

COUNTY OF COÖS, NEW HAMPSHIRE

Financial Statements

December 31, 2019

and

Independent Auditor's Report

**COUNTY OF COÖS, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2019**

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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, 2019, 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. 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, 2019, 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.

Vachon Clukay & Company PC

Manchester, New Hampshire
September 3, 2020

EXHIBIT A
COUNTY OF COÖS, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 5,641,152
Investments	675,118
Taxes receivable	12,671
Accounts receivable	1,768,160
Due from other governments	610,687
Prepaid expenses	54,389
Inventory	133,039
Tax deeded property	399
Total Current Assets	<u>8,895,615</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	768,128
Depreciable capital assets, net	<u>3,714,128</u>
Total Noncurrent Assets	<u>4,482,256</u>
Total Assets	<u>13,377,871</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB liability	2,509,867
Deferred outflows of resources related to net pension liability	<u>1,560,715</u>
Total Deferred Outflows of Resources	<u>4,070,582</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	439,973
Accrued expenses	572,271
Retainage payable	21,386
Due to other governments	788,550
Current portion of notes payable	64,732
Current portion of compensated absences payable	<u>337,407</u>
Total Current Liabilities	<u>2,224,319</u>
Noncurrent Liabilities:	
State revolving loan funds payable	534,810
Notes payable	430,524
Compensated absences payable	3,036,660
OPEB liability	18,025,818
Net pension liability	<u>12,747,510</u>
Total Noncurrent Liabilities	<u>34,775,322</u>
Total Liabilities	<u>36,999,641</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB liability	894,731
Deferred inflows of resources related to net pension liability	<u>1,069,546</u>
Total Deferred Inflows of Resources	<u>1,964,277</u>
NET POSITION	
Net investment in capital assets	3,452,190
Restricted	1,965,635
Unrestricted (deficit)	<u>(26,933,290)</u>
Total Net Position	<u>\$ (21,515,465)</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, 2019

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>Governmental Activities</u>
Governmental Activities:				
General government	\$ 1,045,624	\$ 308,372		\$ (737,252)
Public safety	1,638,042	265,483	\$ 92,811	(1,279,748)
Corrections	2,283,396	32,648		(2,250,748)
Human services	6,894,221			(6,894,221)
Cooperative extension	207,890			(207,890)
Conservation	60,013			(60,013)
Economic development	58,661			(58,661)
Highways and streets	5,328			(5,328)
Sanitation	166,036	143,195		(22,841)
West Stewartstown nursing home	11,456,339	5,956,486	2,696,150	(2,803,703)
Berlin nursing home	13,485,132	7,844,393	3,801,145	(1,839,594)
Interest and fiscal charges	84,632			(84,632)
Total governmental activities	<u>\$ 37,385,314</u>	<u>\$ 14,550,577</u>	<u>\$ 6,590,106</u>	<u>(16,244,631)</u>
General revenues:				
Property and other taxes				15,946,800
Licenses and permits				30,885
Grants and contributions:				
Rooms and meals tax distribution				3,547
State and federal payments in lieu of taxes				264,516
Interest and investment earnings				33,791
Miscellaneous				78,415
Total general revenues				<u>16,357,954</u>
Change in net position				113,323
Net Position at beginning of year, as restated				<u>(21,628,788)</u>
Net Position at end of year				<u>\$ (21,515,465)</u>

