

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM
AUTHORITY**

FINANCIAL STATEMENTS

JUNE 30, 2019

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HESSION & PARE, PC.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Hampshire Land and Community
Heritage Investment Program Authority

We have audited the accompanying financial statements of the New Hampshire Land and Community Heritage Investment Program Authority (a New Hampshire nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 opinion.

Board of Directors
New Hampshire Land and Community
Heritage Investment Program Authority

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Hampshire Land and Community Heritage Investment Program Authority as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, as of and for the years ended June 30, 2019 and 2018, the New Hampshire Land and Community Heritage Investment Program Authority adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions be represented 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 inquires of management about methods of preparing the information, and comparing the information for consistency with management's responses to our inquires, to the basic financial statements, and to 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.

HESSION, PARR, P.C.

Manchester, New Hampshire
January 27, 2020

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 1,234,606	\$ 521,395
Accounts receivable	-	74
Project grants receivable	4,891,758	5,833,844
CCE funds receivable	944,656	822,171
Prepaid expense	1,445	1,125
Security deposit	526	1,250
Property and equipment, net	<u>6,787</u>	<u>11,154</u>
Total assets	7,079,778	7,191,013
DEFERRED OUTFLOWS OF RESOURCES	<u>52,406</u>	<u>73,105</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,132,184</u>	<u>\$ 7,264,118</u>
LIABILITIES		
Accounts payable	\$ 1,031	\$ 2,433
Project grants payable	5,873,086	5,930,261
CCE funds payable	944,656	822,341
Accrued payroll and related liabilities	9,802	8,219
Accrued pension liability	<u>126,322</u>	<u>137,400</u>
Total liabilities	<u>6,954,897</u>	<u>6,900,654</u>
DEFERRED INFLOWS OF RESOURCES	<u>22,054</u>	<u>24,098</u>
NET ASSETS		
Without donor restrictions	155,233	339,366
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>155,233</u>	<u>339,366</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET ASSETS	<u>\$ 7,132,184</u>	<u>\$ 7,264,118</u>

See notes to financial statements.

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019 and 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019</u>	<u>2018</u>
Support and revenues				
State of New Hampshire				
Conservation plate revenue	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Administration fees	2,700	-	2,700	2,200
Project grants	3,868,257	-	3,868,257	3,629,891
Other income	-	-	-	35
Interest income	1,830	-	1,830	37,628
	<u>4,072,787</u>	<u>-</u>	<u>4,072,787</u>	<u>3,869,754</u>
Total support and revenues				
Expenses				
Program services	4,181,783	-	4,181,783	3,931,571
General and administrative	75,137	-	75,137	60,060
	<u>4,256,920</u>	<u>-</u>	<u>4,256,920</u>	<u>3,991,631</u>
Total expenses				
Decrease in net assets	(184,133)	-	(184,133)	(121,877)
Net assets, beginning of year	<u>339,366</u>	<u>-</u>	<u>339,366</u>	<u>461,243</u>
Net assets, end of year	<u>\$ 155,233</u>	<u>\$ -</u>	<u>\$ 155,233</u>	<u>\$ 339,366</u>

See notes to financial statements.

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019
(with comparative totals for the Year Ended June 30, 2018)

	Program Services	General and Administrative	2019	2018
Project grants	\$ 3,868,257	\$ -	\$ 3,868,257	\$ 3,629,891
Salaries and wages	181,449	41,349	222,798	203,404
Employee benefits	52,542	11,973	64,515	67,838
Professional fees	16,824	4,206	21,030	19,734
Rent and utilities	18,127	4,131	22,258	17,145
Payroll taxes	13,896	3,167	17,063	15,553
Office expense	11,334	2,583	13,917	10,765
Travel and entertainment	5,135	1,170	6,305	7,027
Communication expenditures	5,469	-	5,469	5,985
Insurance	685	3,879	4,564	3,992
Depreciation	3,557	810	4,367	3,661
Telephone and internet	2,295	523	2,818	3,277
Project signage	2,213	-	2,213	3,219
Professional development	-	1,346	1,346	140
Total expenses	<u>\$ 4,181,783</u>	<u>\$ 75,137</u>	<u>\$ 4,256,920</u>	<u>\$ 3,991,631</u>

See notes to financial statements.

