



UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

Annual Financial Statements
For the Year Ended June 30, 2019

(With Independent Auditors' Report Theron)

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Upper Valley Lake Sunapee Regional Planning Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Upper Valley Lake Sunapee Regional Planning Commission (the Commission), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 financial position of the governmental activities and the major fund of Upper Valley Lake Sunapee Regional Planning Commission, as of June 30, 2019, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Commission's fiscal year 2018 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated October 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Melanson Heath

November 22, 2019

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Upper Valley Lake Sunapee Regional Planning Commission (the Commission), we offer readers this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2019.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$96,244 (i.e., net position), a change of \$(53,682) in comparison to the prior fiscal year.
- As of the close of the current fiscal year, governmental funds reported an ending fund balance of \$82,968, a change of \$(37,332) in comparison with the prior fiscal year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position of the Commission’s governmental activities for the current and prior fiscal years are as follows:

	<u>2019</u>	<u>2018</u>
Current assets	\$ 183,002	\$ 226,656
Noncurrent assets	<u>38,715</u>	<u>45,572</u>
Total assets	221,717	272,228
Current liabilities	100,034	106,356
Noncurrent liabilities	<u>25,439</u>	<u>15,946</u>
Total liabilities	125,473	122,302
Net investment in capital assets	38,715	45,572
Unrestricted net position	<u>57,529</u>	<u>104,354</u>
Total net position	<u>\$ 96,244</u>	<u>\$ 149,926</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. At the close of the most recent fiscal year, total net position was \$96,244, a change of \$(53,682) from the prior fiscal year. Unrestricted net position of \$57,529 may be used to meet the Commission’s ongoing obligations.

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

	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 833,250	\$ 960,114
General revenues:		
Membership dues	112,621	112,048
Miscellaneous income	<u>3,820</u>	<u>44,553</u>
Total revenues	949,691	1,116,715
Expenses:		
Advertising	1,139	2,002
Depreciation	7,881	6,822
Employee benefits and taxes	112,525	103,505
Equipment repairs and maintenance	6,498	1,732
Legal and professional	15,372	12,424
Miscellaneous	12,590	14,593
Postage	1,031	1,229
Printing and reproduction	3,820	3,262
Professional development	355	1,609
Publications	1,701	1,637
Rent	48,161	45,604
Salaries and wages	396,623	378,741
Software	24,838	11,146
Supplies	9,892	18,131
Technical and professional services	344,553	487,667
Telephone/internet	4,462	4,617
Travel	7,986	10,144
Vehicle	<u>3,946</u>	<u>5,374</u>
Total expenses	<u>1,003,373</u>	<u>1,110,239</u>
Change in net position	(53,682)	6,476
Net position - beginning of year	<u>149,926</u>	<u>143,450</u>
Net position - end of year	<u>\$ 96,244</u>	<u>\$ 149,926</u>

D. FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

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

At the end of the current fiscal year, the ending fund balance for governmental funds, the General Fund, was \$82,968, a change of \$(37,332) in comparison to the prior fiscal year.

E. CAPITAL ASSETS

Total investment in capital assets amounted to \$38,715 (net of accumulated depreciation). This investment in capital assets includes furniture and equipment.

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

REQUESTS FOR INFORMATION

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

Upper Valley Lake Sunapee Regional Planning Commission

10 Water Street

Lebanon, New Hampshire 03766

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL ACTIVITIES

STATEMENT OF NET POSITION

JUNE 30, 2019

(With Comparative Totals as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and short-term investments	\$ 52,856	\$ 64,214
Accounts receivable, net	129,281	162,166
Prepaid expenses	865	276
Total Current Assets	<u>183,002</u>	<u>226,656</u>
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	<u>38,715</u>	<u>45,572</u>
TOTAL ASSETS	221,717	272,228
LIABILITIES		
Current Liabilities:		
Accounts payable	33,093	50,237
Accrued payroll and related liabilities	15,013	14,781
Advance receipts	51,928	41,338
Total Current Liabilities	100,034	106,356
Noncurrent Liabilities:		
Compensated absences	<u>25,439</u>	<u>15,946</u>
TOTAL LIABILITIES	125,473	122,302
NET POSITION		
Net investment in capital assets	38,715	45,572
Unrestricted	57,529	104,354
TOTAL NET POSITION	<u>\$ 96,244</u>	<u>\$ 149,926</u>