See accompanying notes to the basic financial statements

EXHIBIT C
COUNTY OF COÖS, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Unincorporated Places Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,641,152			\$ 5,641,152
Investments	534,202	\$ 84,750	\$ 56,166	675,118
Taxes receivable		12,671		12,671
Accounts receivable	1,750,136	9,187	8,837	1,768,160
Due from other governments	609,996		691	610,687
Due from other funds		1,807,836	187,357	1,995,193
Prepaid expenses	54,389			54,389
Inventory	133,039			133,039
Tax dedeed property	399			399
Total Assets	<u>8,723,313</u>	<u>1,914,444</u>	<u>253,051</u>	<u>10,890,808</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 8,723,313</u>	<u>\$ 1,914,444</u>	<u>\$ 253,051</u>	<u>\$ 10,890,808</u>
LIABILITIES				
Accounts payable	\$ 439,973			\$ 439,973
Accrued expenses	572,271			572,271
Retainage payable	21,386			21,386
Due to other governments	788,550			788,550
Due to other funds	1,995,193			1,995,193
Total Liabilities	<u>3,817,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,817,373</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	187,827			187,827
Restricted	51,191	1,914,444		1,965,635
Committed	513,972		253,051	767,023
Assigned	9,981			9,981
Unassigned	4,142,969			4,142,969
Total Fund Balances	<u>4,905,940</u>	<u>1,914,444</u>	<u>253,051</u>	<u>7,073,435</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,723,313</u>	<u>\$ 1,914,444</u>	<u>\$ 253,051</u>	<u>\$ 10,890,808</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, 2019

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 7,073,435
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.	4,482,256
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	2,509,867
Deferred outflows of resources related to net pension liability	1,560,715
Deferred inflows of resources related to OPEB liability	(894,731)
Deferred inflows of resources related to net pension liability	(1,069,546)
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	(534,810)
Notes payable	(495,256)
Compensated absences payable	(3,374,067)
OPEB liability	(18,025,818)
Net pension liability	<u>(12,747,510)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ (21,515,465)</u>

EXHIBIT D
COUNTY OF COÖS, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Unincorporated Places Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 15,573,805	\$ 372,995		\$ 15,946,800
Licenses and permits		30,885		30,885
Intergovernmental	6,843,211	14,958		6,858,169
Charges for services	14,407,382		\$ 143,195	14,550,577
Interest and investment income	29,890	2,822	1,079	33,791
Miscellaneous	74,983		3,432	78,415
Total Revenues	<u>36,929,271</u>	<u>421,660</u>	<u>147,706</u>	<u>37,498,637</u>
Expenditures:				
Current operations:				
General government	881,237	136,015		1,017,252
Public safety	1,423,821	188,025		1,611,846
Corrections	2,264,694			2,264,694
Human services	6,890,917	3,304		6,894,221
Cooperative extension	201,061			201,061
Conservation	58,268			58,268
Economic development	57,420			57,420
Highways and streets		5,328		5,328
Sanitation		33,268	121,531	154,799
West Stewartstown nursing home	11,412,981			11,412,981
Berlin nursing home	13,320,086			13,320,086
Capital outlay	291,224		16,300	307,524
Debt service:				
Principal retirement	53,359	10,400		63,759
Interest and fiscal charges	82,188	2,444		84,632
Total Expenditures	<u>36,937,256</u>	<u>378,784</u>	<u>137,831</u>	<u>37,453,871</u>
Excess revenues over (under) expenditures	<u>(7,985)</u>	<u>42,876</u>	<u>9,875</u>	<u>44,766</u>
Other financing sources (uses):				
Proceeds from State revolving loan funds	248,766			248,766
Total other financing sources (uses)	<u>248,766</u>	<u>-</u>	<u>-</u>	<u>248,766</u>
Net change in fund balances	240,781	42,876	9,875	293,532
Fund balances at beginning of year, as restated	<u>4,665,159</u>	<u>1,871,568</u>	<u>243,176</u>	<u>6,779,903</u>
Fund balances at end of year	<u>\$ 4,905,940</u>	<u>\$ 1,914,444</u>	<u>\$ 253,051</u>	<u>\$ 7,073,435</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, 2019

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 293,532
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 allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	175,044
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.	(3,306)
Proceeds from the issuance of long-term obligations are an other financing source in the funds, but increase long-term liabilities in the statement of net position. Proceeds in the current year are as follows: Proceeds from State revolving loan funds	(248,766)
Repayment of principal on notes payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	63,759
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	110,896
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 Net changes in pension	68,749 (346,585)
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 113,323</u>

