

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Financial Statements**  
**With Schedule of Expenditures of Federal Awards**  
**December 31, 2020**  
**and**  
**Independent Auditor's Report**

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

**Schedule of Findings and Questioned Costs**

**COUNTY OF COÖS, NEW HAMPSHIRE  
FINANCIAL STATEMENTS  
December 31, 2020**

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FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
County of Coös, New Hampshire

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Coös, New Hampshire (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above 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 Coös, New Hampshire, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of changes in the County's proportionate share of the net OPEB liability, schedule of County OPEB contributions, schedule of changes in the County's total OPEB liability and related ratios, schedule of changes in the County's proportionate share of the net pension liability, and schedule of County pension contributions on pages 33-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Coös, New Hampshire's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of the County of Coös, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant

agreements. 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 of Coös, New Hampshire'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 of Coös, New Hampshire's internal control over financial reporting and compliance

*Vachon Clukay & Company PC*

Manchester, New Hampshire  
February 22, 2022

EXHIBIT A  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Statement of Net Position**  
December 31, 2020

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 8,037,466
Restricted cash	21,356
Investments	650,632
Taxes receivable	142,661
Accounts receivable	1,233,606
Due from other governments	953,783
Prepaid items	17,596
Inventory	158,359
Tax dedeed property	399
Total Current Assets	<u>11,215,858</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	785,976
Depreciable capital assets, net	<u>4,078,910</u>
Total Noncurrent Assets	<u>4,864,886</u>
Total Assets	<u>16,080,744</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB liability	2,110,069
Deferred outflows of resources related to net pension liability	<u>4,123,087</u>
Total Deferred Outflows of Resources	<u>6,233,156</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	867,970
Accrued liabilities	750,714
Retainage payable	1,637
Due to other governments	810,416
Current portion of notes payable	114,879
Current portion of capital leases payable	76,222
Current portion of compensated absences payable	<u>355,061</u>
Total Current Liabilities	<u>2,976,899</u>
Noncurrent Liabilities:	
State revolving loan funds payable	831,501
Notes payable	364,738
Capital leases payable	243,275
Compensated absences payable	3,195,548
OPEB liability	14,849,562
Net pension liability	<u>16,967,965</u>
Total Noncurrent Liabilities	<u>36,452,589</u>
Total Liabilities	<u>39,429,488</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB liability	1,263,723
Deferred inflows of resources related to net pension liability	<u>703,938</u>
Total Deferred Inflows of Resources	<u>1,967,661</u>
NET POSITION	
Net investment in capital assets	3,250,990
Restricted	2,038,296
Unrestricted (deficit)	<u>(24,372,535)</u>
Total Net Position	<u>\$ (19,083,249)</u>

*See accompanying notes to the basic financial statements*

EXHIBIT B  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Statement of Activities**  
For the Year Ended December 31, 2020

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 1,286,492	\$ 385,982	\$ 10,989	\$ 211,800	\$ (677,721)
Public safety	1,657,208	182,179	82,364		(1,392,665)
Corrections	2,450,705	7,017	58,041		(2,385,647)
Human services	6,621,172				(6,621,172)
Cooperative extension	205,119				(205,119)
Conservation	59,851				(59,851)
Economic development	61,643				(61,643)
Highways and streets	7,500				(7,500)
Sanitation	193,321	149,811			(43,510)
West Stewartstown nursing home	12,335,726	5,287,308	4,240,739		(2,807,679)
Berlin nursing home	14,206,811	8,104,086	5,551,640		(551,085)
Interest and fiscal charges	51,853				(51,853)
Total governmental activities	<u>\$ 39,137,401</u>	<u>\$ 14,116,383</u>	<u>\$ 9,943,773</u>	<u>\$ 211,800</u>	<u>(14,865,445)</u>
General revenues:					
Property and other taxes					16,796,379
Licenses and permits					32,101
Grants and contributions:					
Rooms and meals tax distribution					3,929
State and federal payments in lieu of taxes					278,744
Interest and investment earnings					22,079
Miscellaneous					164,429
Total general revenues					<u>17,297,661</u>
Change in net position					2,432,216
Net Position at beginning of year					<u>(21,515,465)</u>
Net Position at end of year					<u><u>\$ (19,083,249)</u></u>

*See accompanying notes to the basic financial statements*

EXHIBIT C  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2020

	General Fund	Unincorporated Places Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,037,466			\$ 8,037,466
Restricted cash	21,356			21,356
Investments	538,606	\$ 85,512	\$ 26,514	650,632
Taxes receivable	342	142,319		142,661
Accounts receivable	1,209,262	9,700	14,644	1,233,606
Due from other governments	953,172		611	953,783
Due from other funds	9,971	1,752,992	175,863	1,938,826
Prepaid items	17,596			17,596
Inventory	158,359			158,359
Tax dedeed property	399			399
Total Assets	<u>10,946,529</u>	<u>1,990,523</u>	<u>217,632</u>	<u>13,154,684</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,946,529</u>	<u>\$ 1,990,523</u>	<u>\$ 217,632</u>	<u>\$ 13,154,684</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 867,970			\$ 867,970
Accrued liabilities	750,714			750,714
Retainage payable	1,637			1,637
Due to other governments	810,416			810,416
Due to other funds	1,928,855	\$ 9,971		1,938,826
Total Liabilities	<u>4,359,592</u>	<u>9,971</u>	<u>\$ -</u>	<u>4,369,563</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	176,354			176,354
Restricted	57,744	1,980,552		2,038,296
Committed	365,941		217,632	583,573
Assigned	1,176			1,176
Unassigned	5,985,722			5,985,722
Total Fund Balances	<u>6,586,937</u>	<u>1,980,552</u>	<u>217,632</u>	<u>8,785,121</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,946,529</u>	<u>\$ 1,990,523</u>	<u>\$ 217,632</u>	<u>\$ 13,154,684</u>

*See accompanying notes to the basic financial statements*

EXHIBIT C-1  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
December 31, 2020

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 8,785,121
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,864,886
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	2,110,069
Deferred outflows of resources related to net pension liability	4,123,087
Deferred inflows of resources related to OPEB liability	(1,263,723)
Deferred inflows of resources related to net pension liability	(703,938)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
State revolving loan funds payable	(831,501)
Notes payable	(479,617)
Capital leases payable	(319,497)
Compensated absences payable	(3,550,609)
OPEB liability	(14,849,562)
Net pension liability	<u>(16,967,965)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ (19,083,249)</u>

*See accompanying notes to the basic financial statements*

EXHIBIT D  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
For the Year Ended December 31, 2020

