | \$ - | \$ 503 | \$ 1,600,220 |
| Accrued expenses | 332,512 | - | - | 332,512 |
| Unearned revenues | - | 4,864,813 | - | 4,864,813 |
| Other liabilities | 6,533 | - | - | 6,533 |
| Restricted cash liability | 3,590 | - | - | 3,590 |
| Due to other funds | 24,005 | 439,838 | 5,163 | 469,006 |
| Due to custodial funds | <u>1,661,058</u> | <u>-</u> | <u>-</u> | <u>1,661,058</u> |
| Total Liabilities | 3,627,415 | 5,304,651 | 5,666 | 8,937,732 |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Inventory | <u>1,402</u> | <u>-</u> | <u>-</u> | <u>1,402</u> |
| Total Nonspendable | 1,402 | - | - | 1,402 |
| Restricted: | | | | |
| Deeds surcharge account | 59,953 | - | - | 59,953 |
| Capital projects fund | - | - | 2,664 | 2,664 |
| Unexpended grant funds | <u>-</u> | <u>-</u> | <u>37,264</u> | <u>37,264</u> |
| Total Restricted | 59,953 | - | 39,928 | 99,881 |
| Assigned: | | | | |
| Subsequent year budget | 2,000,000 | - | - | 2,000,000 |
| Encumbrances | <u>278,861</u> | <u>-</u> | <u>-</u> | <u>278,861</u> |
| Total Assigned | 2,278,861 | - | - | 2,278,861 |
| Unassigned | <u>1,743,211</u> | <u>-</u> | <u>-</u> | <u>1,743,211</u> |
| Total Fund Balances | <u>4,083,427</u> | <u>-</u> | <u>39,928</u> | <u>4,123,355</u> |
| Total Liabilities and Fund Balances | \$ <u>7,710,842</u> | \$ <u>5,304,651</u> | \$ <u>45,594</u> | \$ <u>13,061,087</u> |

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

COUNTY OF BELKNAP, NEW HAMPSHIRE

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
December 31, 2021

| | |
|--|------------------------------|
| Total governmental fund balances | \$ 4,123,355 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | 13,661,019 |
| Deferred outflows of resources related to pension to be recognized in pension expense in future periods. | 2,343,460 |
| Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods. | 871,117 |
| In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. | (107,600) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds: | |
| Bonds payable, including unamortized premium | (7,278,328) |
| Compensated absences | (555,166) |
| Net pension liability | (11,626,513) |
| Net OPEB liability | (5,393,089) |
| Deferred inflows of resources related to pension to be recognized in pension expense in future periods. | (4,058,055) |
| Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods. | <u>(325,221)</u> |
| Net position of governmental activities | <u><u>\$ (8,345,021)</u></u> |

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

COUNTY OF BELKNAP, NEW HAMPSHIRE

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2021

| | General <u>Fund</u> | ARPA <u>Fund</u> | Nonmajor Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|------------------------------------|----------------------------|---------------------|--|---------------------------------------|
| Revenues | | | | |
| County taxes | \$ 13,145,309 | \$ - | \$ - | \$ 13,145,309 |
| Nursing home | 10,417,838 | - | - | 10,417,838 |
| Charges for services | 1,821,125 | - | - | 1,821,125 |
| Intergovernmental | 584,510 | 1,088,882 | - | 1,673,392 |
| Investment income | 6,320 | - | - | 6,320 |
| Miscellaneous | <u>908,043</u> | <u>-</u> | <u>5,742</u> | <u>913,785</u> |
| Total Revenues | 26,883,145 | 1,088,882 | 5,742 | 27,977,769 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 3,018,568 | 71,570 | 4,163 | 3,094,301 |
| Public safety | 2,201,335 | 65,617 | - | 2,266,952 |
| Corrections | 4,477,869 | 160,812 | - | 4,638,681 |
| Human services | 7,367,150 | - | - | 7,367,150 |
| Cooperative extension | 214,611 | - | - | 214,611 |
| Nursing home | 10,314,940 | 386,127 | 40,852 | 10,741,919 |
| Capital outlay | 336,323 | 404,756 | - | 741,079 |
| Debt service: | | | | |
| Principal | 185,000 | - | - | 185,000 |
| Interest | <u>309,469</u> | <u>-</u> | <u>-</u> | <u>309,469</u> |
| Total Expenditures | <u>28,425,265</u> | <u>1,088,882</u> | <u>45,015</u> | <u>29,559,162</u> |
| Change in Fund Balance | (1,542,120) | - | (39,273) | (1,581,393) |
| Fund Balance, at Beginning of Year | <u>5,625,547</u> | <u>-</u> | <u>79,201</u> | <u>5,704,748</u> |
| Fund Balance, at End of Year | \$ <u><u>4,083,427</u></u> | \$ <u><u>-</u></u> | \$ <u><u>39,928</u></u> | \$ <u><u>4,123,355</u></u> |

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

COUNTY OF BELKNAP, NEW HAMPSHIRE

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds \$ (1,581,393)

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

| | |
|----------------------------|-----------|
| Capital outlay | 935,832 |
| Depreciation | (962,282) |
| Loss on disposal of assets | (136) |

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 bonds | 185,000 |
| Bond premium amortization | 14,924 |
| Repayments of capital lease | 27,503 |

| | |
|--|-------|
| In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. | 3,564 |
|--|-------|

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:

| | |
|---|------------------------------|
| Change in net pension liability and related deferred outflows and inflows | 814,068 |
| Change in net OPEB liability and related deferred outflows and inflows | (425,754) |
| Change in accrued compensated absences | <u>(20,113)</u> |
| Change in net position - governmental activities | \$ <u>(1,008,787)</u> |

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

COUNTY OF BELKNAP, NEW HAMPSHIRE

Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2021

| | Private Purpose <u>Trust Funds</u> | Custodial <u>Funds</u> |
|---|--|---------------------------|
| Assets | | |
| Cash and short-term investments | \$ 13,761 | \$ 153,102 |
| Due from Primary Government | <u>-</u> | <u>1,661,058</u> |
| Total Assets | 13,761 | 1,814,160 |
| Liabilities | | |
| Accounts payable | - | 6,726 |
| Due to Primary Government | 218 | 11,930 |
| Due to State of New Hampshire | <u>-</u> | <u>1,661,058</u> |
| Total Liabilities | <u>218</u> | <u>1,679,714</u> |
| Net Position | | |
| Held in trust | 13,543 | - |
| Restricted for individuals, organizations, and other governments | <u>-</u> | <u>134,446</u> |
| Total Net Position | \$ <u><u>13,543</u></u> | \$ <u><u>134,446</u></u> |

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

COUNTY OF BELKNAP, NEW HAMPSHIRE

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2021

| | Private Purpose <u>Trust Funds</u> | Custodial <u>Funds</u> |
|--|--|---------------------------|
| Additions | | |
| Contributions | \$ 6,305 | \$ 843,665 |
| Fees collected for State of New Hampshire | <u>-</u> | <u>15,352,190</u> |
| Total Additions | 6,305 | 16,195,855 |
| Deductions | | |
| Payments of fees to State of New Hampshire | - | 15,352,190 |
| Other | <u>3,277</u> | <u>876,432</u> |
| Total Deductions | <u>3,277</u> | <u>16,228,622</u> |
| Change in Net Position | 3,028 | (32,767) |
| Net Position | | |
| Beginning of year | <u>10,515</u> | <u>167,213</u> |
| End of year | \$ <u><u>13,543</u></u> | \$ <u><u>134,446</u></u> |

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

COUNTY OF BELKNAP, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the County of Belknap, New Hampshire (the County) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of significant accounting policies:

Reporting Entity

The County is a municipal corporation governed by an elected Board of Commissioners. As required by GAAP, these financial statements present the County and applicable component units for which the County is considered to be financially accountable.

