

PRELIMINARY OFFICIAL STATEMENT DATED MAY 21, 2026

New Issue

In the opinion of Devine, Millimet & Branch Professional Association, Bond Counsel to Cheshire County, New Hampshire (the "County"), based upon an analysis of existing laws and assuming, among other matters, compliance with certain covenants, interest on the \$18,500,000 General Obligation Tax Anticipation Notes (the "Notes") is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Notes will not be included in computing the alternative minimum tax imposed on individuals. However, interest on the Notes will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Notes will be exempt from the New Hampshire personal income tax on interest and dividends. In the opinion of Bond Counsel, the Notes will NOT be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Notes. See "TAX EXEMPTION" and "APPENDIX C" herein.

**COUNTY OF CHESHIRE,
NEW HAMPSHIRE**

**\$18,500,000
GENERAL OBLIGATION TAX ANTICIPATION NOTES**

Dated: Date of Delivery

Due: December 30, 2026

<u>Amount</u>	<u>Interest Rate</u>	<u>Reoffering Yield</u>	<u>CUSIP</u>
\$18,500,000	%	%	

The Notes, in book-entry form, will not be subject to redemption prior to maturity. The principal and interest on the Notes are payable at maturity by U.S. Bank Trust Company, National Association, Boston, Massachusetts as Paying Agent (the "Paying Agent") to The Depository Trust Company ("DTC"). Purchases of the Notes will be made in book-entry form, in the denomination of \$1,000 or any integral multiple thereof. **Interest is computed on the basis of a 30-day month and a 360-day year.**

The Notes are offered for delivery when, as, and if issued, subject to the final approving opinion of Devine, Millimet & Branch Professional Association, Manchester, New Hampshire, Bond Counsel to the County, and to certain other conditions referred to herein. PFM Financial Advisors LLC will be serving as Municipal Advisor to the County on this transaction.

The Notes are being offered for sale at 11:30 A.M. June 4, 2026. Reference is made to the official Notice of Sale for conditions of such sale. It is expected that the Notes, in definitive form, will be available for delivery to DTC in Brooklyn, New York, or to its custodial agent, on or about June 17, 2026.

Municipal Advisor
PFM Financial Advisors LLC

Official Statement Dated: June __, 2026.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any jurisdiction. A definitive Official Statement with respect to these securities will be made available concurrently with their sale.

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No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than information and representations contained herein, in connection with the offering of the Notes, and if given or made, such information or representations must not be relied upon as having been authorized by the County. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact by the County. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County, or its agencies and authorities, since the date hereof. The information contained herein has been furnished by the County and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the County as to information from sources other than the County.

All quotations from and summaries and explanations of provisions of laws and documents described herein do not purport to be complete and reference is made to said laws and documents for full and complete statements of the provisions.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The information relating to The Depository Trust Company ("DTC") and the book-entry only system contained in this Official Statement have been furnished by DTC (See "THE NOTES - Book-Entry Only System" herein). No representation is made by the County as to the adequacy or accuracy of such information. The County has not made any independent investigation of DTC or the book-entry only system.

The financial advisor to the County has provided the following sentence for inclusion in this official statement. The financial advisor has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the financial advisor does not guarantee the accuracy or completeness of such information.

The cover page hereof, this page and the appendices attached hereto are a part of this Official Statement.

**OFFICIAL STATEMENT
of the
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Relating to
\$18,500,000
GENERAL OBLIGATION TAX ANTICIPATION NOTES**

This Official Statement provides certain information concerning the County of Cheshire, New Hampshire (the "County" or the "Issuer") in connection with the issuance by the County of its \$18,500,000 General Obligation Tax Anticipation Notes, dated June 17, 2026 (the "Notes").

Proceeds of Note Issue and Authorization

The proceeds of the Notes will be used to finance the operating expenses of the County during the current fiscal year, January 1, 2026 to December 31, 2026, pending receipt of the tax levy from the member municipalities on December 17, 2026. In accordance with Chapter 29 of Title II of the State of New Hampshire Revised Statutes Annotated ("RSA") 29:8, the County Treasurer, upon the order of the County Commissioners with approval of the Executive Committee of the County Convention, may borrow in anticipation of taxes to be received. On December 3, 2025, the Board of Commissioners voted to request tax anticipation notes and on December 8, 2025, the Executive Committee of the County Convention approved tax anticipation notes in an amount not to exceed \$23,000,000.

The following "Cash Flow Statement" outlines the need for this borrowing. It does not include proceeds or payments of Tax Anticipation Notes.

**CHESHIRE COUNTY, NEW HAMPSHIRE
Projected Cash Flow Statement for Year Ending 2026**

Month	Actual/Estimated Receipts	Actual/Estimated Payments	Cumulative Surplus (Deficit)
<i>Cash on Hand as of:</i>			
January, 2026			\$ 16,707,563
January	\$ 3,242,829	\$ 5,807,970	\$ 14,142,422
February	3,371,940	4,590,173	12,924,189
March	2,603,445	4,844,970	10,682,664
April	2,715,107	6,850,387	6,547,384
May	3,381,269	6,305,191	3,623,462
June	2,825,792	6,305,191	144,063
July	6,786,699	6,846,147	84,615
August	3,613,110	6,305,191	(2,607,466)
September	2,752,693	8,288,305	(8,143,078)
October	2,933,082	8,415,897	(13,625,893)
November	3,294,780	6,305,191	(16,636,304)
December	37,038,560	7,922,744	12,479,512

COUNTY OF CHESHIRE

General

Located in the southwest corner of New Hampshire, the County contains 22 towns and the City of Keene.

The County provides the County Attorney, Corrections Department, Registry of Deeds, Sheriff's Department and human services, such as a nursing home, old age assistance, etc.

The County is administered by a three-member Board of Commissioners.

The County Convention, consisting of all members of the House of Representatives elected from the city and towns, has the approving authority for the County budget, tax levies and borrowings.

County Officials

<u>Office</u>	<u>Incumbent</u>	<u>Manner of Selection</u>	<u>Term Expiration Date</u>
County Commissioner	Terry Clark, Chair	Elected	12/31/26
County Commissioner	Claudia Stewart, Vice Chair	Elected	12/31/28
County Commissioner	Skipper DiBernardo, Clerk	Elected	12/31/26
County Treasurer	Jack Wozmak	Elected	12/31/26
County Attorney	Donald McLaughlin	Elected	12/31/26
County Administrator	Christopher Coates	Appointed	-
Sheriff	Eliezer Rivera	Elected	12/31/26
Register of Deeds	Anna Tilton	Elected	12/31/26

Apportionment of County Costs

The annual budget, including all capital and operating costs, is approved by the County Convention. The budget is submitted to the State's Department of Revenue Administration where the tax liability of each unit is calculated, based upon each unit's equalized valuation.

Under RSA 29:11 the County Treasurer issues his Warrant to each of the municipal units for their portion of the tax levy. Taxes are generally due December 17th of each year, after which interest is charged daily at 10 percent on amounts that are overdue.

County officials state that there have occasionally been some late payments. No municipal unit has ever failed to pay its county taxes.

County Apportionment of Taxes by Municipality

	2025	
	Apportionment	Apportionment*
	of County Budget	
	<hr/>	<hr/>
ALSTEAD	\$ 698,702	2.32%
CHESTERFIELD	2,107,827	7.01%
DUBLIN	1,007,097	3.35%
FITZWILLIAM	1,184,108	3.94%
GILSUM	289,159	0.96%
HARRISVILLE	790,454	2.63%
HINSDALE	1,250,043	4.16%
JAFFREY	2,202,551	7.32%
KEENE	7,358,618	24.46%
MARLBOROUGH	752,077	2.50%
MARLOW	254,547	0.85%
NELSON	477,015	1.59%
RICHMOND	474,239	1.58%
RINDGE	2,946,159	9.79%
ROXBURY	98,522	0.33%
STODDARD	1,046,119	3.48%
SULLIVAN	253,945	0.84%
SURRY	344,233	1.14%
SWANZEY	2,315,280	7.70%
TROY	641,505	2.13%
WALPOLE	1,731,542	5.76%
WESTMORELAND	613,909	2.04%
WINCHESTER	1,247,554	4.15%
TOTALS	<hr/> \$ 30,085,205	<hr/> 100.00%

*Rounded for display. Actual apportionment based on detailed figures.

Revenue Cycle

The County bills each of its municipalities in a November/December timeframe and receives tax payments on or before December 17th each year. This is the only time the County receives tax revenues, which results in the County having to issue tax anticipation notes at the beginning of the budget year to fund its operations through the end of the budget year.

Population and Per Capita Income

	<u>Population</u>				<u>Per Capita Income</u>
	<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>2024</u>
Alstead	1,864	1,937	1,944	1,721	\$41,368
Chesterfield	3,552	3,604	3,542	3,112	58,482
Dublin	1,532	1,597	1,476	1,474	48,733
Fitzwilliam	2,351	2,396	2,141	2,011	50,744
Gilsum	752	813	777	745	45,256
Harrisville	984	961	1,075	981	67,042
Hinsdale	3,948	4,046	4,082	3,936	38,796
Jaffrey	5,320	5,457	5,476	5,361	51,297
Keene	23,047	23,409	22,563	22,430	40,992
Marlborough	2,096	2,083	2,009	1,927	39,332
Marlow	749	742	747	650	42,319
Nelson	629	729	634	535	56,526
Richmond	1,197	1,155	1,077	877	35,020
Rindge	6,476	6,014	5,451	4,941	37,225
Roxbury	220	229	237	248	35,064
Stoddard	1,374	1,232	928	622	46,564
Sullivan	658	677	746	706	45,289
Surry	820	732	673	667	50,521
Swanzy	7,270	7,230	6,800	6,236	41,659
Troy	2,130	2,145	1,962	2,097	41,775
Walpole	3,633	3,734	3,594	3,210	48,017
Westmoreland	1,706	1,874	1,747	1,596	48,743
Winchester	4,150	4,341	4,144	4,048	37,095
Cheshire County	76,458	77,117	73,825	70,121	\$43,485
State of New Hampshire	1,377,529	1,316,470	1,235,786	1,109,117	\$52,798

Source: US Census Bureau - Decennial Census for Population and American Community Survey Estimates for Per Capita Income.

