



NASHUA REGIONAL PLANNING COMMISSION

Annual Financial Statements
For the Year Ended June 30, 2019

(With Independent Auditors' Report Thereon)

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Additional Offices:

Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Nashua Regional Planning Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Nashua Regional Planning Commission (the Commission), as of and for the year ended June 30, 2019, and the related notes to 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 respective financial position of the governmental activities and the major fund of Nashua 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.

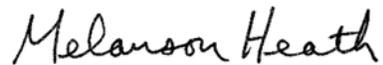
Other Matters

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2020 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Melanson Heath".

January 15, 2020

NASHUA REGIONAL PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Nashua 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 \$673,829 (i.e., net position), a change of \$(5,390) in comparison to the prior fiscal year.
- As of the close of the current fiscal year, governmental funds reported an ending fund balance of \$694,884, a change of \$(4,415) in comparison to 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	\$ 930,892	\$ 934,705
Noncurrent assets	<u>8,813</u>	<u>15,679</u>
Total assets	939,705	950,384
Current liabilities	236,008	235,406
Noncurrent liabilities	<u>29,868</u>	<u>35,759</u>
Total liabilities	265,876	271,165
Net investment in capital assets	8,813	15,679
Unrestricted net position	<u>665,016</u>	<u>663,540</u>
Total net position	<u>\$ 673,829</u>	<u>\$ 679,219</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 \$673,829, a change of \$(5,390) from the prior fiscal year. Unrestricted net position of \$665,016 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	\$ 1,138,636	\$ 1,073,987
General revenues:		
Local dues	163,000	163,000
Management fee revenue	54,455	68,935
Investment income	4,746	1,689
Miscellaneous	2,775	1,655
Total revenues	<u>1,363,612</u>	<u>1,309,266</u>
Expenses:		
Depreciation	6,866	7,583
Dues and subscriptions	11,734	13,625
Employee benefits and taxes	147,107	164,307
Equipment, rentals, maintenance, and support	64,531	24,425
Insurance	8,331	13,680
Internet and telephone	6,151	4,703
Legal and professional services	26,667	22,588
Miscellaneous	5,682	1,651
New office fit-up costs	43,704	-
Office expense	17,385	12,989
Postage	1,116	1,949
Printing and reproduction	6,414	6,016
Rent and CAM	68,337	80,021
Salaries and wages	727,123	743,848
Seminars	13,678	7,745
Technical services	194,001	205,106
Travel	14,046	12,451
Utilities	6,129	9,726
Total expenses	<u>1,369,002</u>	<u>1,332,413</u>
Change in net position	(5,390)	(23,147)
Net position - beginning of year	<u>679,219</u>	<u>702,366</u>
Net position - end of year	<u>\$ 673,829</u>	<u>\$ 679,219</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 \$694,884, a change of \$(4,415) in comparison to the prior fiscal year.

E. CAPITAL ASSETS

Total investment in capital assets amounted to \$8,813 (net of accumulated depreciation). This investment in capital assets includes equipment and vehicles.

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 Nashua 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:

Nashua Regional Planning Commission
30 Temple Street, Suite 310
Nashua, New Hampshire 03060

NASHUA REGIONAL PLANNING COMMISSION

GOVERNMENTAL ACTIVITIES

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS

Current Assets:

Cash and short-term investments	\$ 571,631
Restricted cash - Souhegan Valley Transportation Collaborative	106,200
Accounts receivable	225,538
Prepaid expenses	18,974
Other assets	<u>8,549</u>
Total Current Assets	930,892

Noncurrent Assets:

Capital assets, net of accumulated depreciation	<u>8,813</u>
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TOTAL ASSETS 939,705

LIABILITIES

Current Liabilities:

Accounts payable	73,837
Accrued payroll and related liabilities	28,831
Advance receipts	27,140
Due to Souhegan Valley Transportation Collaborative	<u>106,200</u>
Total Current Liabilities	236,008

Noncurrent Liabilities:

Compensated absences	<u>29,868</u>
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TOTAL LIABILITIES 265,876

NET POSITION

Net investment in capital assets	8,813
Unrestricted	<u>665,016</u>
TOTAL NET POSITION	<u>\$ 673,829</u>

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

NASHUA 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>1,369,002</u>	\$ <u>1,138,636</u>	\$ <u>(230,366)</u>
Total Governmental Activities	\$ <u><u>1,369,002</u></u>	\$ <u><u>1,138,636</u></u>	(230,366)
General Revenues:			
Local dues			163,000
Management fee revenue			54,455
Investment income			4,746
Miscellaneous			<u>2,775</u>
Total General Revenues			<u>224,976</u>
Change in Net Position			(5,390)
Net Position:			
Beginning of year			<u>679,219</u>
End of year			\$ <u><u>673,829</u></u>

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

NASHUA REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and short-term investments	\$ 571,631
Restricted cash - Souhegan Valley Transportation Collaborative	106,200
Accounts receivable	225,538
Prepaid expenses	18,974
Other assets	<u>8,549</u>
TOTAL ASSETS	\$ <u><u>930,892</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 73,837
Accrued payroll and related liabilities	28,831
Advance receipts	27,140
Due to Souhegan Valley Transportation Collaborative	<u>106,200</u>
Total Liabilities	236,008
Fund Balances:	
Nonspendable - prepaid expenses	18,974
Assigned - compensated absences	29,868
Unassigned	<u>646,042</u>
Total Fund Balances	<u><u>694,884</u></u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u><u>930,892</u></u>