Discretely Presented Component Unit

The component unit column in the government-wide financial statements includes the financial data of the County's component unit, Gunstock Area Commission (the Commission). It is reported in a separate column to emphasize that the Commission is legally separate from the County. The Commission, which was incorporated as a body politic and an agency of the County by the State of New Hampshire in 1959, is included because the County is responsible for selection of the Commissioners and debt is issued by the County on behalf of the Commission. Debt issued is backed by the full faith and credit of the County.

The County may make appropriations directly to the Commission. The Commission is reported as of its latest fiscal year, April 29, 2021, which differs from the County's calendar year of December 31, 2021. Separately issued financial statements of the Commission may be obtained by writing to their Finance Department at 719 Cherry Valley Road, Gilford, New Hampshire 03249.

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 County. The effect of interfund activity has been removed from these statements.

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 or segment. Taxes 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements.

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. Generally, all other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, compensated absences, claims and judgments, and pension and OPEB costs are recorded as expenditures only when payment is due.

The County reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.
- The *ARPA Fund* is used to account for federal funds awarded as part of the American Rescue Plan Act (ARPA).

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The County reports the following fiduciary funds:

- *Private-Purpose Trust Funds* are used to account for trust arrangements which exclusively benefit individuals.
- *Custodial Funds* account for fiduciary assets held by the County in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere in the

financial statements. Custodial funds include taxes and fees collected on behalf of other governments as well as inmate funds and nursing home resident funds.

Cash and Investments

Cash balances, except those required to be segregated by law, are combined to form a consolidation of cash that is available for use by all funds. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts.

The County invests with the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool managed by the New Hampshire Banking Commission. Participation units of the NHPDIP are considered short-term for financial statement presentation purposes due to the high liquidity of the fund and are carried at amortized cost in accordance with GASB Statement 79.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as “due from/to other funds”.

Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory includes food, paper, and cleaning materials.

Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$500 for assets acquired for use in the Nursing Home, and \$2,500 for all other assets, and an estimated useful life in excess of two years. 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 the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 5 - 40 |
| Machinery and equipment | 3 - 20 |

Compensated Absences

It is the County's policy to permit certain employees to accumulate earned but unused vacation and sick pay benefits. All vested vacation and sick 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 resignations 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 County 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 General Fund is the only fund that reports a positive unassigned fund balance.

The County's fund balance classifications are as follows:

- *Nonspendable* - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for inventory.
- *Restricted* - 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* - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority.

- *Assigned* - Represents amounts that are constrained by the County's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by County departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period and surplus set aside to be used in the subsequent year's budget.
- *Unassigned* - Represents amounts that are available to be spent in future periods and deficit funds.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the County 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, 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 County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Fund Balance Policy

There is no rule or law in New Hampshire that governs the level of fund balance for counties. However, by looking at other guidelines that exist and by comparing the County to other counties in the state and in other states, the County arrived at a policy that fits the County's needs and standards:

- 1) The NH Department of Revenue Administration recommends that municipalities maintain a fund balance that represents between 5% and 10% of its total annual appropriations, including municipal, school, and county obligations.
- 2) The Government Finance Officers Association recommends as a best practice that "General-purpose governments, regardless of size, maintain unrestricted fund balance in their General Fund of no less than two months of regular General Fund operating revenues or regular General Fund operating expenditures. Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the General Fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the General Fund at any one time". Two months of General Fund operating expenditures for the County is approximately \$4.7 million, which is 16% of budgeted appropriations. Two months of General Fund operating revenues would be approximately \$4.5 million or just over 16% of budgeted appropriations.

Through this fund balance policy, the County will endeavor to achieve and maintain an unassigned fund balance that is between \$3.5 million and \$5 million. This represents 11% to 18% based on the recommended 2022 budget.

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 year. Actual results could vary from estimates used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The County's budget represents functional appropriations by department as authorized by the County Delegation. The County adopts its budget under State of New Hampshire regulations.

3. Deposits and Investments

State statutes (RSA 29:1, II) place certain limitations on the nature of deposits and investments available to the County. Deposits may be made in NH banks or banks outside of the state if such banks pledge and deliver to a third-party custodial bank with various collateralized security.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. RSA 29:1, II limits deposits as follows, "The amount of collected funds on deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus." The County's deposit policy states that no investment or deposit shall be made in any institution with a capital to asset ratio of less than 6%, unless the investment is within FDIC insured limits or is collateralized.

As of December 31, 2021, the County's bank balance was fully FDIC insured or collateralized, including approximately \$11.1 million collateralized by securities held by the pledging financial institutions trust department or agent but not in the County's name.

4. Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. Within the General Fund, the restricted cash amount of \$63,543 is comprised of amounts from the Registry of Deeds equipment surcharge fund and the 200th Anniversary fund.

5. Allowance for Doubtful Accounts and Contractual Allowances

The allowance for doubtful accounts for Nursing Home receivables has been estimated at approximately \$44,000 at December 31, 2021, based on a detailed review of past due accounts. Nursing Home receivables are also reported net of contractual allowances.

6. Interfund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is a summary of December 31, 2021 balances in interfund receivable and payable accounts:

| <u>Fund</u> | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-------------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 445,001 | \$ 24,005 |
| ARPA Fund | - | 439,838 |
| Nonmajor Governmental Funds: | | |
| Sheriffs Special Purpose | 5,991 | - |
| Sheriffs Forfeiture - Federal | - | 4,163 |
| Sheriffs Forfeiture - State | - | 1,000 |
| Grants | 15,350 | - |
| Capital Projects Funds | <u>2,664</u> | <u>-</u> |
| Total | \$ <u>469,006</u> | \$ <u>469,006</u> |

7. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|----------------|-------------|-------------------|
| Governmental Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 29,102 | \$ 350 | \$ - | \$ 29,452 |
| Machinery and equipment | <u>3,985</u> | <u>68</u> | <u>(16)</u> | <u>4,037</u> |
| Total capital assets, being depreciated | 33,087 | 418 | (16) | 33,489 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (16,471) | (745) | - | (17,216) |
| Machinery and equipment | <u>(3,073)</u> | <u>(217)</u> | <u>16</u> | <u>(3,274)</u> |
| Total accumulated depreciation | <u>(19,544)</u> | <u>(962)</u> | <u>16</u> | <u>(20,490)</u> |
| Capital assets, being depreciated, net | 13,543 | (544) | - | 12,999 |
| Capital assets, not being depreciated: | | | | |
| Land | 145 | - | - | 145 |
| Construction in progress | <u>-</u> | <u>517</u> | <u>-</u> | <u>517</u> |
| Total capital assets, not being depreciated | <u>145</u> | <u>517</u> | <u>-</u> | <u>662</u> |
| Governmental activities capital assets, net | <u>\$ 13,688</u> | <u>\$ (27)</u> | <u>\$ -</u> | <u>\$ 13,661</u> |

Depreciation expense was charged to functions of the County as follows (in thousands):

| | |
|----------------------------|---------------|
| General government | \$ 206 |
| Public safety | 70 |
| Corrections | 215 |
| Nursing home | <u>471</u> |
| Total depreciation expense | <u>\$ 962</u> |

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the County that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements 68 and 75, respectively, are more fully discussed in the corresponding pension and OPEB notes.