Assessed and Equalized Values: Full Value Tax Rate

<u>Muni</u>	<u>Net Local Assessed Valuation (1)</u>	<u>Equalized Assessed Valuation (EAV) (1)</u>	<u>Net Local Assessed Valuation as % of EAV</u>	<u>Local Tax Rate</u>	<u>Estimated Full Value Tax Rate</u>
Alstead					
2024	\$195,339,243	\$332,573,997	58.7%	\$26.98	\$15.76
2023	194,344,850	294,890,682	65.9	25.43	16.69
2022	194,502,914	291,524,015	66.6	24.64	16.38
2021	194,697,531	220,213,626	88.3	23.25	20.46
2020	193,699,509	195,250,221	99.2	24.42	24.15
2019	163,278,593	187,072,364	87.3	27.85	24.24
2018	163,681,936	192,021,520	84.8	27.05	22.98

Muni	Net Local Assessed Valuation (1)	Equalized Assessed Valuation (EAV) (1)	Net Local Assessed Valuation as % of EAV	Local Tax Rate	Estimated Full Value Tax Rate
Chesterfield					
2024	\$623,672,545	\$1,000,874,400	62.3%	\$20.24	\$12.55
2023	618,349,529	870,820,633	71.0	19.82	14.01
2022	613,131,538	811,877,203	75.7	19.42	14.65
2021	612,467,710	722,849,104	84.7	19.01	16.24
2020	526,553,107	623,859,184	84.4	22.61	18.96
2019	521,216,633	608,047,139	85.7	22.32	19.02
2018	517,213,700	531,672,023	97.3	20.16	19.54
Dublin					
2024	\$478,820,652	\$478,520,652	100.0%	\$17.99	\$17.94
2023	283,795,244	473,670,488	59.9	27.67	16.48
2022	281,951,590	432,340,433	65.3	24.97	16.22
2021	278,787,570	324,736,445	85.8	23.42	19.94
2020	275,008,426	272,537,795	100.9	24.63	24.55
2019	273,073,580	266,180,152	102.6	24.63	24.96
2018	231,339,831	269,909,020	85.3	28.43	24.33
Fitzwilliam					
2024	\$503,861,281	\$563,579,545	89.4%	\$18.27	\$16.13
2023	507,907,856	580,996,010	87.4	16.92	14.60
2022	499,833,810	502,884,695	99.4	16.41	16.13
2021	295,475,152	402,434,513	73.4	25.83	18.63
2020	300,519,850	362,801,569	82.8	25.76	20.91
2019	294,598,130	308,140,897	95.6	26.49	24.82
2018	291,926,384	280,641,531	97.3	24.11	24.56
Gilsum					
2024	\$138,733,135	\$137,636,168	100.8%	\$14.54	\$14.54
2023	72,999,003	110,219,612	66.2	26.03	16.92
2022	72,902,800	100,872,490	72.2	23.57	16.72
2021	72,862,304	84,775,591	85.9	23.20	19.84
2020	72,155,174	77,125,765	93.5	25.75	23.95
2019	70,932,123	69,551,007	102.0	28.01	28.45
2018	61,606,129	67,477,339	89.6	26.72	24.26
Harrisville					
2024	\$350,084,516	\$375,961,407	93.1%	\$12.04	\$11.20
2023	346,509,785	338,735,222	102.3	12.56	12.84
2022	209,114,434	356,446,538	58.7	18.60	10.91
2021	209,008,521	322,335,135	64.8	17.61	11.39
2020	207,786,836	245,824,715	84.5	17.68	14.91
2019	206,669,695	219,124,009	94.3	17.40	16.38
2018	206,064,023	206,499,477	99.7	16.78	16.72
Hinsdale					
2024	\$442,142,860	\$594,960,182	74.3%	\$29.39	\$21.47
2023	442,964,471	534,976,431	82.8	28.06	22.78
2022	440,817,162	529,714,714	83.2	27.98	22.97
2021	352,612,232	507,859,040	69.4	32.65	22.05
2020	347,389,864	401,631,119	86.5	34.15	28.77
2019	338,832,842	402,320,973	84.2	34.07	27.95
2018	347,643,446	334,411,268	93.8	35.20	35.68

<u>Muni</u>	<u>Net Local Assessed Valuation (1)</u>	<u>Equalized Assessed Valuation (EAV) (1)</u>	<u>Net Local Assessed Valuation as % of EAV</u>	<u>Local Tax Rate</u>	<u>Estimated Full Value Tax Rate</u>
Jaffrey					
2024	\$563,034,742	\$1,048,383,078	53.7%	\$32.80	\$16.77
2023	559,775,405	980,172,859	57.1	33.35	18.15
2022	555,748,372	876,345,790	63.4	38.98	18.76
2021	551,426,677	734,937,416	75.0	27.89	19.96
2020	545,260,565	586,214,296	93.0	27.53	24.42
2019	428,291,780	536,744,738	79.8	34.80	26.64
2018	427,443,221	551,057,924	77.4	33.00	24.55
Keene					
2024	\$2,305,060,031	\$3,450,277,222	66.8%	\$33.07	\$21.60
2023	2,281,938,657	3,108,805,033	73.4	31.89	22.87
2022	2,269,431,500	2,836,839,865	81.3	31.03	24.61
2021	2,253,023,420	2,391,688,798	94.2	31.28	28.25
2020	1,893,148,080	2,146,356,567	88.2	37.28	31.52
2019	1,862,926,070	1,960,962,645	95.0	37.60	34.17
2018	1,877,585,459	1,920,248,283	95.9	37.12	35.22
Marlborough					
2024	\$224,497,343	\$355,859,139	62.9%	\$28.73	\$18.02
2023	222,583,146	293,589,603	75.8	24.58	18.57
2022	219,372,367	273,558,682	80.4	26.11	20.95
2021	217,330,501	229,202,510	94.8	24.90	23.48
2020	176,487,277	185,289,113	95.3	31.47	29.81
2019	175,634,358	207,778,791	84.5	31.47	26.44
2018	175,312,902	191,799,073	91.5	33.17	30.25
Marlow					
2024	\$75,208,325	\$120,956,516	62.2%	\$31.00	\$19.20
2023	74,609,821	124,514,781	59.9	28.82	17.20
2022	75,244,332	120,916,909	62.1	25.83	16.05
2021	74,429,260	87,108,062	85.3	24.71	21.01
2020	74,106,807	76,677,984	96.6	29.71	28.54
2019	65,176,460	74,376,690	87.5	31.92	27.73
2018	64,577,175	66,615,528	97.1	25.43	24.54
Nelson					
2024	\$169,228,481	\$226,648,721	74.6%	\$17.71	\$13.17
2023	167,698,284	180,267,420	93.0	14.92	13.81
2022	165,792,117	166,358,742	99.8	14.12	14.04
2021	164,678,922	155,105,593	106.2	15.21	16.07
2020	126,075,068	141,287,942	89.2	18.87	16.73
2019	124,541,062	129,597,366	96.1	17.25	16.47
2018	122,810,371	126,893,176	95.8	18.26	17.59
Richmond					
2024	\$173,033,425	\$225,732,093	76.6%	\$17.86	\$13.61
2023	172,930,754	203,509,965	84.9	14.69	12.39
2022	171,493,744	180,257,553	95.1	14.74	13.95
2021	108,868,284	139,606,588	77.9	23.45	18.13
2020	107,618,539	124,755,313	86.2	23.71	20.26
2019	101,083,354	109,449,935	92.3	24.19	22.22
2018	100,811,752	101,788,062	96.9	27.77	27.35

<u>Muni</u>	<u>Net Local Assessed Valuation (1)</u>	<u>Equalized Assessed Valuation (EAV) (1)</u>	<u>Net Local Assessed Valuation as % of EAV</u>	<u>Local Tax Rate</u>	<u>Estimated Full Value Tax Rate</u>
Rindge					
2024	\$774,164,114	\$1,401,181,415	55.2%	\$25.31	\$13.83
2023	756,396,301	1,286,198,954	58.8	25.04	14.45
2022	737,055,840	1,152,021,544	64.0	23.03	14.46
2021	713,449,721	933,534,393	76.4	22.65	16.94
2020	702,330,670	765,762,769	91.7	22.45	20.15
2019	557,397,684	699,309,027	79.7	27.76	21.56
2018	547,444,538	658,633,750	82.8	27.50	22.25
Roxbury					
2024	\$43,482,235	\$41,349,711	105.2%	\$15.64	\$16.40
2023	24,579,562	35,327,832	69.5	27.52	19.07
2022	24,838,842	36,713,847	77.1	24.13	18.55
2021	24,852,742	30,365,333	92.5	26.04	21.18
2020	24,902,314	24,506,374	101.6	25.37	22.63
2019	24,549,554	23,889,468	102.8	25.28	22.80
2018	22,976,810	26,804,403	96.8	25.00	21.33
Stoddard					
2024	\$462,126,040	\$497,892,844	92.8%	\$11.76	\$10.84
2023	305,472,110	505,574,983	60.4	16.98	10.19
2022	303,601,070	447,724,022	67.8	16.33	11.03
2021	297,665,750	395,554,288	75.2	16.57	12.41
2020	294,772,010	320,011,615	92.1	16.41	15.04
2019	293,377,810	304,299,306	96.4	15.10	14.48
2018	258,129,470	277,917,514	92.0	15.99	14.78
Sullivan					
2024	\$119,312,090	\$120,875,105	98.7%	\$18.09	\$17.75
2023	66,486,476	94,534,890	70.3	32.80	22.85
2022	66,091,958	88,438,102	74.7	26.42	19.56
2021	64,533,669	81,332,949	79.2	23.49	18.44
2020	63,639,901	64,947,240	98.0	26.26	25.47
2019	61,764,198	63,917,243	96.6	22.25	21.30
2018	52,675,909	54,498,659	95.2	33.69	32.25
Surry					
2024	\$138,863,072	\$160,460,662	86.5%	\$16.82	\$14.50
2023	137,558,413	137,241,209	100.2	16.02	16.00
2022	136,160,545	128,202,408	109.5	16.06	17.54
2021	85,873,997	115,036,575	74.6	24.52	17.67
2020	84,940,557	96,280,680	88.2	28.42	24.47
2019	82,603,585	88,713,858	93.1	28.92	26.28
2018	80,793,852	87,051,484	95.6	22.23	20.55
Swanzy					
2024	\$1,021,821,332	\$1,099,172,023	92.9%	\$19.06	\$17.38
2023	654,537,834	1,128,218,395	58.0	26.87	15.32
2022	638,132,961	965,179,152	66.3	25.00	16.34
2021	641,140,861	811,210,067	79.0	24.51	19.01
2020	636,557,093	684,358,267	93.3	25.68	23.44
2019	632,164,073	643,062,614	98.3	25.76	24.85
2018	559,192,755	613,564,015	89.1	29.69	26.61

<u>Muni</u>	<u>Net Local Assessed Valuation (1)</u>	<u>Equalized Assessed Valuation (EAV) (1)</u>	<u>Net Local Assessed Valuation as % of EAV</u>	<u>Local Tax Rate</u>	<u>Estimated Full Value Tax Rate</u>
Troy					
2024	\$261,104,045	\$305,343,431	85.5%	\$18.59	\$15.73
2023	239,684,686	259,086,980	92.5	18.08	16.61
2022	140,062,636	237,328,770	59.0	30.84	18.04
2021	132,145,633	189,809,614	69.6	29.58	20.41
2020	130,773,478	164,246,544	79.6	28.26	22.31
2019	131,567,897	148,784,749	88.4	26.95	23.61
2018	130,399,553	131,400,266	99.2	34.78	34.23
Walpole					
2024	\$759,107,443	\$824,093,043	92.1%	\$17.11	\$15.66
2023	752,245,574	773,059,927	97.3	16.24	15.71
2022	717,799,235	752,388,208	99.9	16.33	16.27
2021	439,248,688	589,193,913	74.5	25.43	17.94
2020	437,937,898	492,329,142	88.9	25.66	21.60
2019	430,508,720	425,424,127	101.2	25.51	24.40
2018	449,450,178	425,296,254	100.2	25.02	26.19
Westmoreland					
2024	\$204,594,546	\$292,213,112	70.0%	\$23.06	\$16.01
2023	202,969,344	279,647,497	72.5	21.29	15.36
2022	200,715,526	238,926,023	83.9	20.55	17.17
2021	198,960,842	204,428,724	97.3	20.40	19.82
2020	166,470,954	195,766,867	85.0	25.40	21.56
2019	166,208,847	187,445,899	88.6	26.85	23.77
2017	165,121,875	172,511,288	95.7	25.00	23.89
Winchester					
2024	\$340,415,419	\$590,873,456	57.6%	\$29.25	\$16.64
2023	340,209,480	561,961,278	60.5	31.68	18.93
2022	345,261,462	468,792,302	74.0	28.70	21.00
2021	347,456,574	426,525,046	81.4	31.79	25.42
2020	336,126,408	345,056,624	97.4	28.77	27.48
2019	276,269,908	291,922,149	94.6	35.64	33.22
2018	275,279,460	264,437,484	101.7	34.73	35.82

⁽¹⁾ Source: New Hampshire Department of Revenue Administration – September 2025 Report
Rounded to nearest dollar.