NEW HAMPSHIRE LAND AND COMMUNITY
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STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Decrease in net assets	\$ (184,133)	\$ (121,877)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	4,367	3,661
Decrease (increase) in accounts receivable	74	(34)
Decrease (increase) in project grants receivable	942,086	(499,467)
(Increase) in CCE funds receivable	(122,485)	(85,013)
(Increase) decrease in prepaid expenses	(320)	1,481
Decrease in security deposit	724	-
(Decrease) increase in accounts payable	(1,402)	429
(Decrease) increase in project grants payable	(57,175)	517,258
Increase in CCE funds payable	122,315	84,583
Increase (decrease) in accrued expenses	1,583	(63)
Increase in accrued pension liability	7,577	13,288
	<u>713,211</u>	<u>(85,754)</u>
Net cash provided (used) by operating activities		
	<u>713,211</u>	<u>(85,754)</u>
Cash flows from investing activities		
Purchase of fixed assets	-	(2,202)
	<u>-</u>	<u>(2,202)</u>
Net increase (decrease) in cash and cash equivalents	713,211	(87,956)
Cash and cash equivalents, beginning of year	521,395	609,351
	<u>521,395</u>	<u>609,351</u>
Cash and cash equivalents, end of year	<u>\$ 1,234,606</u>	<u>\$ 521,395</u>

See notes to financial statements.

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 1. NATURE OF ACTIVITIES

The New Hampshire Land and Community Heritage Investment Program Authority's (the "Authority") intent is to conserve and preserve this state's most important natural, cultural and historical resources through the acquisition of lands and cultural and historical resources or interests therein, of local, regional and statewide significance. This is accomplished through matching grants in partnership with the state's municipalities and private non-profit groups, for the primary purpose of protecting and ensuring the perpetual contribution of these resources to the State's economy, environment and overall quality of life. The Authority is a New Hampshire nonprofit corporation with its office located in Concord, NH.

Operation of the Authority is funded by the State of New Hampshire (the "State") through conservation license plate fees and by interest income earned on Trust Fund appropriations. Under the terms of the law that created the conservation license plate program, RSA 261:97-b, the Authority receives no more than \$200,000 per year from the conservation license plate program. The Authority's own enabling legislation, RSA 227-M:7-a, limits the allocation of interest income from the Trust Fund for administration to \$135,000 a year. During 2019 and 2018, the Authority received \$0 and \$34,608, respectively, in interest income from the Trust Fund. The Authority's Board of Directors has authority under RSA 227-M:5 IV to allocate money from the Trust Fund to administrative costs of the program, which was not used in FY2019 and FY2018.

The Authority is a public instrumentality of the State. The Governor and Executive Council of the State appoint the Executive Director of the Authority, the eight public members of the Authority's Board of Directors (the "Board") and the heads of six state agencies who are also (non-voting) members of the Board. The public and the heads of the state agencies compose the majority of the Authority's Board. The four other members of the Board are appointed by the leaders of the two chambers of the state Legislature. The level of Trust Fund appropriations that provide the basis for both grant funding and the interest income earned by the Authority can be changed by the State through its budget process. The State's Treasury department controls the investments of the Trust Fund. Only the funds and account groups of the Authority are included herein, and these financial statements, therefore, do not purport to represent the financial position or results of operations of the State of New Hampshire.

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with the accounting principles generally accepted in the United States of America.

Net assets

The financial statements report net assets and changes in net assets that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purpose by action of the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of estimates

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

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

For the purpose of the statement of cash flows, cash consists of demand deposits and highly liquid investments with an initial maturity of three months or less.

Concentration of credit risk

The Authority maintains its cash balances in several national financial institutions. At certain times throughout the year, the balances in these accounts exceeded the maximum amount of \$250,000 of insurance provided by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019, the Authority had an uninsured cash balance of \$820,009.

Property, equipment and depreciation

Property and equipment are recorded at cost, or if acquired by donation, at fair market value at the date of acquisition. It is the Authority's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Expenditures for maintenance and repairs are charged to expense as incurred. The various classes of property and equipment are depreciated using the straight-line method over a period of three to ten years.

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Employee benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan (the "Pension Plan") and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Authority is a nonprofit corporation under New Hampshire RSA 292. As such, the Authority is exempt from federal income tax under the Internal Revenue Code. Accordingly, the Authority has not made any provision for income taxes.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of time spent and benefits derived.

Reclassification

Certain 2018 amounts have been reclassified to conform to 2019 classification. These reclassifications had no effect on the increase in net assets for 2018.

Change in accounting principles

The Authority implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 3).