9. Tax Anticipation Notes Payable

At December 31, 2021, the County had no anticipation notes available. The following summarizes tax anticipation notes payable activity during 2021:

| <u>Issue Amount</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Balance Beginning of Year</u> | <u>Advances</u> | <u>Repayments</u> | <u>Balance End of Year</u> |
|---------------------|----------------------|-------------------------|----------------------|----------------------------------|-----------------|-------------------|----------------------------|
| \$ 7,100,000 | 04/06/21 | 12/30/21 | 0.59% | \$ - | \$ 7,100,000 | \$ (7,100,000) | \$ - |

On May 24, 2022, the County issued a \$3,700,000 tax anticipation note with a maturity date of December 30, 2022 and an interest rate of 1.59%.

10. Long-Term Debt

General Obligation Bonds

The County issues general obligation bonds (including direct placements) and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and direct borrowings currently outstanding are as follows:

| <u>Governmental Activities</u> | <u>Serial Maturities Through</u> | <u>Interest Rate(s) %</u> | <u>Amount Outstanding as of 12/31/21</u> |
|---|----------------------------------|---------------------------|--|
| General Obligation Bonds - direct placements: | | | |
| Corrections Building | 08/15/43 | 3.1 - 5.1% | \$ 6,950,000 |
| Total | | | \$ 6,950,000 |

Future Debt Service

The annual payments to retire all general obligation bonds outstanding as of December 31, 2021 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|---------------|
| 2022 | \$ 195,000 | \$ 284,825 | \$ 479,825 |
| 2023 | 205,000 | 274,880 | 479,880 |
| 2024 | 215,000 | 264,425 | 479,425 |
| 2025 | 225,000 | 253,460 | 478,460 |
| 2026 | 235,000 | 241,985 | 476,985 |
| 2027-2031 | 1,375,000 | 1,022,180 | 2,397,180 |
| 2032-2036 | 1,635,000 | 753,258 | 2,388,258 |
| Thereafter | 2,865,000 | 484,129 | 3,349,129 |
| Total | \$ 6,950,000 | \$ 3,579,142 | \$ 10,529,142 |

The General Fund has been designated as the source to repay the general obligation bonds outstanding as of December 31, 2021.

Changes in Long-Term Liabilities

During the year ended December 31, 2021, the following changes occurred in governmental activities long-term liabilities (in thousands):

| | Beginning <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | Ending <u>Balance</u> | Less <u>Current Portion</u> | Equals <u>Long-Term Portion</u> |
|-----------------------|-----------------------------|------------------|-------------------|--------------------------|------------------------------------|--|
| Bonds payable | \$ 7,135 | \$ - | \$ (185) | \$ 6,950 | \$ (195) | \$ 6,755 |
| Bond premium | <u>343</u> | <u>-</u> | <u>(15)</u> | <u>328</u> | <u>(15)</u> | <u>313</u> |
| Subtotal | 7,478 | - | (200) | 7,278 | (210) | 7,068 |
| Other: | | | | | | |
| Capital lease payable | 28 | - | (28) | - | - | - |
| Compensated absences | 535 | 20 | - | 555 | (445) | 110 |
| Net pension liability | 17,077 | - | (5,450) | 11,627 | - | 11,627 |
| Net OPEB liability | <u>5,053</u> | <u>340</u> | <u>-</u> | <u>5,393</u> | <u>-</u> | <u>5,393</u> |
| Totals | \$ <u>30,171</u> | \$ <u>360</u> | \$ <u>(5,678)</u> | \$ <u>24,853</u> | \$ <u>(655)</u> | \$ <u>24,198</u> |

11. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net position by the County that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

12. New Hampshire Retirement System - Pension (GASB 68)

The County follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

Plan Description

Full-time employees participate in the State of New Hampshire Retirement System, a cost sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan provides service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties,

municipalities, and school districts are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS' annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507, or from their website at <https://www.nhrs.org>.

Benefits Provided

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

| Years of creditable service as of <u>January 1, 2012</u> | Minimum <u>Age</u> | Minimum <u>Service</u> | Benefit <u>Multiplier</u> |
|---|-----------------------|---------------------------|------------------------------|
| At least 8 but less than 10 years | 46 | 21 | 2.4% |
| At least 6 but less than 8 years | 47 | 22 | 2.3% |
| At least 4 but less than 6 years | 48 | 23 | 2.2% |
| Less than 4 years | 49 | 24 | 2.1% |

Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rates are 7% for employees and 11.55% for sheriff's deputies and correctional officers. The County makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.88% to 30.67% of covered compensation. The County's contributions to NHRS for the year ended December 31, 2021 were \$1,377,437, which were equal to its contractual contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS' fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At December 31, 2021, the County reported a liability of \$11,626,513 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At the most recent measurement date of June 30, 2021, the County's proportion was 0.26233586%, which was a decrease of 0.00465644% from its previous year proportion.

For the year ended December 31, 2021, the County recognized pension expense of \$563,306. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 325,559 | \$ 121,722 |
| Net difference between projected and actual investment earnings | - | 3,251,669 |
| Changes of assumptions | 1,214,324 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | 684,664 |
| Contributions subsequent to the measurement date | 803,577 | - |
| Total | \$ <u>2,343,460</u> | \$ <u>4,058,055</u> |

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in expense as follows:

| <u>Year ended December 31:</u> | |
|--------------------------------|-----------------------|
| 2022 | \$ (577,793) |
| 2023 | (399,542) |
| 2024 | (439,965) |
| 2025 | <u>(1,100,872)</u> |
| Total | \$ <u>(2,518,172)</u> |

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Price inflation | 2.0% per year |
| Wage inflation | 2.75% per year |
| Salary increases | 5.6% average, including inflation |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

Target Allocation

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation

percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table:

| Asset Class | Target Allocation Percentage | Weighted Average Long-Term Expected Real Rate of Return |
|-------------------------------|------------------------------------|---|
| Large Cap Equities | 22.50 % | 6.46% |
| Small/Mid Cap Equities | 7.50 | 1.14% |
| Total domestic equities | 30.00 | |
| Int'l Equities (unhedged) | 14.00 | 5.53% |
| Emerging Int'l Equities | 6.00 | 2.37% |
| Total international equities | 20.00 | |
| Core US Fixed Income | 25.00 | 3.60% |
| Total fixed income | 25.00 | |
| Private Equity | 10.00 | 8.85% |
| Private Debt | 5.00 | 7.25% |
| Total alternative investments | 15.00 | |
| Real Estate | 10.00 | 6.60% |
| Total | 100.00 % | |

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the 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. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

| <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--------------------|--------------------------------------|--------------------|
| \$ 16,627,244 | \$ 11,626,513 | \$ 7,455,087 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

13. Other Post-Employment Benefits – OPEB (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 establishes standards for recognizing and measuring assets, liabilities, deferred outflows/inflows of resources, and expenditures related to other post-employment benefits (OPEB) liabilities and identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

County OPEB Plan

The following disclosures for the County's OPEB plan are based on a measurement date of December 31, 2021 based on an actuarial valuation dated January 1, 2020.