County Employees

	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
General Government	97	97	97	93	80	72
Nursing Home	227	227	227	227	227	227
Corrections	84	84	84	83	83	83
Sheriff's Dept	36	36	33	31	32	32
EMS	48	48	48	55	27	0
Totals	<u>492</u>	<u>492</u>	<u>489</u>	<u>491</u>	<u>449</u>	<u>409</u>

County Employees Bargaining Organizations

<u>Employees</u>	<u>Organization</u>	<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
Nursing Home	AFSCME	87	March 31, 2028
Sheriff's Department	Teamsters	12	March 31, 2028
Department of Corrections	Teamsters	42	March 31, 2029
EMS	Teamsters	31	March 31, 2028

Employment and Payroll – 2024

<u>Industry</u>	<u># of Units</u>	<u>Annual Average Employment</u>	<u>Average Weekly Wage</u>	<u>% Covered Employment</u>
Agriculture/Forestry/Fishing	N/A	N/A	N/A	N/A
Mining	N/A	N/A	N/A	N/A
Construction	293	1,986	1,482.00	7.86%
Manufacturing	126	4,941	1,383.00	19.56%
Utilities	N/A	N/A	N/A	N/A
Wholesale Trade	70	783	1,648.00	3.10%
Retail Trade	301	5,076	790.00	20.09%
Transportation and Warehousing	45	681	1,100.00	2.70%
Information	30	289	1,415.00	1.14%
Finance and Insurance	90	783	1,826.00	3.10%
Real Estate and Rental and Leasing	N/A	N/A	N/A	N/A
Professional, Scientific, and Technical Service	165	720	1,783.00	2.85%
Management of Companies/Enterprises	N/A	N/A	N/A	N/A
Administrative and Waste Services	127	873	999.00	3.46%
Educational Services	26	810	911.00	3.21%
Health Care and Social Assistance	178	4,064	1,269.00	16.08%
Arts, Entertainment, and Recreation	35	405	855.00	1.60%
Accommodation and Food Services	163	2,522	527.00	9.98%
Other Services Except Public Admin	<u>185</u>	<u>1,333</u>	<u>806.00</u>	<u>5.28%</u>
	1,834	25,266	\$16,794.00	100.00%

N/A = data does not meet disclosure standards

Prepared by: Economic and Labor Market Information Bureau,
New Hampshire Employment Security

Population

<u>Year</u>	<u>Cheshire County</u>	<u>% Change from Prior</u>	<u>New Hampshire</u>	<u>% Change from Prior</u>
2020	76,458	-0.9 %	1,377,529	4.6 %
2010	77,117	4.5	1,316,470	6.5
2000	73,825	5.3	1,235,786	11.4
1990	70,121	12.9	1,109,117	20.5
1980	62,116	18.6	920,475	24.8
1970	52,364	20.8	737,578	21.5

Source: United States Census

Income

	Cheshire County	New Hampshire	United States
Median Age:			
2024	43.6	43.3	39.2
2020	42.4	43.1	38.8
2010	42.4	41.1	37.2
2000	37.6	37.1	35.3
1990	33.4	32.8	32.8
1980	30.4	30.7	30.0
Median Family Income:			
2024	\$104,002	\$119,900	\$102,010
2020	82,492	97,001	86,303
2010	66,743	76,446	62,982
2000	51,043	57,575	50,046
1990	36,556	41,628	35,225
1980	18,916	19,724	19,908
Per Capita Income:			
2024	\$43,485	\$52,798	\$43,212
2020	36,252	42,324	37,638
2010	28,503	32,192	27,334
2000	20,685	23,844	21,587
1990	14,041	15,959	14,420
1980	6,700	6,966	7,313

Source: US Census, American Community Surveys.

Housing

	Cheshire County	New Hampshire	United States
% Owner occupied	72.7 %	72.8 %	65.2 %
% Vacant	15.4 %	15.4 %	12.0 %
Owner occ. Med. Value	\$ 280,100	\$ 402,500	\$ 332,700
Median monthly cost (mortgaged)	\$ 1,947	\$ 2,367	\$ 1,963
Occupied housing units	30,620	555,822	129,227,496

Source: 2020-2024 US Census, American Community Survey.

Unemployment Trends – Cheshire County – NH Labor Market Area

	Annualized									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cheshire County	2.7%	2.7%	2.6%	2.6%	6.1%	3.7%	2.5%	2.3%	2.5%	*
New Hampshire	2.9	2.8	2.6	2.6	6.7	3.5	2.4	2.3	2.6	*
United States	4.9	4.4	3.9	3.7	8.1	5.3	3.6	3.6	4.0	*

Source: New Hampshire Economic & Labor Market Information Bureau
 Not Seasonally Adjusted.
 *Data not available.

	Monthly 2025												Monthly 2026		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Cheshire County	3.2 %	3.3 %	3.2 %	2.8 %	2.7 %	3.0 %	3.2 %	3.2 %	3.1 %	*	3.0 %	2.8 %	3.4 %	3.2 %	*
New Hampshire	3.4	3.5	3.4	3.0	2.9	3.0	3.2	3.2	3.1	*	3.2	3.1	3.6	3.4	*
United States	4.4	4.5	4.2	3.9	4.0	4.4	4.6	4.5	4.3	*	4.3	4.1	4.7	4.7	4.3 %

Source: New Hampshire Economic & Labor Market Information Bureau
Not Seasonally Adjusted.
*Data not available.

Major Private Employers

Name	Type of Business	Employer Size
C&S Wholesale Grocers	Wholesale Grocers	1,000-4,999
Millpore Corporation	Industrial Filters	500-999
Cheshire Medical Center	Hospitals	500-999
Timken Aerospace	Ball & Roller Bearing Manufacturers	500-999
Markem-Imaje USA	Inks Manufacturers	500-999
UNFI Distribution Center	Wholesale Grocers	500-999
VNA AT HCS INC	Hospices	250-499
TFX Medical, Inc.	Medical Tubing	250-499
Barton Associates	Medical Staff Relief	250-499
Walmart	Department Stores	250-499
Cheshire County Home	Adult Day Care Centers	250-499

Source: New Hampshire Economic & Labor Market Information Bureau

DEBT AND FINANCIAL ADMINISTRATION INFORMATION

Financial Summary (Pro-Forma as of 12/31/2025)

Net Assessed Valuation (2024)	\$10,328,425,745
Plus: Blind, Elderly, Educational and Special Exemptions	36,962,355
Total Assessed Valuation (2024)	\$10,365,388,100
Tax Anticipation Notes currently outstanding (including this issue)	\$18,500,000
Bond Anticipation Notes currently outstanding	0
Total Bond and Tax Anticipation Notes	\$18,500,000
Bond Debt:	
2020 Series Bond Issue * (self-supporting debt)	\$4,800,000
2017 Series Bond Issue	18,600,000
2015 Refunding Bond Issue	3,460,000
Total Bonded Debt	\$26,860,000
Total Overall Debt (including this issue)	\$45,360,000
Total Net Debt (Less Grants, TANs and self-supporting budget)	\$22,060,000

Debt Ratios (12/31/2025)

	\$45,360,000	\$26,860,000
	<u>Overall Debt</u>	<u>Net Debt</u>
Per Capita (76,040 - 2020)	\$ 596.53	\$ 353.24
Ratio to Net Assessed Valuation of (\$10,328,425,745)	0.44%	0.26%
Ratio to Modified Assesed Valuation of (\$10,365,388,100)	0.44%	0.26%

Other Financial Lease Obligations

2021 Joint Obligation with City of Keene - \$ 75,000	
2022 Energy Lease - \$1,545,076	
2022 Energy Lease - \$ 340,460	
Vehicle Leases - \$ 137,193	

Tax Anticipation Notes

<u>Year</u>	<u>Amount of TANS Issued</u>	<u>TANS Outstanding at Year End</u>
2026 ⁽¹⁾	\$18,500,000	NA
2025	14,500,000	-0-
2024	10,000,000	-0-
2023	9,925,000	-0-
2022	7,000,000	-0-
2021	18,000,000	-0-
2020	18,000,000	-0-
2019	18,000,000	-0-
2018	17,000,000	-0-
2017	16,000,000	-0-
2016	16,500,000	-0-
2015	16,000,000	-0-
2014	14,800,000	-0-
2013	17,900,000	-0-
2012	19,000,000	-0-
2011	22,000,000	-0-
2010	21,000,000	-0-
2009	20,800,000	-0-
2008	19,800,000	-0-
2007	10,500,000	-0-

(1) This issue of Notes.

Annual Bonded Principal Payments*

Fiscal Year	2015 Refunding	2017 Series	2020 Series	Total Principal
2026	\$ 1,735,000	\$ 1,550,000	\$ 320,000	\$ 3,605,000
2027	1,725,000	1,550,000	320,000	3,595,000
2028	-	1,550,000	320,000	1,870,000
2029	-	1,550,000	320,000	1,870,000
2030	-	1,550,000	320,000	1,870,000
2031	-	1,550,000	320,000	1,870,000
2032	-	1,550,000	320,000	1,870,000
2033	-	1,550,000	320,000	1,870,000
2034	-	1,550,000	320,000	1,870,000
2035	-	1,550,000	320,000	1,870,000
2036	-	1,550,000	320,000	1,870,000
2037	-	1,550,000	320,000	1,870,000
2038	-	-	320,000	320,000
2039	-	-	320,000	320,000
2040	-	-	320,000	320,000
	<u>\$ 3,460,000</u>	<u>\$ 18,600,000</u>	<u>\$ 4,800,000</u>	<u>\$ 26,860,000</u>

* Does not include State of New Hampshire Drinking Water Revolving Loan.