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

The changes had the following effect on net assets at July 1, 2018:

<u>Net asset class</u>	<u>As originally presented</u>	<u>After adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 339,366	
Temporarily restricted	-	
Permanently restricted	-	
Net assets without donor restrictions		\$ 339,366
Net assets with donor restrictions	<u> </u>	<u> </u> -
Total net assets	<u>\$ 339,366</u>	<u>\$ 339,366</u>

Note 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2019 are:

Financial assets:	
Cash and cash equivalents	\$ 1,234,606
Grant receivable	4,891,758
CCE funds receivable	<u>944,656</u>
Total financial assets	<u>7,071,020</u>
Less financial assets held to meet donor-imposed restrictions:	
Grant receivable (Note 4)	(4,891,758)
CCE funds receivable (Note 4)	(944,656)
Grants received not yet disbursed	<u>(981,328)</u>
Amount available for general expenditures within one year	<u>\$ 253,278</u>

Operation of the Authority is funded by the State. In addition to the amounts available for general expenditures, the Authority can allocate money up to \$135,000 from the income earned on the Trust Fund appropriations (Note 1). No such allocations were made during FY19.

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 4. DUE FROM THE STATE OF NEW HAMPSHIRE

Effective July 1, 2015, Administrative Services approved changes relating to the encumbrance of Authority funds for grant awards and the business process for Authority grant award payments. Treasury encumbered the balance forward as of July 1, 2015 that had been awarded for projects in previous fiscal years. All grant payments will be made by Treasury directly to the Authority. The Authority will then issue checks to the specific grant recipients. At June 30, 2019 and 2018, the amount due from the State of New Hampshire consisted of project grants totaling \$4,891,758 and \$5,833,844, respectively and CCE funds totaling \$944,656 and \$822,171, respectively.

Note 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Computer software	\$ 38,950	\$ 38,950
Computer equipment	25,543	25,543
Office furniture	<u>2,427</u>	<u>2,427</u>
	66,920	66,920
Accumulated depreciation	<u>(60,133)</u>	<u>(55,766)</u>
	<u>\$ 6,787</u>	<u>\$ 11,154</u>

For the years ended June 30, 2019 and 2018, depreciation expense was \$4,367 and \$3,661, respectively.

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 6. ACCRUED PAYROLL

The Authority's accrued payroll at June 30, 2019 and 2018 was \$5,465 and \$4,485, respectively.

The Authority's stated policy regarding employee time-off is that employees may carry a maximum of ten unused days forward to the next benefit year. Upon resignation or layoff of employment, employees can be compensated for up to five accrued and unused vacation days. At June 30, 2019 and 2018, the accrued employee time-off balance was \$4,337 and \$3,734, respectively.

Note 7. EMPLOYEE BENEFITS

Per RSA 227-M:6-a, the employees of the Authority are not classified as employees of the State within the meaning of RSA 21-I:49. Notwithstanding that provision, any individual employed by the Authority whose employment calls for 30 hours of work or more in a normal calendar week and whose position is anticipated to have a duration of 6 months or more, is entitled to elect to receive such health, dental, life insurance, deferred compensation and retirement benefits as are afforded to classified employees of the State, if such election is made within 30 days of the start of employment. Effective March 28, 2008, all full-time employees, with the exception of the Executive Director, who is appointed by the Governor, are required to participate in the New Hampshire Retirement System.

Single K plan

During 2014, the Authority established a Single K plan to replace its 401(a) plan. The only employees eligible to participate in the plan are appointed employees who do not elect to participate in NHRS. As of June 30, 2019, the Executive Director is the only employee eligible to participate in the plan. For the years ended June 30, 2019 and 2018, the Authority made contributions to the plan of \$9,030 and \$9,674, respectively.

State of New Hampshire Retirement System

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

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (continued)

Plan Description

The Authority has two employees electing to participate in NHRS, a cost sharing, multiple-employer defined benefit public employee retirement system (the “Pension Plan”).

The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Section 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the Pension Plan. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for the Pension Plan. That report may be obtained on the NHRS website.

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. All assets are held in a single trust and are available to pay retirement benefits to all members. The Authority’s employees participate in Group I, which is further described below.

Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is $1/60$ or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at $1/66$ or 1.515% of AFC multiplied by years of creditable service. Members may also qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (continued)

Contributions

NHRS is funded by contributions from both employees and the Authority. Group I employees are required by State statute to contribute 7% of gross earnings to the Pension Plan. The employer must, under the same statute, contribute monthly at an actuarially determined rate. Effective July 1, 2017 through June 30, 2019, the contribution rate was set at 12.15% of covered payroll. For the years ended June 30, 2019 and 2018, the Authority's contributions to NHRS were \$13,808 and \$12,202, respectively.