Plan Description

The County indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the County who participate in the single-employer plan pay 100% of the healthcare premiums to participate in the County's healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees, due to the age of consideration. This increased rate is an implicit subsidy the County pays for the retirees.

The County's OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75. The OPEB plan does not issue a publicly available financial report.

Benefits Provided

The County provides healthcare benefits to retirees and their covered spouses. All active employees who retire from the County and meet the eligibility criteria will receive these benefits.

Membership Data

As of January 1, 2020, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 7 |
| Active employees | <u>134</u> |
| Total | <u>141</u> |

Funding Policy

The County's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions:

| | |
|--|--|
| Salary increases | 2.00% |
| Discount rate | 2.12% |
| Healthcare cost trend rates | 9.50% for 2021, fluctuating 0.50% to an ultimate rate of 5.0% as of 2030 and later years |
| Retirees' share of benefit-related costs | 100% |
| Participation rate | 100% |

The discount rate was based on the index provided by the Bond Buyer 20-Bond General Obligation Index based on the 20-year AA municipal bond rate as of December 31, 2020.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006).

The actuarial assumptions used in the valuation were based on the most recent actuarial experience study.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.12%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The County's total OPEB liability of \$4,550,194 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2020 rolled forward to the measurement date.

Changes in the Total OPEB Liability

The following summarizes the changes to the total OPEB liability for the past year:

| | |
|---------------------------|---------------------|
| Beginning of year balance | \$ 4,112,887 |
| Changes for the year: | |
| Service cost | 448,887 |
| Interest | 86,157 |
| Benefit payments | <u>(97,737)</u> |
| Net Change | <u>437,307</u> |
| End of year balance | <u>\$ 4,550,194</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--------------------|--------------------------------------|--------------------|
| \$ 5,461,406 | \$ 4,550,194 | \$ 4,205,541 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

| <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rate</u> | <u>1% Increase</u> |
|--------------------|---|--------------------|
| \$3,724,917 | \$4,550,194 | \$5,565,933 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the County recognized OPEB expense of \$610,609. At December 31, 2021, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 67,662 | \$ 314,356 |
| Changes of assumptions or other inputs | 755,338 | - |
| Total | \$ <u>823,000</u> | \$ <u>314,356</u> |

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in expense as follows:

Year ended December 31:

| | |
|-------|-------------------|
| 2022 | \$ 75,565 |
| 2023 | 75,565 |
| 2024 | 179,629 |
| 2025 | <u>177,885</u> |
| Total | \$ <u>508,644</u> |

New Hampshire Retirement System Medical Subsidy Plan

All of the following OPEB disclosures for the New Hampshire Retirement System Medical Subsidy Plan are based upon an actuarial valuation performed as of June 30, 2020, using a measurement date of June 30, 2021.

Plan Description

In addition to the County's OPEB plan discussed above, the County participates in the New Hampshire Retirement System's (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. Collectively they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained in writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their website at <https://www.nhrs.org>.

Benefits Provided

The OPEB plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB plan benefits differ for Group I and Group II members. The OPEB plan is closed to new entrants. The monthly Medical Subsidy rates are:

| |
|---|
| 1 Person - \$375.56 |
| 2 Person - \$751.12 |
| 1 Person Medicare Supplement - \$236.84 |
| 2 Person Medicare Supplement - \$473.68 |

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contribution rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The County contributed 0.31% of gross payroll for Group I employees, and 3.21% of gross payroll for Group II employees. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

Actuarial Assumptions and Other Inputs

Actuarial assumptions for the collective total OPEB liability are the same as the Retirement System, which is disclosed in Note 12.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The County's proportionate share of the net OPEB liability for the NHRS Medical Subsidy as of the measurement date of June 30, 2021 was \$842,895, representing 0.21048331%.

For the year ended December 31, 2021, the County recognized expense related to the NHRS Medical Subsidy of \$9,184. At December 31, 2021, the County reported related deferred outflows and inflows of resources as follows:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> |
|--|---|--|
| Contributions subsequent to the measurement date | \$ 48,117 | \$ - |
| Difference between expected and actual experience | - | 176 |
| Changes in proportion | - | 160 |
| Net difference between projected and actual OPEB investment earnings | - | <u>10,529</u> |
| Total | \$ <u>48,117</u> | \$ <u>10,865</u> |

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2022.

Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

| <u>Year Ended December 31:</u> | |
|--------------------------------|--------------------|
| 2022 | \$ (2,744) |
| 2023 | (2,212) |
| 2024 | (2,480) |
| 2025 | <u>(3,429)</u> |
| Total | \$ <u>(10,865)</u> |

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|------------------------|--------------------------------------|------------------------|
| \$ 916,293 | \$ 842,895 | \$ 779,034 |

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

Consolidation of OPEB Liabilities and Related Deferred Outflows and Inflows of Resources

The following consolidates the County's total OPEB liability and related deferred outflows/inflows, and the County's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at December 31, 2021:

| | Net OPEB <u>Liability</u> | Total Deferred Outflows <u>of Resources</u> | Total Deferred Inflows <u>of Resources</u> | Total OPEB <u>Expense</u> |
|---------------------------|---------------------------------|--|---|---------------------------------|
| County OPEB Plan | \$ 4,550,194 | \$ 823,000 | \$ 314,356 | \$ 610,609 |
| NHRS Medical Subsidy Plan | <u>842,895</u> | <u>48,117</u> | <u>10,865</u> | <u>9,184</u> |
| Total | <u>\$ 5,393,089</u> | <u>\$ 871,117</u> | <u>\$ 325,221</u> | <u>\$ 619,793</u> |

14. Commitments and Contingencies

COVID-19

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

Outstanding Legal Matters

On an ongoing basis, there are typically pending legal matters in which the County is involved. The County's management is of the opinion that the potential future settlement of these matters would not materially affect its financial statements taken as a whole.

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 County expects such amounts, if any, to be immaterial.

Encumbrances

At year end, the County's General Fund has \$278,861 in encumbrances that will be honored in the next year.

15. Gunstock Area Commission

Under the act providing for the creation of Gunstock Area Commission (the Commission) to manage and operate the County owned recreational area, serial notes or bonds of such Commission are considered to be the pledge of the full faith and credit of the County of Belknap, New Hampshire.

The State of New Hampshire passed into law on July 22, 2020, House Bill #1442, requiring that “1.75% of yearly gross operating income shall be turned over to the Belknap County Treasurer within 45 days of the receipt and approval of the annual audit.” For the year ended April 29, 2021, a total of \$247,404 was recognized as County fees in the Commission’s financial statements. The same amount has been recognized as miscellaneous income from the Commission in the County’s General Fund during 2021.

16. Subsequent Events

Management has evaluated subsequent events through August 15, 2022, which is the date the financial statements were available to be issued.

17. New Pronouncements

Management is currently evaluating the impact of implementing the following GASB pronouncement.

The Governmental Accounting Standards Board (GASB) has issued Statement 87, *Leases*, effective for the County beginning with its year ending December 31, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

**GUNSTOCK AREA COMMISSION
NOTES TO FINANCIAL STATEMENTS**

(INCLUDES COMPARATIVE INFORMATION FOR REFERENCE ONLY)

GUNSTOCK AREA COMMISSION

Notes to Financial Statements
April 29, 2021 and April 30, 2020

1. Summary of Significant Accounting Principles

The accounting policies of the Gunstock Area Commission (the Commission) conform to accounting principles generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Commission was incorporated as a body politic and an agency of the County of Belknap (the County) by Act of the New Hampshire General Court, effective September 15, 1959, to provide for the operation and maintenance of the former Belknap County Recreational Area. The Commission is authorized to borrow funds to accomplish its purposes upon approval by the County Convention. All debt has been authorized pursuant to New Hampshire laws and carries the pledge of the full faith and credit of the County of Belknap.