	General <u>Fund</u>	Unincorporated Places <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 16,374,362	\$ 422,017		\$ 16,796,379
Licenses and permits		32,101		32,101
Intergovernmental	10,425,262	12,984		10,438,246
Charges for services	13,966,572		\$ 149,811	14,116,383
Interest and investment income	20,676	1,055	348	22,079
Miscellaneous	158,960		5,469	164,429
Total Revenues	<u>40,945,832</u>	<u>468,157</u>	<u>155,628</u>	<u>41,569,617</u>
Expenditures:				
Current operations:				
General government	886,803	149,700		1,036,503
Public safety	1,450,958	202,644		1,653,602
Corrections	2,305,924			2,305,924
Human services	6,620,580	592		6,621,172
Cooperative extension	219,407			219,407
Conservation	92,833			92,833
Economic development	55,991			55,991
Highways and streets		7,500		7,500
Sanitation		28,404	134,837	163,241
West Stewartstown nursing home	13,028,134			13,028,134
Berlin nursing home	14,608,186			14,608,186
Capital outlay	508,556	275	105,303	614,134
Debt service:				
Principal retirement	141,137	10,400		151,537
Interest and fiscal charges	49,319	2,534		51,853
Total Expenditures	<u>39,967,828</u>	<u>402,049</u>	<u>240,140</u>	<u>40,610,017</u>
Excess revenues over (under) expenditures	<u>978,004</u>	<u>66,108</u>	<u>(84,512)</u>	<u>959,600</u>
Other financing sources (uses):				
Note issuances			49,093	49,093
Capital lease issuances	406,302			406,302
State revolving loan fund issuances	296,691			296,691
Total Other financing sources (uses)	<u>702,993</u>	<u>-</u>	<u>49,093</u>	<u>752,086</u>
Net change in fund balances	1,680,997	66,108	(35,419)	1,711,686
Fund Balances at beginning of year	<u>4,905,940</u>	<u>1,914,444</u>	<u>253,051</u>	<u>7,073,435</u>
Fund Balances at end of year	<u>\$ 6,586,937</u>	<u>\$ 1,980,552</u>	<u>\$ 217,632</u>	<u>\$ 8,785,121</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1

**COUNTY OF COÖS, 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, 2020

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 1,711,686
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense:	
Capitalized assets	987,962
Depreciation expense	(589,283)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets reduced by the actual proceeds received from the disposal.	
	(16,049)
Issuances of long-term obligations are an other financing source in the funds, but increase long-term liabilities in the statement of net position. Issuances in the current year are as follows:	
Note payable	(49,093)
Capital lease payable	(406,302)
State revolving loan funds payable	(296,691)
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments in the current year are as follows:	
Notes payable principal paid	64,732
Capital leases payable principal paid	86,805
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 the governmental funds. These expenses are from the following activities:	
Compensated absences	(176,542)
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period:	
Net changes in OPEB	2,407,466
Net changes in pension	<u>(1,292,475)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 2,432,216</u>

*See accompanying notes to the basic financial statements*

EXHIBIT E  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
December 31, 2020

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 298,401
Investments	<u>747,460</u>
Total Assets	<u>1,045,861</u>
LIABILITIES	
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u>1,045,861</u>
Total Net Position	<u>\$ 1,045,861</u>

*See accompanying notes to the basic financial statements*

EXHIBIT F  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
For the Year Ended December 31, 2020

	Custodial Funds
ADDITIONS:	
Contributions:	
Private donations	\$ 14,337
Total Contributions	<u>14,337</u>
Investment Earnings:	
Interest income	4,951
Total Investment Earnings	<u>4,951</u>
Amounts collected for individuals	1,589,715
Fees collected for other governments	2,891,301
Property tax collections for other governments	<u>2,000</u>
Total Additions	<u>4,502,304</u>
DEDUCTIONS:	
Benefits paid to beneficiaries	1,466,345
Payments of fees to other governments	2,891,301
Distributions on behalf of other governments	<u>2,326</u>
Total Deductions	<u>4,359,972</u>
Change in fiduciary net position	142,332
Net Position at beginning of year	<u>903,529</u>
Net Position at end of year	<u>\$ 1,045,861</u>

*See accompanying notes to the basic financial statements*

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the County of Coös, New Hampshire conform to accounting policies 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 County of Coös, New Hampshire (the County) was established in 1805 under the laws of the State of New Hampshire. The County boundaries include twenty New Hampshire municipalities, in addition to twenty-three unincorporated places, located in northern New Hampshire. The County operates under the Commissioner/Delegation form of government and provides services as authorized by state statutes.

The financial statements include those of the various departments governed by the Commissioners and other officials with financial responsibility. The County has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

***Basis of Presentation***

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

**2. Fund Financial Statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

***Fund Accounting***

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The County employs the use of two categories of funds: governmental and fiduciary.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the County's major governmental funds:

The *General Fund* is the main operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund.

The *Unincorporated Places Fund* is used to account for the financial resources of the various unincorporated places within the County. Under New Hampshire RSA 28:7-b, the County Commissioners are designated as the governing body for unincorporated places within the County.

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The County maintains one type of fiduciary fund: custodial funds. The County's custodial funds are held and administered by the County for the benefit of others; assets are not available to support the County or its programs. The County's custodial funds account for the following: Sheriff's escrow funds; Registry of Deeds funds; Nursing Home resident, resident needs and resident council funds; inmate funds; decommissioning escrow funds; and the Unincorporated Place of Livermore in Grafton County.

***Measurement Focus***

**1. Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position.

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
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deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

**1. Revenues – Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from taxes is recognized in the year for which the taxes are levied (see Note 11). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: taxes, charges for services and interest on investments.

Licenses and permits, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

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

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

**2. Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***Budgetary Data***

The County's budget represents functional appropriations as authorized by the County Delegation. The County Delegation may transfer funds between operating categories as they deem necessary. The County adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2020, the County applied \$3,600,000 of its unassigned fund balance to reduce taxes.

***Investments***

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

***Accounts Receivable***

The County uses the direct write-off method for accounting for bad debts. It is the County's policy to directly charge off uncollectible receivables when management determines the receivable will not be collected. Total bad debt expense incurred during the year ending December 31, 2020 was \$53,918.

***Inventory***

Inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory includes dietary, housekeeping, and activity supplies for use at the nursing homes.

***Capital Assets***

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements.