Bonds Authorized – Unissued

The County does not have any authorized but unissued debt at this time.

RETIREMENT PROGRAMS

New Hampshire Retirement System (NHRS)

Plan Description: The County contributes to the New Hampshire Retirement System (“NHRS” or the “Plan”), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The Plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive Concord, New Hampshire 03301. Reference is hereby made to the State of New Hampshire Information Statement dated March 27, 2026, which has been filed with the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12.

NHRS pension expense paid by the County for 2025 totaled \$3,134,464.

Please see December 31, 2024 Audited Financial Statements pages 22 – 26, Note 9 – Defined Benefit Pension Plan for additional information.

Other Post-Employment Benefits

In addition to pension benefits as described above, the County provides certain retirees with medical care benefits. The County indirectly provides post-employment health care for retired employees through an implicit rate covered by current year employees. Retirees of the County contribute 100% of the cost of the health plan, as determined by the County. The County contributes its implicit rate subsidy of the health plan costs on a pay-as-you-go basis.

The County adopted GASB No. 76 effective for the year beginning January 1, 2018. The following table summarizes the Implicit Rate Subsidy and Current OPEB Liability for fiscal years 2020 through 2025:

Fiscal Year <u>Ended 12/31</u>	<u>Implicit Subsidy</u>	<u>Current OPEB Liability</u>
2020	\$32,628	\$2,282,041
2021	33,320	2,430,700
2022	16,427	1,148,734
2023	17,038	1,241,887
2024	36,543	1,189,722
2025	38,308	1,326,763

Please see December 31, 2024 Audited Financial Statements, Note 8 – Other Post-Employment Benefits.

ADDITIONAL LEGAL MATTERS

Source of Payment and Remedies

In the opinion of Bond Counsel, the Notes described in this Official Statement, when issued, will be valid general obligations of Cheshire County, New Hampshire. Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue, nor is any lien or pledge created with respect to any such fund or source.

The New Hampshire Municipal Finance Act (RSA 33) provides that the amount of each payment of principal and interest on all loans issued by a County shall, without vote of the County, be annually assessed and collected. (No provision is made, however, for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.)

The obligations of the County and the enforcement thereof are subject to the exercise of the sovereign police powers of the State of New Hampshire and the constitutional powers of the United States of America, to the federal bankruptcy code provided the County is qualified as a debtor pursuant to 11 U.S.C. section 109(c) and is expressly authorized under the laws of the State of New Hampshire to file for relief under the federal bankruptcy code. In this regard, no New Hampshire statute specifically authorizes a New Hampshire municipality such as the County to file for bankruptcy under the federal code. The obligations of the County and the enforcement thereof are also subject to other existing and future laws affecting creditors’ rights to the extent the same may be constitutionally applied, and to the exercise of judicial discretion in accordance with general equitable principles.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement other than matters expressly set forth in their opinion and they make no representation that they have independently verified the same.

TAX EXEMPTION

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulation rulings and court decisions, and assuming, among other matters, compliance with certain covenants under existing law, the interest on the Notes will be exempt from the New Hampshire personal income tax on interest and dividends, and, except as described below, the interest on the Notes is excluded from gross income for federal income tax purpose under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Notes will not be included in computing the federal alternative minimum tax imposed on individuals. However, interest on the Notes will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Except as indicated in the following paragraph, Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Notes.

The County will NOT designate the Notes as “Qualified Tax-Exempt Obligations” for purposes of Section 265(b)(3) of the Code. Accordingly, in the opinion of Bond Counsel, a deduction WILL NOT be allowed to a financial institution for 80% of its interest expense allocable to the Notes.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. Failure to comply with the Code’s requirements may cause interest

on the Notes to be subject to federal income taxation retroactive to the date of issuance of the Notes. The County has covenanted to comply with such requirements to ensure that interest on the Notes will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect the federal or state tax liability of a Noteholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Notes, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Notes in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Noteholders should consult with their own tax advisors with respect to such consequences.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the New Hampshire legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Noteholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of Noteholders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rates on the Notes are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

Prospective Noteholders are urged to consult their own financial and tax advisors to analyze the importance of these risks.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Notes. If an audit is commenced, under current procedures the IRS may treat the County as the taxpayer and the owners of the Notes may have limited rights to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

BOOK ENTRY ONLY SYSTEM

This section describes how ownership of the Notes is to be transferred and how the principal of and interest on the Notes are to be paid to and accredited by the Depository Trust Company ("DTC") while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only Transfer System has been provided by DTC for use in disclosure documents such as this Official Statement. The County believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Notes, or redemption or other notices, to Direct Participants, (hereinafter defined), 2) Direct Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Notes), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and

Exchange Commission, and the current procedures of DTC to be followed in dealing with Direct Participants are on file with DTC.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each interest rate of the Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participant to whose account such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County

or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the County and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, note certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Notes are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the County or the Financial Advisor.

LEGAL REQUIREMENT FOR APPROVAL OF BORROWING

Following a public hearing, bonds and bond anticipation notes must be approved by two-thirds of the County Convention present and voting. A majority of the whole Convention constitutes a quorum for this purpose. Tax anticipation notes and revenue anticipation notes must be approved by the Executive Committee of the Convention after appearance of the County Treasurer testifying in support of the borrowing as required by New Hampshire Law Revised Statutes Annotated 29:8.

UNDERTAKING TO PROVIDE DISCLOSURE OF CERTAIN MATERIAL EVENTS

Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934, as amended, provides that underwriters may not purchase or sell certain municipal securities unless the issuer of the municipal securities undertakes to provide continuing disclosure with respect to those securities subject to certain exemptions, including a limited exemption, applicable to the Notes, for municipal securities maturing 18 months or less. The Issuer will covenant, at the time of delivery of the Notes, to provide notices of the occurrence of certain significant events.

The covenants will be contained in a Material Events Disclosure Certificate, the proposed form of which is provided in APPENDIX C and will be executed by the signers of the Notes and incorporated by reference in the Notes.

During the last five years, the County believes that it has complied in all material respects with its previous undertakings to provide financial information or notices of significant events in accordance with the Rule.

The Finance Director, or such official's designee from time to time, shall be the contact person on behalf of the County from whom the information, data and notices required by the Rule may be obtained. The name, address and telephone number of the initial contact person is Sheryl Trombly, Finance Director, 12 Court Street, Keene, New Hampshire, 03431, 603-355-0154.

STATE SCHOOL FUNDING

On December 17, 1997, the New Hampshire Supreme Court ruled that the State's system of financing elementary and secondary public education primarily through local property taxes was unconstitutional. Since that

decision, the State legislature has taken a number of actions to address the issues raised by the Court and to meet its constitutional obligation with respect to school funding. Many of such actions have been subject to subsequent review and decisions by the Court. For a description of the history and status of the school funding litigation and the resulting legislation affecting the extent and manner in which the State participates in the financing of public education, see the State's most recent Information Statement dated March 27, 2026, which has been filed with the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12.

The New Hampshire Superior Court has recently taken up two cases that deal with the State's obligation to provide a constitutionally adequate education to educatable children in public schools in New Hampshire and to raise adequate funding to pay costs of that obligation.

In *Contoocook Valley School District v. The State of New Hampshire 2025 N.H. 29 (2025)*, the trial court determined that the State's base adequacy cost should increase from \$4,100 per pupil, to \$7,356 per pupil, suggesting an increase in the State's educational adequacy obligation of some \$538.0 million. On July 1, 2025, the New Hampshire Supreme Court partially upheld and partially overturned the trial court's decision. It agreed with the trial court's determination that the current education funding scheme failed to meet the level of adequacy under the New Hampshire Constitution and supported the trial court's rationale in determining the base level of adequate funding. Despite finding a constitutional violation, the Court nevertheless overturned the trial court's order on injunctive relief, meaning that the State was not required to immediately meet the \$7,356 per pupil funding mandate imposed by the lower court. Instead, the Supreme Court has left it to the legislature to fashion a remedy that will meet constitutionally adequate funding.

In *Steven Rand v. The State of New Hampshire 177 N.H. 383 (2025)*, the trial court determined that the use of the State's Statewide Education Property Tax ("SWEPT") to raise funds in order to meet its educational adequacy obligations was unconstitutional. The State sets a target amount to be collected statewide, and each town is assigned a tax rate per \$1,000 of property value. A key aspect of the case is the 2011 change in the law allowing towns to keep any excess SWEPT revenue they collect beyond what is needed for "adequate" education funding. Wealthier towns, with higher property values, often collect more than needed for their schools and are now permitted to keep that excess, while less wealthy towns may still need to transfer funds to the State's Education Trust Fund. The plaintiffs in the case argued that this system created unequal effective tax rates across towns, violating the State constitution's requirement for proportional and reasonable taxation. The New Hampshire Supreme Court ruled in a 3-1 decision that the SWEPT is constitutional, allowing property-rich towns to keep excess tax revenue. The court determined that the SWEPT, despite the disparity in how much revenue towns retain, is administered equally and uniformly across the State because all property owners pay the same tax rate.

The County is unable to predict the outcome of these matters at this time.

RATING

The Notes **are not rated** by any nationally recognized municipal securities ratings agency.

The long term debt of the County is currently rated Aa2 by Moody's Investors Service, Inc. ("Moody's"). Such rating reflects only the respective view of such organization and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the County's bonds or notes.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Notes to the original purchasers thereof.

No Litigation Certificate

Upon the delivery of the Notes, the County shall deliver or cause to be delivered a certificate of a majority of the Board of Commissioners and the County Treasurer, dated the date of delivery to the effect that there is no litigation pending or, to the knowledge of such officers, threatened affecting the validity of the Notes or the power of the County to levy and collect taxes to pay them and that neither the corporate existence nor boundaries of the County, nor the title of any of said officers to their respective offices, is being contested.

Certificate With Respect to Official Statement

At the time of the original delivery of and payment for the Notes, the County will deliver a certificate of a majority of the Board of Commissioners and the County Treasurer certifying that, to the best of their knowledge and belief, both as of its date and as of the date of delivery of the Notes, this Official Statement does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC (“PFM”) has served as municipal advisor to the County for the issuance of the Notes. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Official Statement. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing securities or other public securities.

FINANCIAL STATEMENTS

The County’s Audited Financial Statements for the fiscal year ended December 31, 2024 are attached as Appendix B.

LITIGATION

There is no litigation pending, or to the knowledge of the County’s attorney threatened, which would affect the validity of these Notes, or the County’s ability to levy and collect taxes to pay them, or which would have a material effect on the County’s financial position.

CERTIFICATION

To the best of my knowledge, this Preliminary Official Statement relating to the County and its finances is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Notes by the County and may not be reproduced or used in whole or in part for any other purpose.

CHESHIRE COUNTY, NEW HAMPSHIRE

By: _____
Jack Wozmak, Treasurer
Cheshire County, New Hampshire

Date: June __, 2026

THE COUNTY HAS NEVER DEFAULTED IN PAYMENT OF ITS OBLIGATIONS.