The Commission (a component unit of the County of Belknap, New Hampshire) is accounted for as a separate and distinct enterprise fund from the County.

Basis of Accounting

The financial statements of the Commission have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when they are incurred.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of checking accounts, savings accounts, and cash on hand.

Investments

Investments are stated at their fair value. Certificates of deposit with a maturity greater than ninety days from the date of issuance are included in investments.

Inventories

Merchandise available for sale is valued at the lower of cost (under the first-in, first-out method), or market. During the years ended April 29, 2021 and April 30, 2020, inventory is reported at net of reserve of obsolescence of \$55,837.

Capital Assets

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are

recorded at their acquisition value as of the date received. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements, buildings and equipment are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Land improvements | 5 - 25 |
| Buildings and improvements | 3 - 33 |
| Equipment | 3 - 25 |
| Leasehold improvements | 5 - 8 |

Compensated Absences

Employees earn vacation leave as they provide services. Pursuant to the personnel policy, full time/year-round employees earn twelve to twenty days of vacation leave on an annual basis dependent on length of service. Accrued and unused vacation leave has been included as a liability in these financial statements.

Advances from Grantors

Grants received before the eligibility requirements are met are recorded as advances from grantors.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Sales collected before the revenues are earned are recorded as unearned revenue. All revenues are expected to be recognized within one year of receipt.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings 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. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Commission. For the Commission, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the Commission. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

2. Deposits and Investments

Deposits and investments as of April 29, 2021 and April 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | <u>2021</u> | <u>2020</u> |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 5,494,251 | \$ 1,416,934 |
| Investments | <u>244,009</u> | <u>243,013</u> |
| | <u>\$ 5,738,260</u> | <u>\$ 1,659,947</u> |

Deposits and investments as of April 29, 2021 and April 30, 2020 consist of the following:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|---------------------|---------------------|
| Cash on hand | \$ 8,270 | \$ 5,808 |
| Deposits with financial institutions | <u>5,729,990</u> | <u>1,654,139</u> |
| | <u>\$ 5,738,260</u> | <u>\$ 1,659,947</u> |

The Commission's investment policy requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Commission limits its investments to demand deposits, certificates of deposit, and repurchase agreements.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Commission's deposits may not be returned.

The Commission's cash management program is based on an FDIC Insured operating account which sweeps balances daily above the FDIC limit to an Insured Cash Sweep account. The funds in the Insured Cash Sweep (ICS) are 100% FDIC Insured through placement in the Promontory Network. This is an approved method of collateralizing public funds (including Counties) in the State of New Hampshire, specifically under RSA 6:8, 29:1. The Commission has entered into an ICS Deposit Placement Agreement with Franklin Savings Bank. For the years ended April 29, 2021 and April 30, 2020, uncollateralized balances in excess of federally insured limits were \$0.

3. Capital Assets

The following is a summary of changes in capital assets during the years ended April 29, 2021 and April 30, 2020:

| | Balance 5/1/20 | Additions | Reductions | Balance 4/29/21 |
|---|-------------------|--------------|-------------|--------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,197,595 | \$ - | \$ - | \$ 2,197,595 |
| Construction in progress | 23,771 | - | (23,771) | - |
| Total capital assets, not being depreciated | 2,221,366 | - | (23,771) | 2,197,595 |
| Other capital assets: | | | | |
| Land improvements | 2,667,935 | - | - | 2,667,935 |
| Buildings and improvements | 5,111,807 | 117,355 | - | 5,229,162 |
| Equipment | 29,274,442 | 1,031,139 | (136,000) | 30,169,581 |
| Leasehold improvements | 737,809 | - | - | 737,809 |
| Total other capital assets at historical cost | 37,791,993 | 1,148,494 | (136,000) | 38,804,487 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (1,533,213) | (56,206) | - | (1,589,419) |
| Buildings and improvements | (4,164,441) | (157,410) | - | (4,321,851) |
| Equipment | (20,805,654) | (1,519,027) | 88,884 | (22,235,797) |
| Leasehold improvements | (536,682) | (45,349) | - | (582,031) |
| Total accumulated depreciation | (27,039,990) | (1,777,992) | 88,884 | (28,729,098) |
| Total other capital assets, net | 10,752,003 | (629,498) | (47,116) | 10,075,389 |
| Total capital assets, net | \$ 12,973,369 | \$ (629,498) | \$ (70,887) | \$ 12,272,984 |

| | Balance 5/1/19 | Additions | Reductions | Balance 4/30/20 |
|---|----------------------|--------------------|--------------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,197,595 | \$ - | \$ - | \$ 2,197,595 |
| Construction in progress | <u>54,257</u> | <u>23,771</u> | <u>(54,257)</u> | <u>23,771</u> |
| Total capital assets, not being depreciated | 2,251,852 | 23,771 | (54,257) | 2,221,366 |
| Other capital assets: | | | | |
| Land improvements | 2,667,935 | - | - | 2,667,935 |
| Buildings and improvements | 4,948,199 | 179,028 | (15,420) | 5,111,807 |
| Equipment | 28,024,220 | 1,384,273 | (134,051) | 29,274,442 |
| Leasehold improvements | <u>675,652</u> | <u>62,157</u> | <u>-</u> | <u>737,809</u> |
| Total other capital assets at historical cost | 36,316,006 | 1,625,458 | (149,471) | 37,791,993 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (1,467,474) | (65,739) | - | (1,533,213) |
| Buildings and improvements | (4,014,109) | (165,252) | 14,920 | (4,164,441) |
| Equipment | (19,421,760) | (1,475,918) | 92,024 | (20,805,654) |
| Leasehold improvements | <u>(495,179)</u> | <u>(41,503)</u> | <u>-</u> | <u>(536,682)</u> |
| Total accumulated depreciation | <u>(25,398,522)</u> | <u>(1,748,412)</u> | <u>106,944</u> | <u>(27,039,990)</u> |
| Total other capital assets, net | <u>10,917,484</u> | <u>(122,954)</u> | <u>(42,527)</u> | <u>10,752,003</u> |
| Total capital assets, net | <u>\$ 13,169,336</u> | <u>\$ (99,183)</u> | <u>\$ (96,784)</u> | <u>\$ 12,973,369</u> |

The balance of the assets acquired through capital leases as of April 29, 2021 and April 30, 2020 is as follows:

| | 2021 | 2020 |
|--------------------------------|---------------------|-------------------|
| Equipment | \$ 1,598,098 | \$ 1,157,790 |
| Less: Accumulated depreciation | <u>(337,373)</u> | <u>(174,936)</u> |
| | <u>\$ 1,260,725</u> | <u>\$ 982,854</u> |

4. Short-Term Obligations

Revenue Anticipation Notes

The Commission issues revenue anticipation notes during the year. These borrowings are to assist in the payment of operating expenses during the off-season and are guaranteed to be repaid from operating revenues of the Commission received during the winter months.

For the year ended April 29, 2021, the Commission has executed a short-term revenue anticipation note, however, no drawdowns were taken.