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

At June 30, 2019, the Authority reported a liability of \$126,322 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The Authority's proportion of the net pension liability was based on the projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Authority's proportion was 0.00279 percent.

At the most recent measurement date of June 30, 2018, the Authority's proportion was 0.00262 percent, which was an decrease of 0.00017 percent from its previous year proportion.

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (continued)

For the year ended June 30, 2019, the Authority recognized pension expense of \$20,370 related to the Pension Plan. At June 30, 2019, the Authority reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 1,008	\$ 1,023
Differences between expended and actual earnings	-	2,923
Changes in assumptions	8,742	-
Changes in proportion	28,749	18,108
Contributions subsequent to the measurement date	13,808	-
Total	\$ 52,307	\$ 22,054

The above total of \$13,808 reported as deferred outflows of resources related to the Pension Plan resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized as an increase (reduction) in pension expense as follows:

Year ended <u>June 30,</u>	<u>Amount</u>
2019	\$ 10,116
2020	9,644
2021	(1,585)
2022	(1,730)
Total	\$ 16,445

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (continued)

Actuarial assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent per year
Salary increases	5.6 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, adjusted for mortality improvements using MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study.

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.

**NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (continued)

The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Average Long- Term Expected Real Rate of Return</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	7.00	6.00%
Total international equities	20.00	
Core Bonds	4.50	0.50%
Short Duration	2.50	(0.25)%
Global Multi-Sector Fixed Income	11.00	1.80%
Absolute Return Fixed Income	7.00	1.14%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.25%
Opportunistic	5.00	2.15%
Total alternative investments	21.00	
Real Estate	10.00	3.25%
Total	<u>100.00 %</u>	

NEW HAMPSHIRE LAND AND COMMUNITY
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NOTES TO FINANCIAL STATEMENTS

Note 7. EMPLOYEE BENEFITS (concluded)

Discount Rate

The discount rate used to measure the total 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 service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 7.25%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
June 30, 2019	\$ 168,072	\$ 126,322	\$ 91,334

Pension plan fiduciary net position

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

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 8. LEASES

The Authority leases office space under an annual lease through October 2023. For the years ended June 30, 2019 and 2018, rent expense on office space amounted to \$20,021 and \$17,145, respectively.

The following is a schedule of the future minimum lease payments required under the operating lease:

Year ended <u>June 30,</u>	<u>Amount</u>
2020	\$ 22,600
2021	23,200
2022	23,800
2023	24,000
Thereafter	<u>8,000</u>
Total	<u>\$ 101,600</u>

Note 9. SELF-INSURANCE

The Authority acts as a self-insurer for unemployment claims. For the years ended June 30, 2019 and 2018, the Authority paid no claims.

Note 10. CONCENTRATIONS OF RISK

The Authority provides grants for conservation of natural, historical and cultural resources in the State of New Hampshire. Since 2009, surcharges on some documents filed at County Registry of Deeds have been the intended source of funding for the Trust Fund for grants.

The state's biennial budget for fiscal years 2018 and 2019 has assigned the full income from the surcharge to the Authority for grant making and other costs. This represents a dramatic improvement in support to the Authority and virtually assures the strength of the program for the current biennium. In fiscal year 2019, the Authority received 58 grant applications, and with the full income from the registry fees, was able to provide funding for 42 of them.

**NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

Note 11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through January 27, 2020, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended June 30, 2019.

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION

LAST 3 FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>New Hampshire Retirement System:</u>			
Proportion of the net pension liability for the most recent measurement date	0.0026%	0.0028%	0.0026%
Proportionate share of the net pension liability for the most recent measurement date	\$ 126,322	\$ 137,400	\$ 136,861
Covered-employee payroll for the most recent measurement date	\$ 100,112	\$ 93,213	\$ 85,036
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	126.18%	147.40%	160.94%
Plan fiduciary net position as a percentage of the total pension liability	64.73%	62.66%	58.30%

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

See independent auditors' report.

NEW HAMPSHIRE LAND AND COMMUNITY
HERITAGE INVESTMENT PROGRAM AUTHORITY

SCHEDULE OF PENSION CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

LAST 3 FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>New Hampshire Retirement System:</u>			
Contractually required contribution for the current fiscal year	\$ 13,808	\$ 12,202	\$ 11,709
Contributions in relation to the contractually required contribution	<u>(13,808)</u>	<u>(12,202)</u>	<u>(11,709)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll for the current fiscal year	\$ 107,869	\$ 100,112	\$ 92,213
Contributions as a percentage of covered-employee payroll	12.80%	12.19%	12.70%

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

See independent auditors' report.