All capital assets 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. The County maintains a capitalization threshold of \$5,000 for its governmental activities, except for the assets of the nursing homes. The capitalization threshold for assets of the nursing homes is \$500. 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.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

All reported capital assets except for land and construction in process are depreciated. Improvements 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>Description</u>	<u>Years</u>
	Land improvements	8-10
	Buildings and improvements	5-40
	Vehicles and equipment	3-15

***Compensated Absences***

Employees earn personal and sick leave as they provide services, collectively referred to as compensated absences. Employees with accrued, but unused, personal leave will be paid at the time of termination from employment, unless discharged, for all unused time. Employees with at least five years of continuous service are entitled to receive payment for accrued, but unused, sick leave upon termination, subject to certain limitations based on date of hire. For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period. The entire compensated absence payable is reported on the government-wide financial statements. The current portion of the compensated absence liability, as reported on the government-wide financial statements, represents ten percent of the total liability based on management’s estimate.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. General obligation debt and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

***Net Pension Liability***

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 New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's 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 the benefit terms.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

***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 their use either through enabling legislation adopted by the County 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 County'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.

***Fund Balance Policy***

The County has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- Nonspendable Fund Balance: Amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.
- Restricted Fund Balance: Amounts that can only be spent for the specific purposes stipulated by external resource providers (such as grantors) or through enabling legislation (federal or state law). Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation.
- Committed Fund Balance: Amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision making authority (annual meeting of the County Delegation). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- Assigned Fund Balance: Amounts that the County intends to use for a specific purpose. These funds, which include encumbrances, have been assigned for specific goods and services ordered, but not yet received.
- Unassigned Fund Balance: Amounts that are not obligated or specifically designated and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another fund is also classified as "unassigned".

**Spending Prioritizations**

In instances when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed resources should be reduced first, followed by assigned amounts and then unassigned amounts.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

***Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/ expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***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.

**NOTE 2—DEPOSITS AND INVESTMENTS**

Deposits and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 8,037,466
Restricted cash	21,356
Investments	650,632
Statement of Fiduciary Net Position:	
Cash and cash equivalents	298,401
Investments	747,460
	<u>\$ 9,755,315</u>

Deposits and investments at December 31, 2020 consist of the following:

Cash on hand	\$ 2,000
Deposits with financial institutions	8,622,407
Investments	1,130,908
	<u>\$ 9,755,315</u>

The County’s investment policy states that any excess funds which are not immediately needed for the purpose of expenditure may, with approval of the County Commissioners, be invested in obligations of the United States government, New Hampshire Public Deposit Investment Pool, savings deposits with banks incorporated under the State of New Hampshire, and in certificates of deposits.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s policy over custodial credit risk requires that any securities purchased from any bank or dealer include appropriate collateral placed with an independent third party.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

Of the County’s deposits with financial institutions at year end, \$17,183 was uninsured and uncollateralized.

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The County’s investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio to ensure that liquidity is maintained to meet the demands of the County’s funds without incurring additional market risk.

As of December 31, 2020, the County’s investment in the NHPDIP, a state investment pool, had a fair value balance of \$1,130,908 and was rated *AAAm*.

***Investment in NHPDIP***

The County is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP’s website at [www.NHPDIP.com](http://www.NHPDIP.com).

The County’s exposure to derivatives is indirect through its participation in the NHPDIP. The County’s proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

**NOTE 3—CAPITAL ASSETS**

The following is a summary of changes in capital assets in the governmental activities:

	Balance <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2020</u>
Capital assets not depreciated:				
Land	\$ 97,519			\$ 97,519
Construction in process	<u>670,609</u>	\$ 17,848		<u>688,457</u>
Total capital assets not being depreciated	<u>768,128</u>	<u>17,848</u>	<u>\$ -</u>	<u>785,976</u>
Other capital assets:				
Land improvements	595,488	24,948	(23,154)	597,282
Buildings and improvements	7,974,424	252,505	(26,839)	8,200,090
Vehicles and equipment	<u>2,775,666</u>	<u>692,661</u>	<u>(95,944)</u>	<u>3,372,383</u>
Total other capital assets at historical cost	<u>11,345,578</u>	<u>970,114</u>	<u>(145,937)</u>	<u>12,169,755</u>

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

Less accumulated depreciation for:

Land improvements	(463,437)	(13,506)	23,154	(453,789)
Buildings and improvements	(5,285,517)	(252,752)	21,599	(5,516,670)
Vehicles and equipment	(1,882,496)	(323,025)	85,135	(2,120,386)
Total accumulated depreciation	<u>(7,631,450)</u>	<u>(589,283)</u>	<u>129,888</u>	<u>(8,090,845)</u>
Total other capital assets, net	3,714,128	380,831	(16,049)	4,078,910
Total capital assets, net	<u>\$ 4,482,256</u>	<u>\$ 398,679</u>	<u>\$ (16,049)</u>	<u>\$ 4,864,886</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 39,268
Public safety	69,315
Corrections	25,489
Cooperative extension	4,375
Sanitation	22,368
West Stewartstown nursing home	199,175
Berlin nursing home	229,293
Total	<u>\$ 589,283</u>

The balance of the assets acquired through capital leases as of December 31, 2020 is as follows:

Vehicles and equipment	\$ 318,666
Less: Accumulated depreciation	<u>(60,732)</u>
	<u>\$ 257,934</u>

**NOTE 4—INTERFUND BALANCES**

The County has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2020 are as follows:

	General Fund	Due from Unincorporated Places Fund	Totals
General Fund		\$ 9,971	\$ 9,971
Unincorporated Places Fund	\$ 1,752,992		1,752,992
Nonmajor Governmental Funds	<u>175,863</u>		<u>175,863</u>
Due to	<u>\$ 1,928,855</u>	<u>\$ 9,971</u>	<u>\$ 1,938,826</u>

**NOTE 5—SHORT-TERM OBLIGATIONS**

The County issued tax anticipation notes during the year. These borrowings are to assist in the payment of operating expenses during the year and are guaranteed to be repaid from the tax revenue received in December from the Towns and City within the County.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

The changes in short-term debt obligations for the year ended December 31, 2020 are as follows:

Balance - January 1, 2020	\$ -
Additions	6,400,000
Reductions	<u>(6,400,000)</u>
Balance - December 31, 2020	<u>\$ -</u>

**NOTE 6—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

Changes in long-term obligations in the governmental activities are as follows:

	Balance <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2020</u>	Due Within <u>One Year</u>
Notes payable- direct borrowings	\$ 495,256	\$ 49,093	\$ (64,732)	\$ 479,617	\$ 114,879
Capital leases payable	-	406,302	(86,805)	319,497	76,222
State revolving loan funds payable	534,810	296,691		831,501	
Compensated absences payable	<u>3,374,067</u>	<u>354,856</u>	<u>(178,314)</u>	<u>3,550,609</u>	<u>355,061</u>
Total	<u>\$ 4,404,133</u>	<u>\$ 1,106,942</u>	<u>\$ (329,851)</u>	<u>\$ 5,181,224</u>	<u>\$ 546,162</u>

Payments on the notes payable and capital leases payable are paid out of the General Fund, the Unincorporated Places Fund, and the Recycling Fund (a Nonmajor Governmental Fund), as applicable. The compensated absences payable will be paid from the fund where the employee’s salary is paid.