The changes in short-term revenue anticipation note obligations for the year ended April 30, 2020 is as follows:

| | <u>2020</u> |
|--------------------|------------------|
| Balance - May 1 | \$ - |
| Additions | 800,000 |
| Reductions | <u>(800,000)</u> |
| Balance - April 30 | \$ <u>-</u> |

5. Long-Term Obligations

Changes in Long-Term Obligations

The changes in long-term debt obligations for the years ended April 29, 2021 and April 30, 2020 are as follows:

| <u>Type</u> | <u>Balance</u> <u>5/1/20</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>4/29/21</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|----------------|---------------------------------|-------------------|-----------------------|----------------------------------|--|
| Bonds payable | \$ 3,435,715 | \$ - | \$ (1,022,143) | \$ 2,413,572 | \$ 472,142 |
| Capital leases | <u>547,906</u> | <u>402,300</u> | <u>(333,189)</u> | <u>617,017</u> | <u>254,579</u> |
| | <u>\$ 3,983,621</u> | <u>\$ 402,300</u> | <u>\$ (1,355,332)</u> | <u>\$ 3,030,589</u> | <u>\$ 726,721</u> |

| <u>Type</u> | <u>Balance</u> <u>5/1/19</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>4/30/20</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|----------------|---------------------------------|-------------------|-----------------------|----------------------------------|--|
| Bonds payable | \$ 4,157,857 | \$ - | \$ (722,142) | \$ 3,435,715 | \$ 1,022,142 |
| Capital leases | <u>273,997</u> | <u>571,837</u> | <u>(297,928)</u> | <u>547,906</u> | <u>209,362</u> |
| | <u>\$ 4,431,854</u> | <u>\$ 571,837</u> | <u>\$ (1,020,070)</u> | <u>\$ 3,983,621</u> | <u>\$ 1,231,504</u> |

General Obligation Bonds

Bonds payable at April 29, 2021 and April 30, 2020 are comprised of the following individual issues:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| \$1,600,000 bonds due in annual installments of \$182,857 through March 2025; interest at 2.145% | \$ 731,429 | \$ 914,286 |
| \$1,000,000 bonds due in annual installments of \$114,285 through March 2025; interest at 2.78% | 457,143 | 571,429 |
| \$3,800,000 bonds due in annual installments of \$225,000 beginning May 2005 through May 2012 and \$250,000 through May 2020; interest at 3.20% - 3.80% | - | 250,000 |
| \$1,500,000 bonds due in annual installments of \$150,000 through April 29, 2021; interest at 2.59% | - | 300,000 |
| \$3,250,000 bonds due in an annual installment of \$175,000 until January 2028; interest at 3.500% - 4.375% | <u>1,225,000</u> | <u>1,400,000</u> |
| | <u>\$ 2,413,572</u> | <u>\$ 3,435,715</u> |

Debt service requirements to retire general obligation bonds outstanding at April 29, 2021 are as follows:

| Year Ending | <u>April 29,</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|-------------|------------------|------------------|-------------------|---------------------|
| 2022 | \$ | 472,142 | \$ 78,855 | \$ 550,997 |
| 2023 | | 472,142 | 64,719 | 536,861 |
| 2024 | | 472,142 | 50,584 | 522,726 |
| 2025 | | 472,146 | 36,444 | 508,590 |
| 2026 | | 175,000 | 22,313 | 197,313 |
| 2027 - 2028 | | <u>350,000</u> | <u>22,750</u> | <u>372,750</u> |
| | \$ | <u>2,413,572</u> | \$ <u>275,665</u> | \$ <u>2,689,237</u> |

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. Capital leases payable at April 29, 2021 and April 30, 2020 are comprised of the following individual issues:

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| \$402,300 equipment lease due in monthly installments of \$22,270, including interest at 11.874% through march 2024 | \$ 279,455 | \$ - |
| \$138,919 equipment lease due in monthly installments of \$4,107, including interest at 3.987% through June 2020 | - | 4,093 |
| \$127,755 equipment lease due in yearly installments of \$26,582, including interest at 2.0% through June 2022 | 23,469 | 50,051 |
| \$350,961 equipment lease due in semi-annual installments of \$50,974, including interest at 5.19% through September 2020 | - | 50,849 |
| \$99,400 equipment lease due in annual installments of \$21,684, including interest at 3.85% through February 2024 | 62,074 | 80,671 |
| \$40,400 equipment lease due in annual installments of \$8,851, including interest at 3.728% through February 2024 | 24,704 | 32,337 |
| \$374,528 equipment lease due in five installments of \$20,375, including interest at 6.21% through April 2023 | 184,364 | 276,546 |
| \$69,509 equipment lease due in monthly installments of \$1,114, including interest at 5.99% through December 2024 | <u>42,951</u> | <u>53,359</u> |
| | <u>\$ 617,017</u> | <u>\$ 547,906</u> |

Debt service requirements to retire capital lease obligations outstanding at April 29, 2021 are as follows:

| Year Ending | | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|-------------|----|------------------|------------------|-------------------|
| April 29, | | | | |
| 2022 | \$ | 254,579 | \$ 26,548 | \$ 281,127 |
| 2023 | | 232,845 | 24,288 | 257,133 |
| 2024 | | 121,949 | 12,777 | 134,726 |
| 2025 | | <u>7,644</u> | <u>156</u> | <u>7,800</u> |
| | \$ | <u>617,017</u> | \$ <u>63,769</u> | \$ <u>680,786</u> |

6. Lease of Area Facilities

Land Parcel

The Commission has contracted with a company to lease a parcel of land to operate a facility to conduct radio, telephone and other telecommunications operations. Per the agreement, commencing February 1, 2013 and each five-year anniversary thereafter, the rent for each five-year term shall increase based on the percentage change in the Consumer Price Index published by the Bureau of Labor and Statistics of the United States Department of Labor for all Urban Consumers, US City Average. In addition, the Commission will receive 25% of rental income if the land parcel is subleased to another entity.

The agreement provides that the Commission will receive rent payable in equal monthly installments. During the years ended April 29, 2021 and April 30, 2020, the annual income from the land lease was \$62,300. The lessee is responsible for real estate taxes and utilities.

Tower Leases

The Commission has entered into various agreements to lease tower space to several independent companies for telecommunication and radio operations. These lease agreements range from being renewed on an annual basis to long-term agreements for a period of five years.

Tower lease rentals are payable in monthly installments. In addition, the Commission will receive an annual trade agreement of signal time from the lessee. During the years ended April 29, 2021 and April 30, 2020, the annual income from tower leases was \$27,017 and \$26,588, respectively.

Soul Festival

During November 2016, the Commission entered into a five-year agreement with a corporation to grant them the right to conduct the Soul Festival at the Gunstock Area Commission. Terms of the agreement exist through 2021, but may be renewed for an additional five-year term. Terms of the agreement provide that the Commission will retain campsite sales up to \$100,000 and 50% of these sales thereafter. In addition, the Commission will retain the income from summit chair lift rides up to \$3,000 and 50% thereafter. During the year ended April 30, 2020, the annual income from the Soul Festival was as follows:

| | <u>2020</u> |
|------------------|-------------------|
| Camping | \$ 108,472 |
| Chair lift rides | <u>18,204</u> |
| | <u>\$ 126,676</u> |

During the year ended April 29, 2021, the Soul Festival was cancelled (due to the COVID-19 pandemic).