EXHIBIT E
COUNTY OF COÖS, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Custodial <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 169,538
Investments	<u>733,991</u>
Total Assets	<u>903,529</u>
LIABILITIES	
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u>903,529</u>
Total Net Position	<u>\$ 903,529</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, 2019

	Custodial Funds
ADDITIONS:	
Contributions:	
Private donations	\$ 18,484
Total Contributions	<u>18,484</u>
Investment Earnings:	
Interest income	8,186
Total Investment Earnings	<u>8,186</u>
Amounts collected for individuals	1,651,581
Fees collected for other governments	2,127,878
Property tax collections for other governments	<u>1,300</u>
Total Additions	<u>3,807,429</u>
DEDUCTIONS:	
Benefits paid to beneficiaries	1,498,469
Payments of fees to other governments	2,127,878
Distributions on behalf of other governments	<u>1,995</u>
Total Deductions	<u>3,628,342</u>
Change in fiduciary net position	179,087
Net Position at beginning of year, as restated	<u>724,442</u>
Net Position at end of year	<u>\$ 903,529</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, 2019

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, 2019

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 activities 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)
For the Year Ended December 31, 2019

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, 2019

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, 2019, the County applied \$3,032,000 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, 2019 was \$7,078.

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, 2019

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS'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, 2019

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, 2019

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, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 5,641,152
Investments	675,118
Statement of Fiduciary Net Position:	
Cash and cash equivalents	169,538
Investments	733,991
	<u>\$ 7,219,799</u>

Deposits and investments at December 31, 2019 consist of the following:

Cash on hand	\$ 27,192
Deposits with financial institutions	6,047,742
Investments	1,144,865
	<u>\$ 7,219,799</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.

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.

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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, 2019, the County's investment in the NHPDIP, a state investment pool, had a fair value balance of \$1,144,865 and was rated AAAm.

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.

Of the County's deposits with financial institutions at year end, \$14,244 was uninsured and uncollateralized.

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.

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.

NOTE 3—CAPITAL ASSETS

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

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019
Capital assets not depreciated:				
Land	\$ 97,519			\$ 97,519
Construction in process	411,025	\$ 259,584		670,609
Total capital assets not being depreciated	508,544	259,584	\$ -	768,128
Other capital assets:				
Land improvements	594,768	720		595,488
Buildings and improvements	7,851,085	140,477	(17,138)	7,974,424
Vehicles and equipment	2,540,674	319,478	(84,486)	2,775,666
Total other capital assets at historical cost	10,986,527	460,675	(101,624)	11,345,578

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Less accumulated depreciation for:

Land improvements	(432,106)	(31,331)		(463,437)
Buildings and improvements	(5,021,913)	(277,850)	14,246	(5,285,517)
Vehicles and equipment	(1,730,534)	(236,034)	84,072	(1,882,496)
Total accumulated depreciation	(7,184,553)	(545,215)	98,318	(7,631,450)
Total other capital assets, net	3,801,974	(84,540)	(3,306)	3,714,128
Total capital assets, net	<u>\$ 4,310,518</u>	<u>\$ 175,044</u>	<u>\$ (3,306)</u>	<u>\$ 4,482,256</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 37,113
Public safety	65,688
Corrections	29,407
Cooperative extension	4,125
Sanitation	19,271
West Stewartstown nursing home	184,376
Berlin nursing home	205,235
Total	<u>\$ 545,215</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, 2019 are as follows:

	<u>Due from</u>
	General
	<u>Fund</u>
<u>Due to</u> Unincorporated Places Fund	\$ 1,807,836
Nonmajor Governmental Funds	187,357
	<u>\$ 1,995,193</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.