***Notes Payable - Direct Borrowings***

Notes payable at December 31, 2020 are comprised of the following individual issues:

	Original Issue <u>Amount</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>12/31/2020</u>
<b><i>Direct Borrowings:</i></b>				
Wentworth Location Rip Rap Project	\$ 104,000	2.70%	September 2028	\$ 83,200
Berlin Nursing Home Roof	560,000	1.90%	October 2026	347,324
Recycling Freightliner	<u>105,303</u>	1.57%	July 2022	<u>49,093</u>
	<u>\$ 769,303</u>			<u>\$ 479,617</u>

Debt service requirements to retire notes payable outstanding at December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 114,879	\$ 9,616	\$ 124,495
2022	66,838	7,513	74,351
2023	67,910	6,160	74,070
2024	68,994	4,799	73,793
2025	70,116	3,392	73,508
2026-2029	<u>90,880</u>	<u>2,825</u>	<u>93,705</u>
	<u>\$ 479,617</u>	<u>\$ 34,305</u>	<u>\$ 513,922</u>

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

Notes from direct borrowings of \$479,617 include a provision that in the event that the Town defaults, full payment of any installment of unpaid principal and all accrued interest to the date of payment shall become due and payable immediately upon demand of the holder. The County’s outstanding notes payable as of December 31, 2020 of \$430,524, represent unsecured direct borrowings that are backed by the full faith and credit of the County. Outstanding notes payable as of December 31, 2020 of \$49,093, represent secured direct borrowings that are backed by the vehicle acquired with the borrowed amounts.

***Capital Lease Obligations***

The capital lease obligations represent lease agreements entered into for the financing of asset acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Capital lease obligations payable at December 31, 2020 are comprised of the following:

Information technology equipment, due in annual installments of \$83,405, including interest at 3.7% through May 2024	\$ 302,778
Information technology equipment, due in annual installments of \$4,555, including interest at 4.3% through June 2024	16,719
	<u>\$ 319,497</u>

Debt service requirements to retire capital lease obligations outstanding at December 31, 2020 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 76,222	\$ 11,738	\$ 87,960
2022	78,774	9,186	87,960
2023	81,725	6,235	87,960
2024	82,776	3,175	85,951
	<u>\$ 319,497</u>	<u>\$ 30,334</u>	<u>\$ 349,831</u>

***State of New Hampshire Revolving Loan***

The County has drawn \$831,501 of approximately \$900,000 in funds under the State of New Hampshire Drinking Water State Revolving Loan Fund Program for the complex water system interconnection project. Payments are not scheduled to commence until the first anniversary of the scheduled completion date or the substantial completion date, whichever is earliest. Interest is accrued at 1% during the construction period of the project and is to be paid upon completion of the project. The County may be provided federal financial assistance whereby a portion of the borrowed funds is forgiven. The principal forgiveness will be determined when the aggregate principal loan amount is established and will be applied to the loan upon the initial repayment.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

**NOTE 7—OTHER POSTEMPLOYMENT BENEFITS**

***Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense***

	<u>Deferred Outflows</u>	<u>OPEB Liability</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 41,286	\$ 600,400	\$ 11,522	\$ (7,824)
Single Employer Plan	<u>2,068,783</u>	<u>14,249,162</u>	<u>1,252,201</u>	<u>(1,916,155)</u>
Total	<u>\$ 2,110,069</u>	<u>\$ 14,849,562</u>	<u>\$ 1,263,723</u>	<u>\$ (1,923,979)</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$846,346.

**COST-SHARING MULTIPLE EMPLOYER PLAN**

***Plan Description***

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

***Benefits Provided***

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
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**For the Year Ended December 31, 2020**

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

***Funding Policy***

Per RSA 100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The County’s contribution rates for the covered payroll of public safety employees and general employees were 3.66% and 0.29%, respectively, for the year ended December 31, 2020. Contributions to the OPEB plan for the County were \$66,360 for the year ended December 31, 2020. Employees are not required to contribute to the OPEB plan.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At December 31, 2020, the County reported a liability of \$600,400 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The County’s proportion of the net OPEB liability was based on actual contributions by the County during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2020, the County’s proportion was approximately 0.1372 percent, which was a decrease of 0.0175 percentage points from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the County recognized negative OPEB expense of (\$7,824). At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 1,740
Net difference between projected and actual earnings on OPEB plan investments	\$ 2,247	
Changes of assumptions	3,861	
Changes in proportion and differences between County contributions and proportionate share of contributions	219	9,782
County contributions subsequent to the measurement date	<u>34,959</u>	
Totals	<u>\$ 41,286</u>	<u>\$ 11,522</u>

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
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The County reported \$34,959 as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2021	\$ (7,272)
2022	665
2023	793
2024	619
	<u>\$ (5,195)</u>

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

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, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)
- Increased the medical subsidy margin for teachers from 0.20% to 0.50%

The long-term expected rate of return on OPEB 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

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71-4.15%
Fixed income	25%	0.42-1.66%
International equity	20%	3.96-6.20%
Alternative investments	15%	4.81-7.71%
Real estate	10%	2.95%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

***Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the County’s proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the County’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB liability	\$ 651,973	\$ 600,400	\$ 555,626

**SINGLE EMPLOYER PLAN**

***Plan Description***

The County of Coös, New Hampshire administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

***Benefits Provided***

The County provides medical benefits to its eligible retirees and their covered spouses. The benefits are provided through the County’s self-funded insurance plan that is administered by Harvard Pilgrim. Employees other than police hired prior to July 1, 2011 are eligible to retire at age 60 regardless of years of creditable service, age 50 with at least 10 years of creditable service, or at any age if they have at least 20 years of creditable service and the sum of their age and years of service is at least 70. Employees other

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

than police hired on or after July 1, 2011 are eligible to retire at age 65 regardless of years of creditable service, or age 60 with at least 30 years of creditable service. Police officers hired prior to July 1, 2011 are eligible to retire at age 45 with at least 20 years of Group II creditable service, or at age 60 regardless of their years of creditable service. Police officers hired on or after July 1, 2011 are eligible to retire at age 52.5 with 25 years of Group II creditable service or at age 60 regardless of years of creditable service.