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

NASHUA 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	\$ 694,884
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	8,813
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in governmental funds.	<u>(29,868)</u>
Net position of governmental activities	\$ <u><u>673,829</u></u>

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

NASHUA REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>
Revenues:	
Government contracts	\$ 1,138,636
Local dues	163,000
Management fee revenue	54,455
Investment income	4,746
Miscellaneous	<u>2,775</u>
Total Revenues	1,363,612
Expenditures:	
Dues and subscriptions	11,734
Employee benefits and taxes	147,107
Equipment, rentals, maintenance, and support	64,531
Insurance	8,331
Internet and telephone	6,151
Legal and professional services	26,667
Miscellaneous	5,682
New office fit-up costs	43,704
Office expense	17,385
Postage	1,116
Printing and reproduction	6,414
Rent and CAM	68,337
Salaries and wages	733,014
Seminars	13,678
Technical services	194,001
Travel	14,046
Utilities	<u>6,129</u>
Total Expenditures	<u>1,368,027</u>
Change in Fund Balance	(4,415)
Fund Balance, Beginning of Year	<u>699,299</u>
Fund Balance, End of Year	<u>\$ 694,884</u>

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

NASHUA 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 balances - governmental funds	\$ (4,415)
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.	(6,866)
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>5,891</u>
Change in net position - governmental activities	<u>\$ (5,390)</u>

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

NASHUA REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of Nashua 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

Nashua Regional Planning Commission is a special-purpose public agency, established pursuant to New Hampshire RSA 36:45-53, governed by a member appointed 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 law also: amends the purpose therein (RSA 36:45); amends the formation and representative of its members (RSA 36:46); and specifically defines 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 financially accountable. In fiscal year 2019, it was determined that no entities met the required 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. 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

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

Capital Assets

Capital assets include equipment and vehicles. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the respective assets over a period of five 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. In the case of special revenue funds, these funds are created by statute or otherwise have 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 revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

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, \$206,589 of the Commission’s bank balance was exposed to custodial credit risk as uninsured or uncollateralized.

3. Restricted Cash – Souhegan Valley Transportation Collaborative

Restricted cash represents cash held by the Commission on behalf of Souhegan Transportation Collaborative (SVTC). The Commission is the fiscal agent for the SVTC. SVTC secures funding from local communities to provide affordable transportation and wheelchair accessible rides to non-emergency medical appointments, grocery shopping, and essential personal appointments. The local funds provide match to the federal funding the Commission receives in support of the service.

4. Accounts Receivable

Receivables are comprised of amounts due from federal, state, and local governments for grants and contractual services.

5. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Equipment	\$ 19,422	\$ -	\$ -	\$ 19,422
Vehicles	21,828	-	-	21,828
Total capital assets	41,250	-	-	41,250
Less accumulated depreciation	(25,571)	(6,866)	-	(32,437)
Total capital assets, net	\$ 15,679	\$ (6,866)	\$ -	\$ 8,813

6. Advance Receipts

Advance receipts consist of various grants received in advance where additional performance requirements need to be met in order to recognize the revenue.

7. Line of Credit

The Commission has a \$75,000 line of credit available, secured by all assets. This line is payable upon demand and requires monthly interest payments on the outstanding balance at the *Wall Street Journal* prime rate plus 1%. As of June 30, 2019, the Commission had no outstanding balance on the line of credit and did not draw on the line during fiscal year 2019.

8. Operating Leases

The Commission rented office space under a lease agreement that expired in March 2019. Rent expense, including common area maintenance and tax expenses, under this agreement totaled \$46,887 for the year ended June 30, 2019.

In April 2019, the Commission entered into a ten year lease agreement to rent office space at a new location. As part of the agreement, the Commission is also required to pay monthly estimated electricity costs. Rent expense under this agreement was \$21,450 for the year ended June 30, 2019. Future minimum lease obligations are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Amount</u>
2020	\$ 86,515
2021	89,375
2022	92,235
2023	95,095
2024	97,955
Thereafter	<u>504,075</u>
Total	\$ <u><u>965,250</u></u>

In February 2016, the Commission entered into a non-cancellable lease agreement for office equipment that is scheduled to expire in 2020. Equipment rental expense totaled \$3,608 in fiscal year 2019.

9. Retirement Plans

The Commission provides its employees with a section 401A defined contribution retirement plan. All employees with more than one year of service are eligible to contribute a percentage of gross wages which are matched by the Commission from 2% - 5% based on years of service for each employee. For the year ended June 30, 2019, defined contribution expense was \$17,863.

The Commission also provides its employees with a Section 457 deferred compensation plan which the Commission contributed \$899. This plan is available to all employees having one year of continuous service.

10. Transactions with Nashua Region Solid Waste Management District

The Commission provides administrative services to Nashua Region Solid Waste Management District in the form of accounting, planning, coordinating, and educating member municipalities about its waste removal activities. During fiscal year 2019, such services totaled \$54,455. At June 30, 2019, the District paid \$6,697 in advance to be applied to the next fiscal year.

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. 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 77% of total revenue and 72% of total receivables.

13. 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 government's 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.