The changes in short-term debt obligations for the year ended December 31, 2019 are as follows:

Balance - January 1, 2019	\$ -
Additions	8,400,000
Reductions	(8,400,000)
Balance - December 31, 2019	<u>\$ -</u>

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 6—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

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

	Balance <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2019</u>	Due Within <u>One Year</u>
Notes payable	\$ 559,015		\$ (63,759)	\$ 495,256	\$ 64,732
State revolving loan funds payable	286,044	\$ 248,766		534,810	
Compensated absences payable	<u>3,484,963</u>	<u>192,283</u>	<u>(303,179)</u>	<u>3,374,067</u>	<u>337,407</u>
Total	<u>\$ 4,330,022</u>	<u>\$ 441,049</u>	<u>\$ (366,938)</u>	<u>\$ 4,404,133</u>	<u>\$ 402,139</u>

Payments on the notes payable are paid out of the General Fund and the Unincorporated Places Fund, as applicable. The compensated absences payable will be paid from the fund where the employee's salary is paid.

Notes payable

Notes payable at December 31, 2019 are comprised of the following individual issues:

	Original Issue <u>Amount</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>12/31/2019</u>
Wentworth Location Rip Rap Project	\$ 104,000	2.70%	September 2028	\$ 93,600
Berlin Nursing Home Roof	<u>560,000</u>	<u>1.90%</u>	<u>October 2026</u>	<u>401,656</u>
	<u>\$ 664,000</u>			<u>\$ 495,256</u>

Debt service requirements to retire notes payable outstanding at December 31, 2019 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 64,732	\$ 10,187	\$ 74,919
2021	65,786	8,845	74,631
2022	66,838	7,513	74,351
2023	67,910	6,160	74,070
2024	68,994	4,799	73,793
2025-2029	<u>160,996</u>	<u>6,217</u>	<u>167,213</u>
	<u>\$ 495,256</u>	<u>\$ 43,721</u>	<u>\$ 538,977</u>

The County's outstanding notes payable as of December 31, 2019 of \$495,256, represents unsecured direct borrowings that are backed by the full faith and credit of the County.

State of New Hampshire Revolving Loan

The County has drawn \$534,810 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

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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.

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS

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

	Deferred <u>Outflows</u>	OPEB <u>Liability</u>	Deferred <u>Inflows</u>	OPEB <u>Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 33,026	\$ 678,185	\$ 1,942	\$ 110,018
Single Employer Plan	2,476,841	17,347,633	892,789	336,567
Total	<u>\$ 2,509,867</u>	<u>\$ 18,025,818</u>	<u>\$ 894,731</u>	<u>\$ 446,585</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 \$1,615,136.

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.

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
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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-100:16, 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 4.10% and 0.30%, respectively, through June 30, 2019, and 3.66% and 0.29%, respectively, thereafter. Contributions to the OPEB plan for the County were \$66,965 for the year ended December 31, 2019. 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, 2019, the County reported a liability of \$678,185 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018. 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, 2019, the County's proportion was approximately 0.1547 percent, which was an increase of 0.0062 percentage points from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the County recognized OPEB expense of \$110,018. At December 31, 2019, 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		\$ 1,180
Net difference between projected and actual earnings on OPEB plan investments		762
Changes in proportion and differences between County contributions and proportionate share of contributions	\$ 3,037	
County contributions subsequent to the measurement date	<u>29,989</u>	
Totals	<u>\$ 33,026</u>	<u>\$ 1,942</u>

The County reported \$29,989 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

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

net OPEB liability in the measurement period ended June 30, 2020. 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>	
2020	\$ 1,352
2021	(505)
2022	52
2023	196
	<u>\$ 1,095</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Wage inflation	3.25 percent
Salary increases	5.60 percent, average, including inflation
Investment rate of return	7.25 percent, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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 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%	4.25-4.50%
International equity	20%	4.50-6.00%
Fixed income	25%	1.12-2.46%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
Total	<u>100%</u>	

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

The discount rate used to measure the collective OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and 100-A:53. Based on this assumption, the OPEB 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 OPEB Plan investments was applied to all periods of projected benefit payments to determine the 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 7.25 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB liability	\$ 735,595	\$ 678,185	\$ 628,300

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 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

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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, 2018, 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	272
	<u>323</u>

Total OPEB Liability

The County's total OPEB liability of \$17,347,633 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and Other Inputs for OPEB

The total OPEB liability in the January 1, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.60 percent
Discount rate	2.74 percent
Healthcare cost trend rates	8.00 percent decreasing 0.50% per year to 5.50 percent, then grading down to an ultimate trend rate of 3.8 percent in 2075.