APPENDIX A

BALANCE SHEET

AND

REVENUE & EXPENDITURES

GOVERNMENTAL FUNDS

**COUNTY OF CHESHIRE, NEW HAMPSHIRE
BALANCE SHEET**

General Fund

For the Fiscal Year Ended December 31,

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
ASSETS					
Cash and Equivalents	\$ 14,089,014	\$ 20,990,653	\$ 11,955,559	\$ 22,834,925	\$ 20,621,973
Investments	95,520	95,539	10,100,650	853,647	898,063
Accounts Receivable	911,010	812,029	765,734	1,161,293	1,056,459
Due From Other Funds	6,005	567,315	1,200,184	1,005,486	1,744,679
Due From Other Governments	2,431,629	2,324,854	1,858,307	2,321,730	2,059,303
Lease Receivable	-	-	-	-	11,262,903
Deposits and Prepaids	160,248	231,005	229,919	197,401	173,970
TOTAL ASSETS	<u>\$17,693,426</u>	<u>\$25,021,395</u>	<u>\$26,110,353</u>	<u>\$28,374,482</u>	<u>\$37,817,350</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assets and Deferred Outflows of Resources	<u>\$17,693,426</u>	<u>\$25,021,395</u>	<u>\$26,110,353</u>	<u>\$28,374,482</u>	<u>\$37,817,350</u>
LIABILITIES					
Liabilities					
Accounts Payable	\$ 933,261	\$ 1,528,595	\$ 1,735,365	\$ 1,915,828	\$ 1,947,452
Accrued Liabilities	1,200,257	1,077,709	1,196,962	1,274,125	1,490,279
Retainage Payable	-	-	5,000	-	-
Due to Other Funds	3,644	2,740,754	635,840	5,480	246,780
Due to Other Governments	827,306	811,826	813,446	843,834	852,893
Advances from Grantors	508,431	186,184	80,742	523,484	165,003
Deferred Revenues	172,106	155,838	160,457	134,985	255,966
Total Liabilities	<u>\$ 3,645,005</u>	<u>\$ 6,500,906</u>	<u>\$ 4,627,812</u>	<u>\$ 4,697,736</u>	<u>\$ 4,958,373</u>
DEFERRED INFLOWS OF RESOURCES					
Related to Lease Receivable	\$ -	\$ -	\$ -	\$ -	\$10,742,248
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,742,248</u>
FUND BALANCES					
Nonspendable	\$ 160,248	\$ 231,005	\$ 229,919	\$ 197,401	\$ 173,970
Restricted	74,076	81,748	85,016	80,683	92,178
Committed	998,534	1,559,556	1,595,700	1,531,465	1,255,614
Assigned	717,024	759,864	873,943	1,353,918	778,652
Unassigned	12,098,539	15,888,316	18,697,963	20,513,279	19,816,315
Total Fund Balances	<u>\$14,048,421</u>	<u>\$18,520,489</u>	<u>\$21,482,541</u>	<u>\$23,676,746</u>	<u>\$22,116,729</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$17,693,426</u>	<u>\$25,021,395</u>	<u>\$26,110,353</u>	<u>\$28,374,482</u>	<u>\$37,817,350</u>

CHESHIRE COUNTY, NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
General Fund

For the Fiscal Year Ended December 31,

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues					
Taxes	\$ 28,718,371	\$ 28,718,371	\$ 29,093,371	\$ 29,093,371	\$ 29,067,585
Intergovernmental	11,527,098	10,830,446	9,020,449	11,153,178	11,063,005
Charges for Services	13,294,433	15,853,929	18,409,432	19,965,846	19,032,530
Interest & Investment Income	64,983	22,458	40,601	459,798	470,452
Miscellaneous	995,268	1,079,837	1,286,437	971,767	1,113,075
Total Revenues	<u>\$ 54,600,153</u>	<u>\$ 56,505,041</u>	<u>\$ 57,850,290</u>	<u>\$ 61,643,960</u>	<u>\$ 60,746,647</u>
Expenditures					
Current:					
General Government	\$ 6,441,978	\$ 6,761,908	\$ 7,101,147	\$ 7,725,150	\$ 8,028,569
Public Safety	8,231,369	8,472,034	12,644,267	10,100,289	10,408,093
Human Services	11,339,997	13,997,571	15,565,403	16,468,450	15,251,412
Conservation	65,243	69,371	80,323	87,957	94,587
Nursing Homes	19,689,456	19,107,730	19,258,177	19,973,419	21,564,326
Capital Outlay	7,153,832	704,544	1,114,086	1,332,090	1,950,413
Debt Service	5,605,204	5,753,906	5,554,602	5,397,353	5,229,048
Total Expenditures	<u>\$ 58,527,079</u>	<u>\$ 54,867,064</u>	<u>\$ 61,318,005</u>	<u>\$ 61,084,708</u>	<u>\$ 62,526,448</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,926,926)</u>	<u>\$ 1,637,977</u>	<u>\$ (3,467,715)</u>	<u>\$ 559,252</u>	<u>\$ (1,779,801)</u>
Other Financing Sources (Uses)					
Proceeds from Bonds	\$ 6,415,000	\$ -	\$ -	\$ -	\$ -
Proceeds from Bond Premium	457,690	-	-	-	-
Proceeds from Capital Lease Issuance	30,369	28,969	-	-	-
Issuance of Notes Payable	-	-	-	920,768	-
Issuance of Lease	-	-	-	-	337,105
Issuance of Financed Purchase Obligation	-	-	-	-	198,273
Issuance of SBITA	-	-	-	-	292,796
Operating Transfers In	217,116	3,479,422	6,482,008	726,529	449,092
Operating Transfers Out	(270,071)	(674,300)	(52,241)	(12,344)	(1,424,651)
Total Other Financing Sources (Uses)	<u>\$ 6,850,104</u>	<u>\$ 2,834,091</u>	<u>\$ 6,429,767</u>	<u>\$ 1,634,953</u>	<u>\$ (147,385)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$ 2,923,178</u>	<u>\$ 4,472,068</u>	<u>\$ 2,962,052</u>	<u>\$ 2,194,205</u>	<u>\$ (1,927,186)</u>
Fund Balances, Beginning of Year	<u>\$ 11,125,243</u>	<u>\$ 14,048,421</u>	<u>\$ 18,520,489</u>	<u>\$ 21,482,541</u>	<u>\$ 24,043,915</u> *
Fund Balances, End of Year	<u>\$ 14,048,421</u>	<u>\$ 18,520,489</u>	<u>\$ 21,482,541</u>	<u>\$ 23,676,746</u>	<u>\$ 22,116,729</u>

*Restated

APPENDIX B

AUDITED FINANCIAL STATEMENTS



COUNTY OF CHESHIRE, NEW HAMPSHIRE

Financial Statements

With Schedule of Expenditures of Federal Awards

December 31, 2024

and

Independent Auditor's Report

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

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

Schedule of Findings and Questioned Costs

COUNTY OF CHESHIRE, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2024

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COUNTY OF CHESHIRE, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
County of Cheshire, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Cheshire, New Hampshire (the County), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Cheshire, New Hampshire, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Cheshire, New Hampshire and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the County's proportionate share of the net OPEB liability, schedule of County OPEB contributions, schedule of changes in the County's total OPEB liability and related ratios, schedule of changes in the County's proportionate share of the net pension liability, and schedule of County pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, on our consideration of the County'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 County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Cheshire, New Hampshire's internal control over financial reporting and compliance.

Vachon Clukay & Company PC

Manchester, New Hampshire
June 27, 2025

**CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS**

The discussion and analysis of Cheshire County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 are as follows:

- The County's net position for year-end was \$41,663,119 an increase of \$139,890 which represents a .337% increase over the 2023 net position of \$41,523,229.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$21,791,032 a decrease of \$2,901,458 from the prior year balance of \$24,692,490. Of this amount, \$18,518,580 is available for spending (unassigned).
- At the end of the current year, unassigned fund balance for the General Fund was \$19,816,315, which represents a 3.40% decrease from the prior year balance of \$20,513,279.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The County's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the balance reported as net position. The statement of activities presents information showing how the County's net position changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, non-financial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

In the statement of net position and the statement of activities, the County is presented as one activity:

- **Governmental Activities**—All of the County's programs and services are reported here, including General Government, Public Safety (which includes Department of Corrections, Sheriff, Sheriff Dispatch and Cheshire EMS), Human Services/Medicaid Expenses, Assisted Living Facility, Conservation and Economic Development as well as the County Nursing Home. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues. The Nursing Home does generate revenue in charges for services but does require funding by taxes as well. The goal of Cheshire EMS is to be self-sustaining therefore the Governmental Funds Balance sheet tracks Cheshire EMS separately.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain controls over resources that have been segregated for specific activities or objects. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The funds of Cheshire County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to our residents. In 2024, the County has determined the General Fund and Cheshire EMS to be major governmental funds.

GOVERNMENTAL FUNDS—Governmental funds are used to account for essentially the same functions reported as governmental activities on the government wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

Because the focus of the 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 on the government wide financial statements. By doing so, readers may better understand the long-term effect of the government's short term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, identified earlier as the General Fund and Cheshire EMS. Data from the other governmental funds, which includes Hemenway Fund, Deeds Surcharge, Sheriff's Forfeiture Fund and Civil Processing, Jail Canteen, Court House Restoration Fund, ARPA Fund, CDBG Fund, Opiate Trust Fund, Maplewood Capital Fund, Energy Upgrade, Sheriff's Dispatch Capital Project, and Grant Funds are combined into a single, aggregated presentation.

PROPRIETARY FUNDS—The County has one proprietary fund. The County uses an internal service fund for its self-funded Health and Dental Insurance account.

**CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS**

FIDUCIARY FUNDS—Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds. The County's custodial funds account for the Registry of Deeds, Sheriff's Writs and Execution, Nursing Home Resident Funds and the Jail Inmate funds.

NOTES TO THE FINANCIAL STATEMENTS—The notes provide additional information that is essential to gaining a full understanding of the data provided on the government-wide and fund financial statements.

OTHER INFORMATION—In addition to the basic financial statements and accompanying notes, this report presents the General Fund's actual revenues and expenditures as compared to the legally adopted budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The table below provides a summary of the County's net position for the year ended December 31, 2024 compared with 2023.

County assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,663,119 as of December 31, 2024. This is an increase in net position, of \$139,890 from 2023.