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL ACTIVITIES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and <u>Contributions</u>	Net (Expenses) Revenues and Change in <u>Net Position</u>
Governmental Activities:			
Planning services	\$ <u>1,003,373</u>	\$ <u>833,250</u>	\$ <u>(170,123)</u>
Total Governmental Activities	\$ <u><u>1,003,373</u></u>	\$ <u><u>833,250</u></u>	(170,123)
 General Revenues:			
Membership dues			112,621
Miscellaneous income			<u>3,820</u>
Total General Revenues			<u>116,441</u>
Change in Net Position			(53,682)
 Net Position:			
Beginning of year			<u>149,926</u>
End of year			\$ <u><u>96,244</u></u>

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

(With Comparative Totals as of June 30, 2018)

	<u>General Fund</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and short-term investments	\$ 52,856	\$ 64,214
Accounts receivable, net	129,281	162,166
Prepaid expenses	865	276
TOTAL ASSETS	<u>\$ 183,002</u>	<u>\$ 226,656</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 33,093	\$ 50,237
Accrued payroll and related liabilities	15,013	14,781
Advance receipts	51,928	41,338
Total Liabilities	100,034	106,356
Fund Balances:		
Nonspendable - prepaid expenses	865	276
Unassigned	65,521	80,486
Committed	16,582	39,538
Total Fund Balances	<u>82,968</u>	<u>120,300</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 183,002</u>	<u>\$ 226,656</u>

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION**

JUNE 30, 2019

Governmental fund balances	\$ 82,968
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	38,715
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in governmental funds.	<u>(25,439)</u>
Net position of governmental activities	\$ <u><u>96,244</u></u>

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	<u>2019</u>	<u>General Fund</u> <u>2018</u>
Revenues:		
Contract revenue	\$ 833,250	\$ 960,114
Membership dues	112,621	112,048
Miscellaneous income	<u>3,820</u>	<u>44,553</u>
Total Revenues	949,691	1,116,715
Expenditures:		
Advertising	1,139	2,002
Employee benefits and taxes	112,525	103,505
Equipment repairs and maintenance	7,522	4,182
Legal and professional	15,372	12,424
Miscellaneous	12,590	14,593
Postage	1,031	1,229
Printing and reproduction	3,820	3,262
Professional development	355	1,609
Publications	1,701	1,637
Rent	48,161	45,604
Salaries and wages	387,130	377,986
Software	24,838	11,146
Supplies	9,892	18,131
Technical and professional services	344,553	487,667
Telephone/internet	4,462	4,617
Travel	7,986	10,144
Vehicle	<u>3,946</u>	<u>5,374</u>
Total Expenditures	<u>987,023</u>	<u>1,105,112</u>
Change in Fund Balance	(37,332)	11,603
Fund Balance, Beginning of Year	<u>120,300</u>	<u>108,697</u>
Fund Balance, End of Year	<u>\$ 82,968</u>	<u>\$ 120,300</u>

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

Change in fund balance - governmental funds \$ (37,332)

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

Purchase of fixed assets	1,024
Depreciation	(7,881)

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

	<u>(9,493)</u>
Change in net position - governmental activities	\$ <u><u>(53,682)</u></u>

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

As required by Generally Accepted Accounting Principles, these financial statements present the Commission and applicable component units for which the Commission is considered to be financial accountable. In fiscal year 2019, it was determined that no entities met the GASB 14 (as amended) criteria of component units.

Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Cash and Short-Term Investments

Deposits with financial institutions consist primarily of demand deposits and money market accounts.

Capital Assets

Capital assets include furniture and equipment. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$1,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Furniture and equipment is depreciated using the straight-line method over the estimated useful lives of the respective assets over a period of three to seven years.

Compensated Absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation benefits. All vested vacation pay is accrued when incurred in the government-wide financial statements.