Retirees and their covered spouses are required to pay 100 percent of the cost of the premium with the following exceptions. Non-union retirees hired prior to January 1, 1988 pay up to 15 percent of the cost of the single plan offered to active employees. Non-union retirees hired on or after January 1, 1988 and before May 1, 1992 pay between 42.5 percent and 85 percent of the cost of the single plan offered to active employees, depending on years of service at retirement. Union retirees hired prior to January 1, 1988 pay 100 percent of the cost of the single plan offered to active employees, less \$130. Union retirees hired on or after January 1, 1988 and before January 1, 1992 pay between 42.5 percent and 85 percent of the cost of the single plan offered to active employees, depending on years of service at retirement.

***Employees Covered By Benefit Terms***

At January 1, 2020, the census collection date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	51
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>265</u>
	<u>316</u>

***Total OPEB Liability***

The County’s total OPEB liability of \$14,249,162 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020.

***Actuarial Assumptions and Other Inputs for OPEB***

The total OPEB liability in the January 1, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.40%
Discount rate	2.12%
Healthcare cost trend rates	7% decreasing 0.45% per year to 5.0% then grading down to an ultimate trend rate of 4% in 2075.

The discount rate was based on the index provided by the *Bond Buyer 20-Bond GO Index* published December 31, 2020.

Mortality rates for pre-retirement plan participants were based on the PubG-2010 headcount-weighted Retiree General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019. Mortality for post-retirement plan participants were based on 96% of PubG-2010 headcount-weighted Retiree Safety Mortality Tables for males and 99% of PubG-2010 headcount-weighted Retiree

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

Safety Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019.

***Changes in the Total OPEB Liability***

	Total OPEB <u>Liability</u>
Balance at January 1, 2020	\$ 17,347,633
Changes for the year:	
Service cost	254,604
Interest	476,618
Changes of benefit terms	(2,857,021)
Differences between expected and actual experience	(892,299)
Changes in assumptions or other inputs	334,473
Benefit payments	<u>(414,846)</u>
Net changes	<u>(3,098,471)</u>
Balance at December 31, 2020	<u>\$ 14,249,162</u>

Changes in benefit terms include the number of non-Medicare plans offered to retirees increasing from one in the prior valuation to four in the January 1, 2020 valuation and the Medicare plan offerings have also changed since prior valuation.

Changes in assumptions and other inputs reflect a change in the discount rate from 2.74 percent at December 31, 2019 to 2.12 percent at December 31, 2020. Mortality rates were updated based on the PubG-2010 Mortality Tables, projected with fully generational mortality improvement using scale MP-2019. Healthcare cost trend rates and decrements were updated from an 8% initial rate decreasing to an ultimate rate of 3.8% by 2075 at December 31, 2019 to a 7% initial rate decreasing to an ultimate rate of 4% by 2075 at December 31, 2020.

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

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(1.12%)</u>	<u>(2.12%)</u>	<u>(3.12%)</u>
Total OPEB liability	\$ 16,559,305	\$ 14,249,162	\$ 12,383,336

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

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

	1% Decrease (6.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.00%)	1% Increase (8.00% decreasing to 5.00%)
Total OPEB liability	\$ 12,164,737	\$ 14,249,162	\$ 16,839,065

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

For the year ended December 31, 2020, the County recognized negative OPEB expense of (\$1,916,155). At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 687,643
Changes of assumptions	\$ 2,068,783	564,558
Totals	<u>\$ 2,068,783</u>	<u>\$ 1,252,201</u>

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

<u>December 31,</u>	
2021	\$ 209,644
2022	301,548
2023	351,448
2024	(46,058)
	<u>\$ 816,582</u>

**NOTE 8—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

The County contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

***Benefits Provided***

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

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%

***Changes in Benefits***

Ch 340 laws of 2019 (HB 616) grants a one-time, 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

***Funding Policy***

Covered police officers are required to contribute 11.55% of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The County is required to contribute at an actuarially determined rate. The County's pension contribution rates for covered payroll of police officers and general employees were 24.77% and 10.88%, respectively, for the year ended December 31, 2020. The County contributes 100% of the employer cost for police officers and general employees of the County.

Per RSA 100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. Contributions to the pension plan for the County were \$1,224,410 for the year ended December 31, 2020.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

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

At December 31, 2020, the County reported a liability of \$16,967,965 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The County's proportion of the net pension liability was based on actual contributions by the County during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2020, the County's proportion was approximately 0.2653 percent, which was an increase of 0.0004 percentage points from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the County recognized pension expense of \$2,534,501. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 458,217	\$ 182,188
Changes of assumptions	1,678,468	
Net difference between projected and actual earnings on pension plan investments	1,049,487	
Changes in proportion and differences between County contributions and proportionate share of contributions	295,714	521,750
County contributions subsequent to the measurement date	<u>641,201</u>	
Totals	<u>\$ 4,123,087</u>	<u>\$ 703,938</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$3,419,149. The County reported \$641,201 as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in the measurement periods as follows:

<u>June 30,</u>	
2021	\$ 440,309
2022	652,984
2023	895,312
2024	<u>789,343</u>
	<u>\$ 2,777,948</u>

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

*Actuarial Assumptions*

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60%, 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, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)

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. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71-4.15%
Fixed income	25%	0.42-1.66%
International equity	20%	3.96-6.20%
Alternative investments	15%	4.81-7.71%
Real estate	10%	2.95%
Total	<u>100%</u>	

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

***Discount Rate***

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. 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 collective pension liability.

***Sensitivity of the County's 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 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
County's proportionate share of the net pension liability	\$ 21,966,609	\$ 16,967,965	\$ 12,883,421

**NOTE 9—RESTRICTED NET POSITION**

Net position of governmental activities is restricted for specific purposes as follows:

Unincorporated places	\$ 1,980,552
Deeds surcharge funds	<u>57,744</u>
	<u>\$ 2,038,296</u>

**NOTE 10—COMPONENTS OF FUND BALANCE**

The County's fund balance components of the governmental funds are comprised as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Unincorporated Places Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>				
Prepaid items	\$ 17,596			\$ 17,596
Inventory	158,359			158,359
Tax deeded property	399			399
<b>Restricted for:</b>				
Unincorporated places		\$ 1,980,552		1,980,552
Deeds surcharge	57,744			57,744

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

<b>Committed for:</b>			
53rd payroll reserve	50,000		50,000
Sick leave reserve	218,589		218,589
Facility reserve	45,064		45,064
Vehicle reserve	52,288		52,288
Recycling center		\$ 159,930	159,930
Transfer station		57,702	57,702
<b>Assigned for:</b>			
Encumbrances	1,176		1,176
<b>Unassigned</b>	<u>5,985,722</u>		<u>5,985,722</u>
	<u>\$ 6,586,937</u>	<u>\$ 1,980,552</u>	<u>\$ 217,632</u>
			<u>\$ 8,785,121</u>

**NOTE 11—PROPERTY TAXES**

Property taxes levied to support the County are based on the assessed valuation of the prior April 1st for all taxable real property.