The discount rate was based on the index provided by the *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate published December 27, 2019.

Mortality rates for pre-retirement plan participants were based on the RP-2014 Employee Mortality Tables for males and females, projected with generational mortality improvement using scale MP-2015. Mortality rates for post-retirement plan participants were based on the RP-2014 Healthy Annuitant Tables for males and females, projected with generational mortality improvement using scale MP-2015.

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Changes in the Total OPEB Liability

	Total OPEB <u>Liability</u>
Balance at January 1, 2019	\$ 14,653,053
Changes for the year:	
Service cost	176,052
Interest	598,829
Changes of benefit terms	(775,900)
Changes in assumptions or other inputs	3,142,658
Benefit payments	(447,059)
Net changes	<u>2,694,580</u>
Balance at December 31, 2019	<u>\$ 17,347,633</u>

Changes in benefit terms reflect the repeal of the 40 percent excise tax, commonly referred to as the “Cadillac Tax”, previously applied to the cost of plan benefits in excess of statutory thresholds beginning in 2022. This tax was repealed in December 2019. All other benefit terms are the same as those used in the prior measurement period.

Changes in assumptions and other inputs reflect a change in the discount rate from 4.10 percent at December 31, 2018 to 2.74 percent at December 31, 2019.

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 <u>(1.74%)</u>	Current Discount Rate <u>(2.74%)</u>	1% Increase <u>(3.74%)</u>
Total OPEB liability	\$ 20,356,107	\$ 17,347,633	\$ 14,948,181

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:

	1% Decrease (7.00% decreasing <u>to 2.80%</u>)	Healthcare Cost Trend Rates (8.00% decreasing <u>to 3.80%</u>)	1% Increase (9.00% decreasing <u>to 4.80%</u>)
Total OPEB liability	\$ 14,543,307	\$ 17,347,633	\$ 20,889,345

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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

For the year ended December 31, 2019, the County recognized OPEB expense of \$336,567. At December 31, 2019, 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>
Changes of assumptions	\$ 2,476,841	\$ 892,789
Totals	<u>\$ 2,476,841</u>	<u>\$ 892,789</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>	
2020	\$ 337,586
2021	337,586
2022	429,490
2023	479,390
	<u>\$ 1,584,052</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.

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).

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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 3 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%

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 25.33% and 11.08%, respectively, through June 30, 2019, and 24.77% and 10.88%, respectively, thereafter. The County contributes 100% of the employer cost for police officers and general employees of the County.

Per RSA 100A: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 \$1,164,227 for the year ended December 31, 2019.

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

At December 31, 2019, the County reported a liability of \$12,747,510 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018. 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, 2019, the County's proportion was approximately 0.2649 percent, which was an increase of 0.0055 percentage points from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the County recognized pension expense of \$1,559,064. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 70,482	\$ 274,107
Changes of assumptions	457,375	
Net difference between projected and actual earnings on pension plan investments		104,129
Changes in proportion and differences between County contributions and proportionate share of contributions	455,180	691,310
County contributions subsequent to the measurement date	<u>577,678</u>	
Totals	<u>\$ 1,560,715</u>	<u>\$ 1,069,546</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 \$491,169. The County reported \$577,678 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, 2020. 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>	
2020	\$ 397,386
2021	(383,645)
2022	(171,248)
2023	<u>70,998</u>
	<u>\$ (86,509)</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions:

Inflation	2.50 percent
Wage inflation	3.25 percent
Salary increases	5.60 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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%	4.25-4.50%
International equity	20%	4.50-6.00%
Fixed income	25%	1.12-2.46%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.25%. 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 7.25%, 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:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's proportionate share of the net pension liability	\$ 17,069,440	\$ 12,747,510	\$ 9,175,468