Cheshire County, New Hampshire Net Position
As of December 31, 2024 and December 31, 2023

	Governmental Activities	
	2024	2023
Current and Other Assets	\$ 31,434,134	\$ 35,423,286
Lease Receivable	10,622,130	11,262,903
Capital Assets, Net	<u>76,678,885</u>	<u>77,729,051</u>
Total Assets	<u>\$ 118,735,149</u>	<u>\$ 124,415,240</u>
Deferred Outflows of Resources		
Loss on debt refunding	96,308	163,646
Def outflow OBEB Liab	219,590	357,003
Def Outflows Net Pension Liab	<u>3,696,870</u>	<u>3,969,766</u>
Total Deferred Outflows	<u>\$ 4,012,768</u>	<u>\$ 4,490,415</u>
Current Liabilities	10,112,406	10,684,803
Non-current Liabilities	<u>58,760,334</u>	<u>63,892,077</u>
Total Liabilities	<u>\$ 68,872,740</u>	<u>\$ 74,576,880</u>
Deferred Inflows of Resources		
Def Inflow finance lease	\$ 10,742,248	\$ 11,514,146
Def Inflow OBEB Liab	808,594	1,072,440
Def Inflow Net Pension Liab	<u>661,216</u>	<u>218,960</u>
Total Deferred Inflows	<u>\$ 12,212,058</u>	<u>\$ 12,805,546</u>
Net Position		

**CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS**

Cheshire County, New Hampshire Net Position
As of December 31, 2024 and December 31, 2023

	Governmental Activities	
	2024	2023
Net Investment in Capital Assets	41,426,645	38,280,446
Restricted	892,323	753,370
Unrestricted (deficit)	<u>(655,849)</u>	<u>2,489,413</u>
Total Net Position	<u>\$ 41,663,119</u>	<u>\$ 41,523,229</u>

Total net position is presented in three categories: net investment in capital assets, restricted and unrestricted.

The largest portion of the County's net position is related to capital assets (e.g., land and improvements, buildings and building improvements, machinery and equipment, vehicles, and infrastructure). The figure presented, \$41,426,645, is net of any related debt incurred to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the County's net position, \$892,323, represents resources that are subject to restrictions on how they can be used. For Cheshire County, those restrictions include those related to limitations imposed by statutes governed by the State of New Hampshire, grants and restricted donations.

The remaining portion (\$655,849) resulted in a reduction of deficit (\$3,145,262) over 2023 of \$2,489,413.

The next statement provided shows the changes in the net position for 2024 and 2023.

Cheshire County, Changes in Net Position

	Governmental Activities	
	2024	2023
Revenues:		
Program Revenues		
Charges for Services	\$22,172,603	\$ 22,119,957
Operating Grants and Contributions	12,353,161	15,101,768
Capital Grants and Contributions	<u>1,871,817</u>	<u>320,161</u>
Total Program Revenues	<u>36,397,581</u>	<u>37,541,886</u>
General Revenues		
Property Taxes	29,067,585	29,093,371
Interest and Investment	533,720	582,253
Other	1,364,991	1,206,722
Loss/Gain on disposal of Asset	<u>0</u>	<u>(20,308)</u>
	<u>30,966,296</u>	<u>30,862,038</u>
Total Revenues	<u>67,363,877</u>	<u>68,403,924</u>

CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

Expenses:		
General Government	8,393,963	8,016,066
Public Safety	18,348,424	15,659,785
Human Services	15,264,163	16,272,104
Conservation	97,788	85,483
Economic Development	522,021	461,996
Interest and fiscal charges	1,003,349	1,129,448
Cheshire County Nursing Home	<u>23,594,279</u>	<u>21,866,341</u>
Total Expenses	<u>67,223,987</u>	<u>63,491,223</u>
Increase (Decrease) in Net Position	<u>\$139,890</u>	<u>\$4,912,701</u>
Net position – beginning	<u>\$ 41,523,229</u>	<u>\$ 36,610,528</u>
Net position – ending	<u>\$ 41,663,119</u>	<u>\$ 41,523,229</u>

Governmental Activities

Charges to users of governmental services made up \$22,172,603 or 32.91% of total government revenues and include such services as provided by the Nursing Home, Sheriff's Department, Department of Corrections, Registry of Deeds, Assisted Living Apartments and Connected Families and Cheshire County EMS. Additionally, the County receives revenue from operating grants and other contributions. In 2024, this totaled \$12,353,161 or 18.34% of total government revenue. Operating grants are used to fund expenses associated with programs such as the Domestic Violence Prosecutor, the Victim Witness Program and the Regional Prosecutor Program, Drug Court, Recovery Coach and Connected Families. Other contributions included in the amount are grants for Public Health initiatives as well as Pro Share Funds and MQIP receipts to support Maplewood Nursing Home.

Further Capital Grants were recognized in 2024 totaling \$1,871,817 or 2.78%. In 2023, the Nursing Home received a loan in the amount of \$920,768 that was forgivable if the Nursing Home continued to provide services until September of 2024. As we satisfied the conditions of forgiveness, the amount is being recognized in 2024 as a Capital Grant. Additionally, the County received \$951,049 towards equipment for the Sheriff's Dispatch project.

Property tax revenues are the County's largest revenue, accounting for \$29,067,585 or 43.15% of total government revenues. As noted previously, the County is able to recover some of its expenses through user charges, however, a great deal of County operations does not have revenue sources sufficient or available to meet their expenses and as a result are funded by Property Taxes.

One of the expenses funded through the assessment of taxes is associated with the obligation towards the Human Service Medicaid Expenses. This area is responsible for paying the County's share of funding for those Cheshire County residents needing Medicaid assistance. As of July 1, 2008, the County took on 100% of the non-federal share for residents in Long Term Care Facilities and for County residents receiving their care at home (Choices for Independence). As a result, the State of New Hampshire took over 100% of the non-federal share of the other programs which included Board and Care of Children, Old Age Assistance, Aide to the Permanently and Totally Disabled and Provider Services. As the cost of these programs outweigh the cost of the LTC and Home Care programs, there was a "Hold Harmless" provision included in the statute that protected the Counties from being exposed to additional expenditures above normal inflationary rates for State Fiscal Years 2009 and 2010. After SFY 2010, the legislature establishes caps to determine the maximum liability exposure for these

CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

expenses on a biennial basis. The amount of 2024 County Taxes attributable to the State pass through for these Medicaid State Programs was \$7,696,685 or 26.48% of County Taxes.

Although the Nursing Home is able to recover most its expenses through user charges, the Nursing does require a subsidy from property taxes.

As a government owned nursing home, the census of Medicaid residents is much higher than private nursing home levels. As of December 31, 2024, approximately 77% of the nursing home census consisted of residents needing Medicaid assistance in order to pay for their care. Based on the 2024 Medicaid cost report for Maplewood, the per diem rate was calculated to be \$666.41, however, the actual paid per diem as of December 31, 2024 was \$244.89 or \$421.52 per day short of 2024 costs. The supplemental payment provided an additional reimbursement averaging \$46.35 with the Proportionate Share Funds providing additional reimbursement of \$138.05 per day. These additional payments still leave the allowable per diem rate short by approximately \$237.12 per day.

As of January 1, 2025, the Medicaid rate for Maplewood Nursing Home increased by \$27.50 per day to a daily rate of \$272.39.

The analysis for governmental activities indicates the total cost as well as the net cost of services. The net cost of services identifies the cost of those supported by tax assessments and unrestricted revenues that are not directly related to specific charges for services or grants and contributions that would offset those services.

**Cheshire County, Governmental Activities
For Year Ending December 31, 2024 and December 31, 2023**

	2024	2023	2024	2023
General Government	\$ 8,393,963	\$ 8,016,066	\$ 6,943,707	\$ 5,950,219
Public Safety	18,348,424	15,659,785	11,404,121	8,579,688
Human Services	15,264,163	16,272,104	7,020,112	6,397,785
Conservation	97,788	85,483	97,788	85,483
Economic Development	522,021	461,996	0	(9,511)
Nursing Home	23,594,279	21,866,341	4,357,329	3,816,225
Interest Expense	<u>1,003,349</u>	<u>1,129,448</u>	<u>1,003,349</u>	<u>1,129,448</u>
Total Expenses	<u>\$ 67,223,987</u>	<u>\$ 63,491,223</u>	<u>\$ 30,826,406</u>	<u>\$ 25,949,337</u>

Financial Analysis of County Funds

Cheshire County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

During the year ended December 31, 2011, the County implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. Under Statement 54, the County has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned and Unassigned. One major example of the effects caused by the implementation of GASB 54 is that the various Capital Reserve Fund balances are reported as part of the General Fund.

CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

As of December 31, 2024, the County's governmental funds reported a combined ending fund balance of \$21,791,032, a decrease of \$2,901,458 in comparison with the prior year. Approximately 84.98% of this total, \$18,518,580, represents unassigned fund balance or 24.25% of the County's annual budget. This amount is a decrease of \$1,467,075 over 2023 which is a result of the 2024 budget including use of fund balance recognizing that there would be a decrease from the prior year. The County has applied \$4,879,761 towards 2025 taxes adjusting the unassigned to 17.86%.

The amount of the County's unassigned fund balance is in line with our objective of retaining a recommended level of between 13% and 17% and to evaluate the use of fund balance for anything over 18% in subsequent budgets.

A complete description of the above-mentioned classifications and a more detailed breakdown may be found on pages 18-19 of the Notes to the Basic Financial Statements.

Budgetary Highlights

By State statute, the County Convention must adopt its annual budget within 90 days after the beginning of the County's fiscal year. On March 18, 2024, the County Convention adopted the 2024 budget. As adopted, the bottom line was down 2.16%, (1,672,720) for a total budget of \$75,755,833. The major decrease was due to a reduction in use of ARPA funds as well as one time Capital expenses. Taxes to be raised had a decrease for 2024 in comparison to 2023 of -.09% (\$25,786) for total taxes to be raised of \$29,067,585.

On August, 19, 2024, the County Delegation amended the budget for the receipt of Pro Share Funds and other budgetary adjustments. The County received \$2,165,006 in additional Pro Share funds that were not originally budgeted. \$344,050 was appropriated for additional spending with the remaining \$1,820,956 allocated to offset future year taxes to be raised.

The budget was also further amended to allow for spending of Opioid Trust fund reserves to provide funding to local agencies.

These budget amendments resulted in an amended bottom-line budget of \$76,374,719 with no additional changes to taxes to be raised.

Further budgetary highlights and variances include revenues from federal and non-federal grants coming under. As the revenues are offset by expenses, the shortfall has direct impact on expenses coming under as well.

Sheriff revenues are another area that came under in 2024. Funds were allocated for the hiring of a deputy that would be reimbursed by a contracted entity. The Sheriff's department did contract with a town mid-year. Due to the late start, there was a shortfall in revenues, however payroll expenses associated with the staffing to support the contract were not utilized during that time and came under too.

Revenues for the Department of Corrections came in approximately \$236,000 over projections due to revenue generated from holding Federal Inmates.

The growth in the Cheshire County EMS program in 2024 resulted in the actual costs compared to 2023 increasing by approximately \$1,465,000. Cheshire EMS began operations in November of 2022 and operational for all of 2023. However, the program was still in the ramp up stages during the most of 2023 as many of the town contracts for 911 did not go into place until July of 2023. The intent of the

CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

program is to be self- sustaining financially and as such the budgeted taxes to be raised do not include funding from the towns that are not using the service. Although this is the case, the first couple years have run a deficit that is reflected as a liability to be paid back to the General Fund over time.