Under state statutes, the twenty municipalities that comprise Coös County (all independent governmental units) collect County taxes as part of local property tax assessments. As collection agent, the Towns and City are required to pay over to the County its share of property tax assessments. The Towns and City assume financial responsibility for all uncollected property taxes under state statutes. Additionally, the Unincorporated Places Tax Collector bills property taxes semi-annually in May and November for the County’s twenty-three unincorporated places. Taxes paid after the due date accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

Under state law, the Unincorporated Places Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum, and priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the County.

**NOTE 12—RISK MANAGEMENT**

The County 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 December 31, 2020, the County was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker’s compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit 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 December 31, 2020.

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

***Property and Liability Insurance***

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the County shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

***Worker's Compensation***

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

**NOTE 13—COMMITMENTS AND CONTINGENCIES**

***Litigation***

There may be various claims and suits pending against the County, which arise in the normal course of the County's activities. In the opinion of management, any potential claims against the County which are not covered by insurance are immaterial and would not affect the financial position of the County.

***Other Contingencies***

The County participates in the federally assisted Medicaid program at the County nursing homes. This program is subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time; although the County expects such amounts, if any, to be immaterial.

***Federal Grants***

The County participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

SCHEDULE 1  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 16,374,362	\$ 16,374,362	\$ 16,374,362	\$ -
Intergovernmental	8,766,502	8,766,502	10,425,262	1,658,760
Charges for services	14,090,330	14,090,330	13,966,572	(123,758)
Interest and investment income	30,500	30,500	20,676	(9,824)
Miscellaneous	72,725	72,725	158,960	86,235
Total Revenues	<u>39,334,419</u>	<u>39,334,419</u>	<u>40,945,832</u>	<u>1,611,413</u>
Expenditures:				
Current operations:				
General government	944,870	944,870	886,803	58,067
Public safety	1,715,420	1,715,420	1,450,958	264,462
Corrections	2,662,300	2,662,300	2,305,924	356,376
Human services	7,822,973	7,822,973	6,620,580	1,202,393
Cooperative extension	244,100	244,100	219,407	24,693
Conservation	103,240	103,240	92,833	10,407
Economic development	61,840	61,840	55,991	5,849
West Stewartstown nursing home	13,988,556	13,988,556	13,019,329	969,227
Berlin nursing home	15,540,826	15,540,826	14,608,186	932,640
Capital outlay	569,800	569,800	508,556	61,244
Debt service:				
Principal retirement	165,185	165,185	141,137	24,048
Interest and fiscal charges	113,969	113,969	49,319	64,650
Total Expenditures	<u>43,933,079</u>	<u>43,933,079</u>	<u>39,959,023</u>	<u>3,974,056</u>
Excess revenues over (under) expenditures	<u>(4,598,660)</u>	<u>(4,598,660)</u>	<u>986,809</u>	<u>5,585,469</u>
Other financing sources (uses):				
Capital lease issuance	370,300	370,300	406,302	36,002
State revolving loan fund issuance	358,000	358,000	296,691	(61,309)
Transfers out			(31,471)	(31,471)
Total Other financing sources (uses)	<u>728,300</u>	<u>728,300</u>	<u>671,522</u>	<u>(56,778)</u>
Net change in fund balance	(3,870,360)	(3,870,360)	1,658,331	5,528,691
Fund Balance at beginning of year				
- Budgetary Basis	<u>4,895,959</u>	<u>4,895,959</u>	<u>4,895,959</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 1,025,599</u>	<u>\$ 1,025,599</u>	<u>\$ 6,554,290</u>	<u>\$ 5,528,691</u>

See accompanying notes to the required supplementary information

SCHEDULE 2  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - Unincorporated Places Fund**  
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 475,696	\$ 475,696	\$ 422,017	\$ (53,679)
Licenses and permits	44,000	44,000	32,101	(11,899)
Intergovernmental	12,876	12,876	12,984	108
Interest and investment income	60	60	1,055	995
Total Revenues	<u>532,632</u>	<u>532,632</u>	<u>468,157</u>	<u>(64,475)</u>
Expenditures:				
Current operations:				
General government	247,940	247,940	149,700	98,240
Public safety	223,875	223,875	202,644	21,231
Human services	3,450	3,450	592	2,858
Highways and streets	7,500	7,500	7,500	-
Sanitation	36,550	36,550	28,404	8,146
Capital outlay	377	377	275	102
Debt service:				
Principal retirement	10,400	10,400	10,400	-
Interest and fiscal charges	2,540	2,540	2,534	6
Total Expenditures	<u>532,632</u>	<u>532,632</u>	<u>402,049</u>	<u>130,583</u>
Net change in fund balance	-	-	34,637	34,637
Fund Balance at beginning of year				
- Budgetary Basis	<u>1,914,444</u>	<u>1,914,444</u>	<u>1,914,444</u>	-
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 1,914,444</u>	<u>\$ 1,914,444</u>	<u>\$ 1,949,081</u>	<u>\$ 34,637</u>

*See accompanying notes to the required supplementary information*

SCHEDULE 3

**COUNTY OF COÖS, NEW HAMPSHIRE**

**Schedule of Changes in the County's Proportionate Share of the Net OPEB Liability**

For the Year Ended December 31, 2020

<u>Measurement Period Ended</u>	<b>Cost-Sharing Multiple Employer Plan Information Only</b>				
	<u>County's Proportion of the Net OPEB Liability</u>	<u>County's Proportionate Share of the Net OPEB Liability</u>	<u>County's Covered Payroll</u>	<u>County's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2020	0.13716896%	\$ 600,400	\$ 9,322,978	6.44%	7.74%
June 30, 2019	0.15469164%	\$ 678,185	\$ 8,910,497	7.61%	7.75%
June 30, 2018	0.14845033%	\$ 679,674	\$ 8,515,024	7.98%	7.53%

**Significant Actuarial Assumptions**

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

*See accompanying notes to the required supplementary information*

SCHEDULE 4  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Schedule of County OPEB Contributions**  
For the Year Ended December 31, 2020

<u>Year Ended</u>	<b>Cost-Sharing Multiple Employer Plan Information Only</b>				
	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>County's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2020	\$ 66,360	\$ (66,360)	\$ -	\$ 9,818,502	0.68%
December 31, 2019	\$ 66,965	\$ (66,965)	\$ -	\$ 9,180,054	0.73%
December 31, 2018	\$ 66,166	\$ (66,166)	\$ -	\$ 8,685,358	0.76%