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 9—RESTRICTED NET POSITION

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

Unincorporated places	\$ 1,914,444
Deeds surcharge funds	51,191
	<u>\$ 1,965,635</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>
Nonspendable:				
Prepaid expenses	\$ 54,389			\$ 54,389
Inventory	133,039			133,039
Tax deeded property	399			399
Restricted for:				
Unincorporated places		\$ 1,914,444		1,914,444
Deeds surcharge	51,191			51,191
Committed for:				
53rd payroll reserve	200,000			200,000
Sick leave reserve	217,227			217,227
Facility reserve	44,783			44,783
Vehicle reserve	51,962			51,962
Recycling center			\$ 193,164	193,164
Transfer station			59,887	59,887
Assigned for:				
Encumbrances	9,981			9,981
Unassigned	<u>4,142,969</u>			<u>4,142,969</u>
	<u>\$ 4,905,940</u>	<u>\$ 1,914,444</u>	<u>\$ 253,051</u>	<u>\$ 7,073,435</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).

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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, 2019, 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, 2019.

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.

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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.

NOTE 14—RESTATEMENT OF EQUITY

During the year ended December 31, 2019, the County adopted and implemented Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities*. The impact on net position of the fiduciary funds as of January 1, 2019 is as follows:

	Custodial Funds
Net Position - January 1, 2019 (as previously reported)	\$ -
Amount of restatement due to:	
Implementation of GASB Statement 84	724,442
Net Position - January 1, 2019, as restated	<u>\$ 724,442</u>

The impact on fund balance of the governmental funds as of January 1, 2019 is as follows:

	General Fund
Fund balance - January 1, 2019 (as previously reported)	\$ 5,173,525
Amount of restatement due to:	
Implementation of GASB Statement 84	(508,366)
Fund balance - January 1, 2019, as restated	<u>\$ 4,665,159</u>

The impact on net position of the governmental activities as of January 1, 2019 is as follows:

	Governmental Activities
Net Position - January 1, 2019 (as previously reported)	\$(21,120,422)
Amount of restatement due to:	
Implementation of GASB Statement 84	(508,366)
Net Position - January 1, 2019, as restated	<u>\$(21,628,788)</u>

COUNTY OF COÖS, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 15—SUBSEQUENT EVENT

During May of 2020, the County entered into a long-term lease agreement for the purpose of acquiring and installing various IT system upgrades in the amount of \$386,955. Repayment terms of the lease call for annual payments of \$83,406 including interest at 3.7%, for a period of 5 years beginning in June 2020.