7. Pension Plan

Profit Sharing Plan

Effective September 1, 2008, the Gunstock Area Commission entered into a profit-sharing pension plan. The plan provides for participation by employees who have 1,000 hours of service in a twelve-month consecutive period and have attained the age of 21. Eligible employees may elect to enroll in this pension plan on a semi-annual basis and are eligible for normal retirement after age 62. Once eligible, employer contributions are vested in increments of 20% for each year of service. After six years of service, the employer contributions are 100% vested. The plan further provides that the Commission may contribute a uniform percentage of each participant's compensation at its sole discretion. An employee must be actively working on April 30 to receive an employer contribution.

If a participant terminates employment prior to attaining the normal retirement age, the maximum distribution amount is \$5,000. Prior to termination of employment, a participant may elect a distribution from his vested account in the event of hardship or if he has attained the age of 59½. Once a participant reaches the normal retirement age of 62, the remainder of their funds are available.

The Commission did not make contributions to the plan for fiscal years 2021 or 2020.

457(b) Plan

Effective September 1, 2008, the Gunstock Area Commission entered into a 457(b) pension plan. Employees may participate in the plan following one year of continuous service and have attained the age of 21. Under the plan, employees are eligible for normal retirement after age 62. Maximum contribution amounts are set by IRS regulations. In addition, participants are permitted to make age 50 catch-up contributions. A matching contribution of 3% is made by the Commission. A participant's contributions are 100% vested immediately without regard to additional service of employment. Prior to termination of employment, a participant may elect a distribution from his vested account in the event of an unforeseeable emergency or if he has attained the age of 70½. The Commission's contributions to the plan during fiscal years 2021 and 2020 were \$31,102 and \$40,242, respectively.

8. Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended April 29, 2021, the Commission participated in a public entity risk pool (Trust) for worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in the past year.

The Trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to

determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information, there is no liability at April 29, 2021.

Property and Liability Insurance

The general liability provides a limit of \$1,000,000 each occurrence with no general aggregate. The self-insured retention is \$15,000 per occurrence and \$75,000 annual aggregate. Primary Excess liability extends coverage over the general liability, auto liability and employer's liability up to \$9,000,000 per occurrence and \$18,000,000 aggregate. A secondary excess liability extends coverage over the general liability, auto liability and employer's liability for an additional \$3,000,000 per occurrence & aggregate, providing a total occurrence liability limit of \$13,000,000. There is no retention on the primary or secondary excess liability layer.

Business Income and Extra Expense coverage is \$4,000,000 with a \$10,000 deductible.

The Commission has a blanket limit of coverage in the amount of \$23,442,962 for scheduled buildings and property. Limit for scheduled Lifts, permanent snow making and night lighting equipment is \$16,479,115. The Commission's deductible is \$10,000 per occurrence, except for flood, earthquake, or equipment breakdown at \$25,000 per occurrence.

Commission's scheduled mobile equipment coverage is \$2,728,211. A \$1,000 deductible applies per occurrence.

9. Commitments and Contingencies

Settlement

In August 2020, the Commission reached a settlement agreement with a company previously contracted to provide food services. Terms of the settlement agreement state an amount of \$247,147 will be paid by the Commission to the other party with an upfront payment of \$130,000, a monthly payment of \$10,000 for 11 months and a final payment of \$7,147 within 12 months following the execution of the agreement. This amount is included in these financial statements within 'Accounts payable'.

Litigation

Gunstock Area Commission is involved in certain litigations in the ordinary course of business, primarily its ski operations. Management, based on discussions with its insurer, is of the opinion that the ultimate disposition of these matters will not result in a material effect on the financial condition or results of operations at Gunstock Area Commission.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BELKNAP, NEW HAMPSHIRE

Required Supplementary Information
All Budgeted Funds
Schedule of Revenues, Expenditures, and Other Sources (Uses) – Budget and Actual
For the Year Ended December 31, 2021
(Unaudited)

| | Budgeted Amounts | | | Actual | Variance with |
|--|-------------------|----------------------|-------------------|----------------------|------------------------|
| | Original | Supplemental | Final | Amounts | Final Budget |
| | <u>Budget</u> | <u>Appropriation</u> | <u>Budget</u> | (Budgetary Basis) | Positive (Negative) |
| Revenues | | | | | |
| General Fund: | | | | | |
| County taxes | \$ 13,145,309 | \$ - | \$ 13,145,309 | \$ 13,145,309 | \$ - |
| Nursing home | 11,281,400 | - | 11,281,400 | 10,417,838 | (863,562) |
| Charges for services | 1,616,500 | - | 1,616,500 | 1,821,125 | 204,625 |
| Intergovernmental | 440,500 | - | 440,500 | 584,510 | 144,010 |
| Investment income | 2,000 | - | 2,000 | 6,320 | 4,320 |
| Miscellaneous | <u>770,476</u> | <u>-</u> | <u>770,476</u> | <u>908,043</u> | <u>137,567</u> |
| Total General Fund | 27,256,185 | - | 27,256,185 | 26,883,145 | (373,040) |
| Other Funds: | | | | | |
| ARPA Fund | <u>-</u> | <u>1,391,854</u> | <u>1,391,854</u> | <u>1,088,882</u> | <u>(302,972)</u> |
| Total Revenues | 27,256,185 | 1,391,854 | 28,648,039 | 27,972,027 | (676,012) |
| Expenditures | | | | | |
| General Fund: | | | | | |
| Current: | | | | | |
| General government | 3,152,441 | - | 3,152,441 | 3,029,597 | 122,844 |
| Public safety | 2,265,837 | - | 2,265,837 | 2,183,405 | 82,432 |
| Corrections | 4,597,290 | - | 4,597,290 | 4,455,599 | 141,691 |
| Human services | 7,387,222 | - | 7,387,222 | 7,367,150 | 20,072 |
| Cooperative extension | 214,611 | - | 214,611 | 214,611 | - |
| Nursing home | 11,497,023 | - | 11,497,023 | 10,288,973 | 1,208,050 |
| Capital outlay | 550,000 | - | 550,000 | 547,846 | 2,154 |
| Debt service: | | | | | |
| Principal | 185,000 | - | 185,000 | 185,000 | - |
| Interest | <u>406,761</u> | <u>-</u> | <u>406,761</u> | <u>309,469</u> | <u>97,292</u> |
| Total General Fund | 30,256,185 | - | 30,256,185 | 28,581,650 | 1,674,535 |
| Other Funds: | | | | | |
| ARPA Fund | <u>-</u> | <u>1,391,854</u> | <u>1,391,854</u> | <u>1,088,882</u> | <u>302,972</u> |
| Total Expenditures | <u>30,256,185</u> | <u>1,391,854</u> | <u>31,648,039</u> | <u>29,670,532</u> | <u>1,977,507</u> |
| Excess (deficiency) of revenues over expenditures before budgetary use of fund balance | (3,000,000) | - | (3,000,000) | (1,698,505) | 1,301,495 |
| Budgetary Use of Fund Balance | | | | | |
| Use of fund balance - reduce taxes | <u>3,000,000</u> | <u>-</u> | <u>3,000,000</u> | <u>3,000,000</u> | <u>-</u> |
| Overall budgetary excess (deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,301,495</u> | <u>\$ 1,301,495</u> |

See Independent Auditor's Report and Notes to Required Supplementary Information.