*See accompanying notes to the required supplementary information*

SCHEDULE 5

**COUNTY OF COÖS, NEW HAMPSHIRE**

**Schedule of Changes in the County's Total OPEB Liability and Related Ratios**

For the Year Ended December 31, 2020

<u>Single Employer Plan Information Only</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service cost	\$ 254,604	\$ 176,052	\$ 201,736
Interest	476,618	598,829	545,078
Changes of benefit terms	(2,857,021)	(775,900)	
Changes of assumptions or other inputs	334,473	3,142,658	(1,549,251)
Differences between expected and actual experience	(892,299)		
Benefit payments	<u>(414,846)</u>	<u>(447,059)</u>	<u>(376,109)</u>
Net change in total OPEB liability	(3,098,471)	2,694,580	(1,178,546)
Total OPEB Liability at beginning of year	<u>17,347,633</u>	<u>14,653,053</u>	<u>15,831,599</u>
Total OPEB Liability at end of year	<u>\$ 14,249,162</u>	<u>\$ 17,347,633</u>	<u>\$ 14,653,053</u>
Covered employee payroll	\$ 12,936,977	\$ 14,903,351	\$ 12,889,495
Total OPEB liability as a percentage of covered employee payroll	110.14%	116.40%	113.68%

<u>Significant Actuarial Assumptions</u>			
Discount rate:	2.12%	2.74%	4.10%
Health cost trend rates:	7% - Initial Decline .45% /year to 5.2%, then gradual decline to 4% by 2075	8% - Initial Decline .5% /year to 5.5%, then gradual decline to 3.8% by 2075	8% - Initial Decline .5% /year to 5.5%, then gradual decline to 3.8% by 2075
Mortality data set:	PubG-2010	RP-2014	RP-2014
Mortality improvement scale:	MP-2019	MP-2015	MP-2015
Benefit term changes:	Medicare plan offerings changed and non-medicare plans increased to four	Elimination of 40% excise tax	

*See accompanying notes to the required supplementary information*

SCHEDULE 6

**COUNTY OF COÖS, NEW HAMPSHIRE**

**Schedule of Changes in the County's Proportionate Share of the Net Pension Liability**

For the Year Ended December 31, 2020

<u>Measurement Period Ended</u>	<u>County's Proportion of the Net Pension Liability</u>	<u>County's Proportionate Share of the Net Pension Liability</u>	<u>County's Covered Payroll</u>	<u>County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2020	0.26528400%	\$ 16,967,965	\$ 9,322,978	182.00%	58.72%
June 30, 2019	0.26492985%	\$ 12,747,510	\$ 8,910,497	143.06%	65.59%
June 30, 2018	0.25939975%	\$ 12,490,624	\$ 8,515,024	146.69%	64.73%
June 30, 2017	0.28563969%	\$ 14,047,739	\$ 8,503,929	165.19%	62.66%
June 30, 2016	0.28067181%	\$ 14,924,991	\$ 8,061,262	185.14%	58.30%
June 30, 2015	0.26311817%	\$ 10,423,497	\$ 7,401,935	140.82%	65.47%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

*See accompanying notes to the required supplementary*

SCHEDULE 7  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Schedule of County Pension Contributions**  
For the Year Ended December 31, 2020

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>County's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2019	\$ 1,224,410	\$ (1,224,410)	\$ -	\$ 9,818,502	12.47%
December 31, 2019	\$ 1,164,227	\$ (1,164,227)	\$ -	\$ 9,180,054	12.68%
December 31, 2018	\$ 1,112,771	\$ (1,112,771)	\$ -	\$ 8,685,358	12.81%
December 31, 2017	\$ 1,145,876	\$ (1,145,876)	\$ -	\$ 8,597,632	13.33%
December 31, 2016	\$ 1,084,473	\$ (1,084,473)	\$ -	\$ 8,238,286	13.16%
December 31, 2015	\$ 988,508	\$ (988,508)	\$ -	\$ 7,597,082	13.01%

*See accompanying notes to the required supplementary information*

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended December 31, 2020**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

***General Fund***

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the County. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). General Fund budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for encumbrances and budgetary transfers as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 41,648,825	\$ 39,967,828
Encumbrances - December 31, 2020		1,176
Encumbrances - December 31, 2019		(9,981)
Budgetary transfers		31,471
Per Schedule 1	<u>\$ 41,648,825</u>	<u>\$ 39,990,494</u>

***Unincorporated Places Fund***

There were no differences in amounts reported in conformity with accounting principles generally accepted in the United States of America and those reported on the basis budgeted by the County.

**NOTE 2—SCHEDULE OF CHANGES IN THE COUNTY’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF COUNTY OPEB CONTRIBUTIONS**

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the County is required to disclose historical information for each of the prior ten years within a schedule of changes in the County’s proportionate share of the net OPEB liability and schedule of County OPEB contributions. The County implemented the provisions of GASB Statement No. 75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

**NOTE 3—SCHEDULE OF CHANGES IN THE COUNTY’S TOTAL OPEB LIABILITY AND RELATED RATIOS**

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the County is required to disclose historical information for each of the prior ten years within a schedule of changes in the County’s total OPEB liability and related ratios. The County implemented the provisions of GASB Statement No. 75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**For the Year Ended December 31, 2020**

was readily available. Additional disclosures will be made in future years as additional information becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**NOTE 4—SCHEDULE OF CHANGES IN THE COUNTY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF COUNTY PENSION CONTRIBUTIONS**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the County is required to disclose historical information for each of the prior ten years within a schedule of changes in the County’s proportionate share of the net pension liability and schedule of County pension contributions. The County implemented the provisions of GASB Statement No. 68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

SCHEDULE I  
**COUNTY OF COÖS, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2020