Another County run program, Connected Families, did come under budget in both the expenses and revenues due to the case load not growing as expected resulting in budgeted case worker positions to not be filled. Expenses for the year came in under by approximately \$1,400,000 with revenues coming under budget as well.

Lastly, Maplewood Nursing Home came in well under budgeted expenses and revenues mainly due to staffing shortages impacting the census level. The shortfall in revenues offset the shortfall in expenses.

Capital Assets and Debt Administration

Capital Assets—The County's investment in capital assets for governmental activities as of December 31, 2024, was \$76,678,885 (net of accumulated depreciation). This investment in capital assets includes land and improvements, water and waste water systems, buildings and improvements, improvements other than buildings, machinery and equipment, vehicles, and construction in progress.

Major Capital projects and or equipment that were in progress or finalized in 2024 include the Sheriff Dispatch infrastructure upgrade totaling \$1,864,000. Renovations in the County Attorney's department for \$50,000. Elevator upgrades at both Maplewood Nursing Home and County Hall combined at \$135,000. Vehicle purchases for the County Sheriffs and Department of Corrections \$231,000. Paving project at the Jail for \$239,000 as well as a Body Scanner in the amount of \$142,000. Renovation of an old Farm building at \$205,000 and the start of renovations at Assisted Living totaling \$71,000.

Note 3 – Notes of Capital Assets provides additional information about capital asset activity during 2024.

Long-Term Debt—At December 31, 2024, the County had total general obligation bonded debt and notes payable outstanding of \$32,799,666. Of this amount, \$5,220,000 is for the County Correctional Facility. In 2017 the County bonded for the Expansion and Renovation of Maplewood Nursing Home and as of December, 2024 had an ending balance of \$20,155,000. The County purchased 33 Winter Street in 2020 with a long-term lease with the State of New Hampshire for the State Court Systems. This had an outstanding balance of \$5,120,000. Additionally, the County entered into a Joint Obligation with the City of Keene to pay off a bond the City had outstanding for the 33 Winter Street Building. Based on the joint obligation, the outstanding amount applicable to the county as of year- end was \$90,000. The County entered into an Energy Upgrade project. The financing was done via a Capital lease and broken down in two parts to lease the portion of the LED lighting for 10 years with the other upgraded equipment to be financed over 20 years. As of December 31, 2024 the 10-year outstanding amount is \$393,379 with the 20-year component at \$1,623,014. The County entered into a 3-year lease for vehicles for the Sheriff's Department and House of Corrections for a total of \$198,273. The first lease payment is due in 2025.

Finally, as required by GASB 96 we have determined that a long-term contract for services provided to our Registry of Deeds office for equipment and software meet the reporting requirements as well as a long-term contract for our Time & Attendance, Payroll and Human Resource system. These multiyear subscription contract liabilities are currently valued at \$422,182.

**CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS**

Further the County has a lease liability for leased office space for one of our Connected Families programs. The liabilities ending value for 2024 is \$303,815.

The overall Long-Term Obligations including the SBITA and Lease liabilities is \$33,525,663.

The County's long term bonded debt increased by \$828,174 and decreased by debt payments of \$4,877,784 during 2024.

The current outstanding debt for Cheshire County is as follows:

Cheshire County, Outstanding Debt		
December 31, 2024		
	Governmental	Years
	Activities	Remaining
Jail Construction	\$ 5,220,000	3
Maplewood Nursing Home	20,155,000	13
33 Winter Street *	5,120,000	16
Joint City Debt	90,000	6
Energy Upgrade Cap Ls (1)	1,623,014	17
Energy Upgrade Cap Ls (2)	393,379	7
Vehicle Lease	198,273	3
Lease payable (86 West)	303,815	4
SBITA Liability (Deeds software)	192,713	4
SBITA Liability (Finance software)	<u>229,469</u>	4
Total Outstanding	<u>\$ 33,525,663</u>	

*Self-Sustaining Debt

Debt Ratios FY2024		
	\$33,525,663	\$28,405,663
	Overall Debt	Net Debt
Per Capita (76,040 – 2020)	\$440.90	\$373.56
Ratio to Net Assessed Val(\$10,328,425,745)	0.32%	0.28%
Ratio to Modified Assessed Valuation (\$10,365,388,100)	0.32%	0.27%

Based on the annual review by Moody's, on August 30, 2024 Cheshire County maintained our Aa2 rating.

Economic Factors

- The Cheshire County unemployment rate for December 2024 was 2.6%, which compares to the State's rate of 2.8 %, the New England rate of 3.7% and the national rate of 4.1 %.
- Most recent equalized assessed valuations of property used for appropriating Cheshire County's 2024 taxes were \$13,225,279,592. This is an increase over the prior year assessed valuations of 10.25% or \$1,229,627,585.
- There were no outstanding tax payments due as of December 31, 2024.

CHESHIRE COUNTY, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

Below is a list of the 2024 Tax Apportionments to the Towns and the City of Keene.

	2024 Apportionment
Alstead	\$ 648,135
Chesterfield	1,919,867
Dublin	1,043,046
Fitzwilliam	1,277,059
Gilsum	242,250
Harrisville	745,047
Hinsdale	1,175,907
Jaffrey	2,154,316
Keene	6,941,198
Marlborough	648,161
Marlow	273,914
Nelson	396,764
Richmond	447,291
Rindge	2,828,490
Roxbury	87,373
Stoddard	1,111,354
Sullivan	207,776
Surry	308,393
Swanzey	2,486,867
Troy	569,454
Walpole	1,699,364
Westmoreland	614,633
Winchester	<u>1,240,926</u>
Total	\$29,067,585

Requests for Information

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the governments' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Sheryl A. Trombly, Finance Director, 12 Court Street, Keene, NH 03431 or strombly@co.cheshire.nh.us.

EXHIBIT A
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Statement of Net Position
December 31, 2024

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 25,708,379
Investments	1,021,043
Accounts receivable, net	1,747,242
Due from other governments	2,142,557
Prepaid items	174,140
Current portion of lease receivable	640,773
Total Current Assets	<u>31,434,134</u>
Noncurrent Assets:	
Lease receivable	10,622,130
Capital assets:	
Non-depreciable capital assets	4,449,417
Depreciable capital assets, net	72,229,468
Total Noncurrent Assets	<u>87,301,015</u>
Total Assets	<u>118,735,149</u>
DEFERRED OUTFLOWS OF RESOURCES	
Loss on debt refunding	96,308
Deferred outflows of resources related to OPEB liability	219,590
Deferred outflows of resources related to net pension liability	3,696,870
Total Deferred Outflows of Resources	<u>4,012,768</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	2,639,943
Accrued liabilities	2,009,544
Due to other governments	852,893
Advances from grantors	377,942
Unearned revenue	255,966
Current portion of bonds payable	3,635,000
Current portion of joint obligation payable	15,000
Current portion of lease liability	35,568
Current portion of financed purchase obligations payable	191,937
Current portion of SBITA liability	98,613
Total Current Liabilities	<u>10,112,406</u>
Noncurrent Liabilities:	
Bonds payable	28,772,885
Joint obligation payable	75,000
Lease liability	268,247
Financed purchase obligations payable	2,022,729
SBITA liability	323,569
Compensated absences payable	1,079,140
OPEB liability	1,932,007
Net pension liability	24,286,757
Total Noncurrent Liabilities	<u>58,760,334</u>
Total Liabilities	<u>68,872,740</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to lease receivable	10,742,248
Deferred inflows of resources related to OPEB liability	808,594
Deferred inflows of resources related to net pension liability	661,216
Total Deferred Inflows of Resources	<u>12,212,058</u>
NET POSITION	
Net investment in capital assets	41,426,645
Restricted	892,323
Unrestricted (deficit)	(655,849)
Total Net Position	<u>\$ 41,663,119</u>

See accompanying notes to the basic financial statements

EXHIBIT B
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 8,393,963	\$ 691,788	\$ 758,468		\$ (6,943,707)
Public safety:					
Sheriff	3,161,919	344,791	342,861	\$ 951,049	(1,523,218)
Department of corrections	9,516,641	1,859,715			(7,656,926)
EMS	5,669,864	3,066,943	378,944		(2,223,977)
Human services	15,264,163	4,859,241	3,384,810		(7,020,112)
Conservation	97,788				(97,788)
Economic development	522,021		522,021		-
Nursing home	23,594,279	11,350,125	6,966,057	920,768	(4,357,329)
Interest and fiscal charges	1,003,349				(1,003,349)
Total governmental activities	<u>\$ 67,223,987</u>	<u>\$ 22,172,603</u>	<u>\$ 12,353,161</u>	<u>\$ 1,871,817</u>	<u>(30,826,406)</u>
General revenues:					
Property taxes					29,067,585
Interest and investment earnings					533,720
Miscellaneous					1,364,991
Total general revenues					<u>30,966,296</u>
Change in net position					139,890
Net Position at beginning of year					<u>41,523,229</u>
Net Position at end of year					<u>\$ 41,663,119</u>

See accompanying notes to the basic financial statements

EXHIBIT C
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2024

	General <u>Fund</u>	EMS <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 20,621,973		\$ 910,466	\$ 21,532,439
Investments	898,063		122,980	1,021,043
Accounts receivable, net	1,056,459	\$ 690,783		1,747,242
Due from other governments	2,059,303		83,254	2,142,557
Due from other funds	1,744,679		246,780	1,991,459
Prepaid items	173,970	170		174,140
Lease receivable	11,262,903			11,262,903
Total Assets	<u>37,817,350</u>	<u>690,953</u>	<u>1,363,480</u>	<u>39,871,783</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 37,817,350</u>	<u>\$ 690,953</u>	<u>\$ 1,363,480</u>	<u>\$ 39,871,783</u>
LIABILITIES				
Accounts payable	\$ 1,947,452	\$ 116,548	\$ 83,301	\$ 2,147,301
Accrued liabilities	1,490,279	222,663		1,712,942
Due to other governments	852,893			852,893
Advances from grantors	165,003		212,939	377,942
Unearned revenue	255,966			255,966
Due to other funds	246,780	1,649,477	95,202	1,991,459
Total Liabilities	<u>4,958,373</u>	<u>1,988,688</u>	<u>391,442</u>	<u>7,338,503</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to lease receivable	10,742,248			10,742,248
Total Deferred Inflows of Resources	<u>10,742,248</u>	<u>-</u>	<u>-</u>	<u>10,742,248</u>
FUND BALANCES				
Nonspendable	173,970			173,970
Restricted	92,178		800,145	892,323
Committed	1,255,614			1,255,614
Assigned	778,652		171,893	950,545
Unassigned (deficit)	19,816,315	(1,297,735)		18,518,580
Total Fund Balances (deficit)	<u>22,116,729</u>	<u>(1,297,735)</u>	<u>972,038</u>	<u>21,791,032</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 37,817,350</u>	<u>\$ 690,953</u>	<u>\$ 1,363,480</u>	<u>\$ 39,871,783</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 21,791,032
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,678,885
Losses on debt refundings are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	96,308
Internal Service Fund is used by the County to charge the costs of health and dental insurance. This balance represents the amount due from the Proprietary Fund at year end.	3,683,298
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	219,590
Deferred outflows of resources related to net pension liability	3,696,870
Deferred inflows of resources related to OPEB liability	(808,594)
Deferred inflows of resources related to net pension liability	(661,216)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(32,407,885)
Lease liability	(303,815)
Joint obligation payable	(90,000)
Financed purchase obligations	(2,214,666)
SBITA liability	(422,182)
Accrued interest on long-term obligations	(296,602)
Compensated absences payable	(1,079,140)
OPEB liability	(1,932,007)
Net pension liability	<u>(24,286,757)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 41,663,119</u>