**Notes to Required Supplementary Information
for All Budgeted Funds**

Budgetary Basis

The final budget appearing on the "Budget and Actual" page of the financial statements represents the final amended budget after all transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data is based upon accounting principles that differ from Generally Accepted Accounting Principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

| <u>All Budgeted Funds</u> | <u>Revenues</u> | <u>Expenditures</u> | <u>Other Financing Sources</u> |
|--|----------------------|----------------------|------------------------------------|
| Revenues/Expenditures (GAAP Basis) | \$ 27,972,027 | \$ 29,514,147 | \$ - |
| Reverse beginning of year appropriation carryforwards from expenditures | - | (122,476) | - |
| Add end of year appropriation carryforwards to expenditures | - | 278,861 | - |
| Use of fund balance as a funding source | <u>-</u> | <u>-</u> | <u>3,000,000</u> |
| Budgetary Basis | \$ <u>27,972,027</u> | \$ <u>29,670,532</u> | \$ <u>3,000,000</u> |

See Independent Auditor's Report.

COUNTY OF BELKNAP, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
(Unaudited)

| New Hampshire Retirement System | | | | | | |
|---------------------------------|-------------------------|--|---|---|--|--|
| <u>Year</u> | <u>Measurement Date</u> | <u>Proportion of the Net Pension Liability</u> | <u>Proportionate Share of the Net Pension Liability</u> | <u>Covered Payroll as of the Measurement Date</u> | <u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u> |
| December 31, 2015 | June 30, 2015 | 0.29406323% | \$ 11,649,395 | \$ 7,572,327 | 153.84% | 65.47% |
| December 31, 2016 | June 30, 2016 | 0.29175149% | \$ 15,514,164 | \$ 7,630,314 | 203.32% | 58.30% |
| December 31, 2017 | June 30, 2017 | 0.29665067% | \$ 14,589,259 | \$ 7,723,721 | 188.89% | 62.66% |
| December 31, 2018 | June 30, 2018 | 0.28101700% | \$ 13,531,537 | \$ 7,984,494 | 169.47% | 64.73% |
| December 31, 2019 | June 30, 2019 | 0.27912599% | \$ 13,430,579 | \$ 8,134,121 | 165.11% | 65.59% |
| December 31, 2020 | June 30, 2020 | 0.26699230% | \$ 17,077,231 | \$ 8,002,632 | 213.40% | 58.72% |
| December 31, 2021 | June 30, 2021 | 0.26233586% | \$ 11,626,513 | \$ 8,140,665 | 142.82% | 72.22% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial method and assumptions

See Independent Auditor's Report.

COUNTY OF BELKNAP, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Pension Contributions
(Unaudited)

| New Hampshire Retirement System | | | | | | |
|---------------------------------|-------------------------|--|---|---|--|---|
| <u>Year</u> | <u>Measurement Date</u> | <u>Contractually Required Contribution</u> | <u>Contributions in Relation to the Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll as of the Fiscal Year</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
| December 31, 2015 | June 30, 2015 | \$ 1,006,248 | \$ 1,006,248 | \$ - | \$ 7,530,108 | 13.36% |
| December 31, 2016 | June 30, 2016 | \$ 1,058,301 | \$ 1,058,301 | \$ - | \$ 7,681,817 | 13.78% |
| December 31, 2017 | June 30, 2017 | \$ 1,114,408 | \$ 1,114,408 | \$ - | \$ 7,770,171 | 14.34% |
| December 31, 2018 | June 30, 2018 | \$ 1,204,791 | \$ 1,204,791 | \$ - | \$ 8,077,807 | 14.91% |
| December 31, 2019 | June 30, 2019 | \$ 1,187,252 | \$ 1,187,252 | \$ - | \$ 7,976,627 | 14.88% |
| December 31, 2020 | June 30, 2020 | \$ 1,236,142 | \$ 1,236,142 | \$ - | \$ 8,338,675 | 14.82% |
| December 31, 2021 | June 30, 2021 | \$ 1,377,437 | \$ 1,377,437 | \$ - | \$ 8,253,105 | 16.69% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial method and assumptions

See Independent Auditor's Report.

COUNTY OF BELKNAP, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Proportionate Share and Contributions of the Net OPEB Liability
(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

| <u>Year</u> | <u>Measurement Date</u> | <u>Proportion of the Net OPEB Liability</u> | <u>Proportionate Share of the Net OPEB Liability</u> | <u>Covered Payroll as of the Measurement Date</u> | <u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u> |
|-------------------|-------------------------|---|--|---|---|---|
| December 31, 2018 | June 30, 2018 | 0.23702904% | \$ 1,085,227 | \$ 7,984,494 | 13.59% | 7.53% |
| December 31, 2019 | June 30, 2019 | 0.23697984% | \$ 1,038,946 | \$ 8,134,121 | 12.77% | 7.75% |
| December 31, 2020 | June 30, 2020 | 0.21486860% | \$ 940,499 | \$ 8,002,632 | 11.75% | 7.74% |
| December 31, 2021 | June 30, 2021 | 0.21048331% | \$ 842,895 | \$ 8,140,665 | 10.35% | 11.06% |

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Contractually Required Contribution</u> | <u>Contributions Relative to Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll as of the Fiscal Year</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|--------------------|-------------------------|--|--|---|--|---|
| December 31, 2018 | June 30, 2018 | \$ 106,839 | \$ 106,839 | \$ - | \$ 8,077,807 | 1.32% |
| December 31, 2019 | June 30, 2019 | \$ 102,851 | \$ 102,851 | \$ - | \$ 7,976,627 | 1.29% |
| December 31, 2020 | June 30, 2020 | \$ 103,979 | \$ 103,979 | \$ - | \$ 8,338,675 | 1.25% |
| December 31, 2021 | June 30, 2021 | \$ 96,303 | \$ 96,303 | \$ - | \$ 8,253,105 | 1.17% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial method and assumptions

See Independent Auditor's Report.

COUNTY OF BELKNAP, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
(Unaudited)

County of Belknap, New Hampshire OPEB Plan

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability - beginning | \$ 4,112,887 | \$ 2,442,301 | \$ 2,249,379 | \$ 2,237,481 |
| Changes: | | | | |
| Service cost | 448,887 | 439,568 | 173,017 | 188,075 |
| Interest | 86,157 | 77,251 | 90,772 | 75,798 |
| Difference between actual and expected experience | - | 102,994 | - | - |
| Assumption changes | - | 1,146,481 | - | (183,899) |
| Benefit payments | <u>(97,737)</u> | <u>(95,708)</u> | <u>(70,867)</u> | <u>(68,076)</u> |
| Net change in total OPEB liability | <u>437,307</u> | <u>1,670,586</u> | <u>192,922</u> | <u>11,898</u> |
| Total OPEB liability - ending | \$ <u>4,550,194</u> | \$ <u>4,112,887</u> | \$ <u>2,442,301</u> | \$ <u>2,249,379</u> |
| Covered employee payroll | \$ 6,567,902 | \$ 6,439,119 | \$ 5,773,205 | \$ 5,660,005 |
| Total OPEB liability as a percentage of covered employee payroll | 69.28% | 63.87% | 42.30% | 39.74% |

There are no assets accumulated in a trust that meet the criteria in paragraph 4 of Statement 75 to pay OPEB related benefits.

Does not include New Hampshire Retirement System Medical Subsidy.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to financial statements for summary of significant actuarial method and assumptions.

See Independent Auditor's Report.