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 15,573,805	\$ 15,573,805	\$ 15,573,805	\$ -
Intergovernmental	5,383,795	5,383,795	6,843,211	1,459,416
Charges for services	13,451,870	13,451,870	14,407,382	955,512
Interest and investment income	24,000	24,000	29,890	5,890
Miscellaneous	65,225	65,225	74,983	9,758
Total Revenues	<u>34,498,695</u>	<u>34,498,695</u>	<u>36,929,271</u>	<u>2,430,576</u>
Expenditures:				
Current operations:				
General government	991,301	991,301	881,237	110,064
Public safety	1,652,361	1,652,361	1,423,821	228,540
Corrections	2,654,195	2,654,195	2,264,694	389,501
Human services	6,838,500	6,838,500	6,890,917	(52,417)
Cooperative extension	208,953	208,953	201,061	7,892
Conservation	58,300	58,300	58,268	32
Economic development	65,930	65,930	57,420	8,510
West Stewartstown nursing home	11,608,040	11,608,040	11,412,981	195,059
Berlin nursing home	13,224,925	13,224,925	13,320,086	(95,161)
Capital outlay	732,100	732,100	291,224	440,876
Debt service:				
Principal retirement	88,925	88,925	53,359	35,566
Interest and fiscal charges	105,465	105,465	82,188	23,277
Total Expenditures	<u>38,228,995</u>	<u>38,228,995</u>	<u>36,937,256</u>	<u>1,291,739</u>
Excess revenues over (under) expenditures	<u>(3,730,300)</u>	<u>(3,730,300)</u>	<u>(7,985)</u>	<u>3,722,315</u>
Other financing sources (uses):				
Proceeds from State revolving loan funds	700,000	700,000	248,766	(451,234)
Total other financing sources (uses)	<u>700,000</u>	<u>700,000</u>	<u>248,766</u>	<u>(451,234)</u>
Net change in fund balance	<u>(3,030,300)</u>	<u>(3,030,300)</u>	<u>240,781</u>	<u>3,271,081</u>
Fund balance at beginning of year				
- Budgetary Basis	<u>4,655,178</u>	<u>4,655,178</u>	<u>4,655,178</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 1,624,878</u>	<u>\$ 1,624,878</u>	<u>\$ 4,895,959</u>	<u>\$ 3,271,081</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 475,244	\$ 475,244	\$ 372,995	\$ (102,249)
Licenses and permits	124,044.00	124,044	30,885	(93,159)
Intergovernmental	12,875	12,875	14,958	2,083
Interest and investment income	22	22	2,822	2,800
Total Revenues	<u>612,185</u>	<u>612,185</u>	<u>421,660</u>	<u>(190,525)</u>
Expenditures:				
Current operations:				
General government	346,067	346,067	136,015	210,052
Public safety	207,300	207,300	188,025	19,275
Human services	3,450	3,450	3,304	146
Highways and streets	7,500	7,500	5,328	2,172
Sanitation	34,450	34,450	33,268	1,182
Capital outlay	378	378		378
Debt service:				
Principal retirement	10,400	10,400	10,400	-
Interest and fiscal charges	2,640	2,640	2,444	196
Total Expenditures	<u>612,185</u>	<u>612,185</u>	<u>378,784</u>	<u>233,401</u>
Net change in fund balance	-	-	42,876	42,876
Fund balance at beginning of year				
- Budgetary Basis	<u>1,871,568</u>	<u>1,871,568</u>	<u>1,871,568</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 1,871,568</u>	<u>\$ 1,871,568</u>	<u>\$ 1,914,444</u>	<u>\$ 42,876</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, 2019

Measurement Period Ended	Cost-Sharing Multiple Employer Plan Information Only				
	County's Proportion of the Net OPEB Liability	County's Proportionate Share of the Net OPEB Liability	County's Covered Payroll	County's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
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%

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, 2019

Cost-Sharing Multiple Employer Plan Information Only					
<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	\$ 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, 2019

<u>Single Employer Plan Information Only</u>		
	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service cost	\$ 176,052	\$ 201,736
Interest	598,829	545,078
Changes of benefit terms	(775,900)	
Changes of assumptions or other inputs	3,142,658	(1,549,251)
Benefit payments	(447,059)	(376,109)
Net change in total OPEB liability	2,694,580	(1,178,546)
Total OPEB liability - beginning	14,653,053	15,831,599
Total OPEB liability - ending	<u>\$ 17,347,633</u>	<u>\$ 14,653,053</u>
Covered employee payroll	\$ 14,903,351	\$ 12,889,495
Total OPEB liability as a percentage of covered employee payroll	116.40%	113.68%
<u>Significant Actuarial Assumptions</u>		
Discount rate:	2.74%	4.10%
Health cost trend rates:	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:	RP-2014	RP-2014
Mortality improvement scale:	MP-2015	MP-2015
Benefit term changes:	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, 2019

<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, 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%

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, 2019

<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	\$ 1,164,227	\$ (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, 2019

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 as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	\$ 37,178,037	\$ 36,937,256
Encumbrances - December 31, 2019		9,981
Encumbrances - December 31, 2018		(9,981)
Per Schedule 1	<u>\$ 37,178,037</u>	<u>\$ 36,937,256</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)
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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.

Changes in Actuarial Assumptions

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.