Fund Equity

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

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

The Commission’s fund balance classification policies are as follows:

- *Nonspendable funds* are either unspendable in current form (i.e., prepaid items) or can never be spent.
- *Restricted funds* are used solely for the purpose in which the fund was established, including those with external constraints on how the funds can be expended.
- *Committed funds* are reported and expended as a result of motions passed by the highest decision-making authority in the Commission (i.e., the Board of Commissioners).
- *Assigned funds* are used for specific purposes established by management. These funds include encumbrances which have been assigned for specific goods and services ordered but not yet received.
- *Unassigned funds* are available to be spent in future periods.

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

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use, either through enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

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

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2018.

2. Cash and Short-Term Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not have a deposit policy for custodial credit risk. As of June 30, 2019, none of the Commission's bank balance was exposed to custodial credit risk as uninsured or uncollateralized.

3. Accounts Receivable, Net

Receivables are primarily comprised of amounts due from federal, state, and local governments for contractual services. Receivables as of June 30, 2019 and 2018 are recorded net of allowance of \$815 and \$815, respectively.

4. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Furniture and equipment	\$ 160,205	\$ 1,024	\$ (38,854)	\$ 122,375
Less accumulated depreciation	<u>(114,633)</u>	<u>(7,881)</u>	<u>38,854</u>	<u>(83,660)</u>
Total capital assets, net	<u>\$ 45,572</u>	<u>\$ (6,857)</u>	<u>\$ -</u>	<u>\$ 38,715</u>

5. Advance Receipts

Advance receipts consist of amounts received in advance with performance requirements from member towns, municipalities, and other agencies.

6. Line of Credit

The Commission has a \$25,000 unsecured revolving line of credit available. The line was not utilized in fiscal years 2019 and 2018. At June 30, 2019 and 2018, the entire amount was available.

Subsequent to fiscal year-end, the line of credit was modified to being payable on demand with interest only payments due monthly.

7. Operating Leases

The Commission rents office space under a five year lease agreement that ends on September 30, 2020, with the option to extend the lease for an additional five year period. Rent is adjusted annually by the Consumer Price Index. In addition to the base rent, the Commission is required to pay their proportionate share of the landlord's operating costs, expenses, and utilities. Annual lease payments totaled \$48,161 for the year ended June 30, 2019.

On March 8, 2019, the Commission entered into a three-year lease agreement for a vehicle. Monthly payments of \$324 are required.

8. Retirement Plan

The Commission offers a 457(b) plan to eligible employees and matches up to a maximum of 6% of the employee's gross compensation. The Commission funds placed in the 457(b) plan are in addition to the employee's salary, are considered an employer contribution, and are not taxed to the employee unless withdrawn prematurely from the 457(b) plan. The Commission's match charged to expense during the years ended June 30, 2019 and 2018 was \$21,554 and \$17,875, respectively.

9. Relationship with Connecticut River Joint Commission (CRJC)

The Connecticut River Joint Commissions (CRJC) is a separate organization with no association financially or structurally with the Commission. Since July 2011, under a contractual relationship, the Commission has provided CRJC with administrative assistance including maintaining financial records and providing staffing support to their Board of Directors, Executive Committee, and Local River Subcommittees. The CRJC

Board of Directors makes all decisions regarding CRJC's policies, budgeting, expenditures of funds, contracts, and other governance items. The current contract with CRJC ended on June 30, 2019. Subsequent to year end, CRJC contracted with the Commission on substantially the same terms as in prior years to provide accounting and administrative services to CRJC for the period July 1, 2019 to June 30, 2020.

10. Concentration of Risk

A material part of the Commission's revenue is dependent upon government sources, the loss of which would have a materially adverse effect on the Commission. During the year ended June 30, 2019, funding from New Hampshire Department of Transportation accounted for 47% of total revenue and 63% of total receivables.

11. Commitments and Contingencies

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

12. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84 (GASB 84), *Fiduciary Activities*, effective for the Commission beginning with its fiscal year ending June 30, 2020. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87 (GASB 87), *Leases*, effective for the Commission beginning with its fiscal year ending

June 30, 2021. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.