Federal Granting Agency/Recipient State Agency/Grant Program/State <u>Grant Number</u>	Assistance Listing <u>Number</u>	<u>Expenditures</u>
<b>DEPARTMENT OF JUSTICE</b>		
<i>Pass Through Payments from New Hampshire Department of Justice</i>		
Crime Victim Assistance 2020VOC14	16.575	\$ 22,962
Violence Against Women Formula Grants 2020VAW06	16.588	11,642
<b>Total Department of Justice</b>		<u>34,604</u>
<b>DEPARTMENT OF THE TREASURY</b>		
<i>Pass Through Payments from State of New Hampshire Governor's Office</i>		
Coronavirus Relief Fund	21.019	
COVID-19 - Coronavirus Relief Fund - IPAD		2,253
COVID-19 - First Responder Stipend		73,800
COVID-19 - LTC Stipends - CCNH		843,900
COVID-19 - LTC Stipends - WSNH		795,000
COVID-19 - GOFERR		320,339
		<u>2,035,292</u>
<i>Pass Through Payments from New Hampshire Department of Health and Human Services</i>		
Coronavirus Relief Fund	21.019	
COVID-19 - COVID Testing		124,600
		<u>2,159,892</u>
<b>Total Department of the Treasury</b>		<u>2,159,892</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
<i>Pass Through Payments from New Hampshire Department of Health and Human Services</i>		
<b>Medicaid Cluster</b>		
Medical Assistance Program	93.778	
IDN7 Tablet Grant--IDN7		1,399
<b>Total Medicaid Cluster</b>		<u>1,399</u>
<b>Total Department of Health and Human Services</b>		<u>1,399</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>		
<i>Pass Through Payments from New Hampshire Department of Safety</i>		
Homeland Security Grant Program	97.067	
EMW-2020-SS-00045		24,058
<b>Total Department of Homeland Security</b>		<u>24,058</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 2,219,953</u>

See notes to schedule of expenditures of federal awards

**COUNTY OF COÖS, NEW HAMPSHIRE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2020

**NOTE 1—BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Coös, New Hampshire (the County) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Coös, New Hampshire, it is not intended to and does not present the financial position or changes in net position of the County.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3—INDIRECT COST RATE**

The County has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Commissioners  
County of Coös, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Coös, New Hampshire, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County of Coös, New Hampshire's basic financial statements, and have issued our report thereon dated February 22, 2022.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Vachon Clukay & Company PC*

Manchester, New Hampshire  
February 22, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Commissioners  
County of Coös, New Hampshire

**Report on Compliance for Each Major Federal Program**

We have audited the County of Coös, New Hampshire's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Coös, New Hampshire's major federal programs for the year ended December 31, 2020. The County of Coös, New Hampshire's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County of Coös, New Hampshire's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Coös, New Hampshire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Coös, New Hampshire's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County of Coös, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## Report on Internal Control Over Compliance

Management of the County of Coös, New Hampshire is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Coös, New Hampshire's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Coös, New Hampshire's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency

The County of Coös, New Hampshire's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Coös, New Hampshire's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Vachon Clukay & Company PC*

Manchester, New Hampshire  
February 22, 2022

**County of Coös, New Hampshire  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2020**

**Section I--Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified – all reporting units

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ yes      X   no  
 Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported  
 Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

**Federal Awards**

Internal control over major federal programs:  
 Material weakness(es) identified? \_\_\_\_\_ yes      X   no  
 Significant deficiency(ies) identified?   X   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   yes    \_\_\_\_\_ no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no

## **Section II--Financial Statement Findings**

There were no findings relating to the financial statements required to be reported by GAGAS.

## **Section III--Federal Award Findings and Questioned Costs**

The following findings and questioned costs as defined under 2 CFR 200.516(a) are required to be reported.

### **Finding #2020-001**

#### **Department of the Treasury**

#### **Coronavirus Relief Fund (ALN: #21.019)**

#### **Pass Through Payments from the State of New Hampshire Governor's Office**

#### **Project Number: FAIN#SLT0082**

**Criteria or specific requirement:** 2 CFR Part 200.302 Financial Management requires that records be maintained to identify expenditures pertaining to federal awards and be supported by source documentation. 2 CFR Part 200.430(i)(1)(vii) specifically requires support of the distribution of wages among activities whenever the wages are not solely associated with a single program and activity.

**Condition:** During our testing of grant related payroll transactions, it was noted that in two of the samples selected supporting documentation was not maintained to support payroll amounts allocated to the program.

**Questioned costs:** \$1,450.

**Context:** A statistically valid sample of 40 transactions was selected from a population of over 200 transactions. Of these samples, two transactions were identified which were not supported by adequate documentation of charges consistent with the requirements of the federal cost principles.

**Effect:** Failure to retain supporting source documentation for all charges to federal programs, including detailed calculations supporting cost allocations, increases the risk that unallowable or excess costs may be charged to federal programs.

**Cause:** Incomplete documentation. Initial funding was received as an advance from grantor. Payroll activity was evaluated retrospectively over periods worked to identify potentially eligible activities. This process was conducted by the Human Resource Coordinator and the total eligible wages identified was communicated to the Finance Director for accounting purposes. No additional supporting documentation was retained by the Human Resource Coordinator to support how the calculations were made. This was largely the result of lack of familiarity in administering federal programs which included reimbursement for payroll expenditures and for which the award was granted subsequent to the covered payroll periods.

***Recommendation:*** We recommend that all charges made to a federal award be supported by appropriate source documentation. Furthermore, when charges, including wage and wage related costs, are allocated between programs or between a program and non-program cost centers, we recommend that the supporting documentation include the assumptions and methodologies used in calculating the allocation. Lastly, we recommend that unique expenditure accounts be utilized for each program to aid in the reconciliation of program activity and to identify those costs which may be allocated between programs.

***Views of Responsible Officials:***

The documentation of nursing home staff who covered employee entrance screening was calculated as an average instead of the actual payroll cost by the HR Coordinator. As of March 2020, the whole process of documenting employees screening the employee entrance was a new procedure without any financial guidance of how to document. We learned as we progressed through this pandemic. The average wage cost for the nursing staff who covered employee entrance screening was used from March 2020 until September 2020. In October 2020, the actual payroll wage was used for each person who covered the employee entrance screening.



## Coos County

P.O. Box 310  
West Stewartstown, N.H. 03597  
603-331-5685

### Corrective Action Plan

#### Finding #2020-001

Department of the Treasury  
Coronavirus Relief Fund (ALN: 21.019)  
Pass Through Payments from the State of New Hampshire Governor's Office  
Project Number: FAIN#SLT0082

**Corrective Action Plan:** The documentation of nursing home staff who covered employee entrance screening was calculated as an average instead of the actual payroll cost by the HR Coordinator. The average wage cost for the nursing staff who covered employee entrance screening was used from March 2020 until September 2020. In October 2020, the actual payroll wage was used for each person who covered the employee entrance screening.

As of March 2020, the whole process of documenting employees screening the employee entrance was a new procedure without any financial guidance of how to document. We learned as we progressed through this pandemic. Also, in the recent history of Coos County, we have not been recipients of Federal Grants except for CDBG Grants in which we hired an outside administrator.

**Name of Responsible Person:** Carrie Klebe

**Anticipated Implementation Date of Corrective Action:** The above actions were completed as of September 2020.