See accompanying notes to the basic financial statements

EXHIBIT D
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General <u>Fund</u>	EMS <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 29,067,585			\$ 29,067,585
Intergovernmental	11,063,005		\$ 2,241,205	13,304,210
Charges for services	19,032,530	\$ 3,066,943	73,130	22,172,603
Interest and investment income	470,452		63,268	533,720
Miscellaneous	1,113,075	251,916		1,364,991
Total Revenues	<u>60,746,647</u>	<u>3,318,859</u>	<u>2,377,603</u>	<u>66,443,109</u>
Expenditures:				
Current operations:				
General government	8,028,569		3,603	8,032,172
Public safety	10,408,093	5,158,757	89,115	15,655,965
Human services	15,251,412		129,044	15,380,456
Conservation	94,587			94,587
Economic development			522,021	522,021
Nursing home	21,564,326		58,896	21,623,222
Capital outlay	1,950,413	50,975	1,633,882	3,635,270
Debt service:				
Principal retirement	3,817,937			3,817,937
Interest and fiscal charges	1,411,111			1,411,111
Total Expenditures	<u>62,526,448</u>	<u>5,209,732</u>	<u>2,436,561</u>	<u>70,172,741</u>
Excess revenues over (under) expenditures	<u>(1,779,801)</u>	<u>(1,890,873)</u>	<u>(58,958)</u>	<u>(3,729,632)</u>
Other financing sources (uses):				
Issuance of lease	337,105			337,105
Issuance of financed purchase obligation	198,273			198,273
Issuance of SBITA	292,796			292,796
Transfers in	449,092	1,120,762	682,833	2,252,687
Transfers out	(1,424,651)		(828,036)	(2,252,687)
Total Other financing sources (uses)	<u>(147,385)</u>	<u>1,120,762</u>	<u>(145,203)</u>	<u>828,174</u>
Net change in fund balances	(1,927,186)	(770,111)	(204,161)	(2,901,458)
Fund Balances (deficit) at beginning of year, as previously presented	23,676,746	(527,624)	1,176,199	24,325,321
Restatement for error correction	367,169			367,169
Fund Balances (deficit) at beginning of year, as restated	<u>24,043,915</u>	<u>(527,624)</u>	<u>1,176,199</u>	<u>24,692,490</u>
Fund Balances (deficit) at end of year	<u>\$ 22,116,729</u>	<u>\$ (1,297,735)</u>	<u>\$ 972,038</u>	<u>\$ 21,791,032</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1

COUNTY OF CHESHIRE, NEW HAMPSHIRE**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

For the Year Ended December 31, 2024

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ (2,901,458)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. Amounts in the current period are as follows:

Capital outlay purchases	3,755,283
Depreciation expense	(4,653,469)
Amortization expense	(151,980)

Issuance of long-term obligations are other financing sources in the funds, but issuance of long-term obligations increase liabilities in the statement of net position. Issuances in the current year are as follows:

Lease issuance	(337,105)
Financed purchase obligation issuance	(198,273)
SBITA issuance	(292,796)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Principal forgiveness on notes payable	920,768
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Governmental funds report the effect of bond issuance premiums and losses on debt refundings when the debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt. Amortization recognized in the current year is as follows:

Amortization of bond issuance premium	429,409
Amortization of loss on debt refunding	(67,338)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but debt repayment reduces long-term liabilities in the statement of net position. Current year repayments are as follows:

Principal paid on bonds payable	3,675,000
Principal paid on joint obligation payable	15,000
Principal paid on lease liability	33,290
Principal paid on financed purchase obligations payable	127,937
Principal paid on SBITA liability	105,789

The Internal Service Fund is used by the County to charge the costs of health and dental insurance to individual funds. The net cost of the Internal Service Fund is reported in Governmental Activities.

	(429,240)
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Some expenses reported in the statement of activities, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. These expenses are from the following sources:

Accrued interest on long-term obligations	45,691
Compensated absences payable	(87,382)

Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period:

Net changes in OPEB	193,695
Net changes in pension	(42,931)

Change in Net Position of Governmental Activities (Exhibit B)	\$ 139,890
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See accompanying notes to the basic financial statements

EXHIBIT E
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
December 31, 2024

	Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 4,175,940
Total Current Assets	<u>4,175,940</u>
Noncurrent Assets:	
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>4,175,940</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	<u>492,642</u>
Total Current Liabilities	<u>492,642</u>
Noncurrent Liabilities:	
Total Noncurrent Liabilities	<u>-</u>
Total Liabilities	<u>492,642</u>
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	<u>-</u>
NET POSITION	
Unrestricted	<u>3,683,298</u>
Total Net Position	<u>\$ 3,683,298</u>

See accompanying notes to the basic financial statements

EXHIBIT F
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Internal Service Fund
Operating revenues:	
Charges for services	\$ 7,289,527
Total Operating revenues	<u>7,289,527</u>
Operating expenses:	
Administrative	<u>7,805,499</u>
Total Operating expenses	<u>7,805,499</u>
Operating income (loss)	<u>(515,972)</u>
Non-operating revenues (expenses):	
Interest revenue	<u>86,732</u>
Net Non-operating revenues (expenses)	<u>86,732</u>
Change in net position	(429,240)
Net Position at beginning of year	<u>4,112,538</u>
Net Position at end of year	<u>\$ 3,683,298</u>

See accompanying notes to the basic financial statements

EXHIBIT G
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Internal Service Fund
Cash flows from operating activities:	
Cash received for services provided	\$ 7,289,527
Cash paid to suppliers	<u>(7,986,628)</u>
Net cash used by operating activities	<u>(697,101)</u>
Cash flows from investing activities:	
Investment income	<u>86,732</u>
Net cash provided by investing activities	<u>86,732</u>
Net decrease in cash and cash equivalents	(610,369)
Cash and cash equivalents at beginning of year	<u>4,786,309</u>
Cash and cash equivalents at end of year	<u>\$ 4,175,940</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (515,972)
Changes in assets and liabilities:	
Accounts payable	<u>(181,129)</u>
Net cash used by operating activities	<u>\$ (697,101)</u>
Cash and cash equivalents at end of year consist of the following:	
Cash and cash equivalents	<u>\$ 4,175,940</u>

See accompanying notes to the basic financial statements

EXHIBIT H
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 913,265
Total Assets	<u>913,265</u>
LIABILITIES	
Accounts payable	17,232
Due to other governments	<u>805,154</u>
Total Liabilities	<u>822,386</u>
NET POSITION	
Restricted for:	
Individuals	<u>90,879</u>
Total Net Position	<u>\$ 90,879</u>

See accompanying notes to the basic financial statements

EXHIBIT I
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024

	Custodial Funds
ADDITIONS:	
Investment earnings:	
Interest income	\$ 23,208
Total Investment earnings	<u>23,208</u>
Amounts collected for individuals	748,154
Fees collected for other governments	<u>7,616,409</u>
Total Additions	<u>8,387,771</u>
DEDUCTIONS:	
Benefits paid to beneficiaries	714,112
Payments of fees to other governments	<u>7,635,929</u>
Total Deductions	<u>8,350,041</u>
Change in net position	37,730
Net Position at beginning of year	<u>53,149</u>
Net Position at end of year	<u>\$ 90,879</u>

See accompanying notes to the basic financial statements

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Cheshire, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The County of Cheshire, New Hampshire (the County) was established in 1769 under the laws of the State of New Hampshire. The County boundaries include twenty-three New Hampshire municipalities located in southwestern New Hampshire. The County operates under the Commissioner/Delegation form of government and provides services as authorized by state statutes.

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

Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid duplicating revenues and expenses.

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

2. Fund Financial Statements

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

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

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

Fund Accounting

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

1. Governmental Funds

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

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

The *EMS Fund* is used to account for all financial resources related to the operations of the County's Emergency Medical Services department.

2. Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The County has no enterprise funds. The following is the County's internal service fund:

The County is self-insured for its health and dental insurance. The activity associated with this self-insurance program is accounted for in the *Insurance Fund*.

3. Fiduciary Funds

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

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Measurement Focus

1. Government-Wide Financial Statements

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

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

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

Basis of Accounting

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

1. Revenues – Exchange and Non-exchange Transactions

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

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 10). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

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

2. Expenses/Expenditures

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

Budgetary Data

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

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2024, the County applied \$5,750,753 of unassigned fund balance to reduce taxes.

Investments

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

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Accounts Receivable

The County uses the reserve method for accounting for bad debts. It is the County’s policy to directly charge off uncollectible receivables when management determines the receivable will not be collected. Accounts receivable at December 31, 2024 are recorded net of an allowance for doubtful accounts of \$1,293,749.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The County maintains a capitalization threshold of \$5,000 for its governmental activities, except for its nursing home department. The capitalization threshold for assets of the nursing home is \$500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except for land and construction in process are depreciated. Intangible capital assets are amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation and amortization is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Land improvements	2-30
	Buildings and improvements	2-50
	Water system	5-30
	Wastewater system	5-30
	Vehicles and equipment	2-25
	Intangible right-to-use subscriptions	5-6
	Intangible right-to-use building	8

Lease Receivable and Related Deferred Inflow of Resources

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. The County does not have such an allowance. The deferred inflow of resources is measured at the initial measurement of the lease receivable, plus any lease payments received at or before commencement of the lease term, less any lease incentives. The deferred inflow of resources is amortized using the straight-line method over the term of the related lease.

Loss on Debt Refunding

Debt refundings that result in a difference between the reacquisition price of old debt and the net carrying value of that debt have been reported in the accompanying financial statements as a loss on debt refunding. Losses on debt refundings are amortized as a component of interest expense over the remaining life of the related debt using the effective interest rate method.

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Bond Premium

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premium.

Lease Liabilities and Lease Assets

Lease liabilities are measured at the present value of payments expected to be made during the lease term. Lease assets are measured at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs and are amortized on a straight-line basis over the life of the related lease.

SBITA Liabilities and Related Assets

Subscription-based information technology arrangement (SBITA) liabilities are measured at the present value of the subscription payments expected to be made during the subscription term. Intangible right-to-use SBITA assets are measured at the initial measurement of the SBITA liability, plus any payments made to the SBITA vendor before commencement of the subscription term and certain direct costs and are amortized on a straight-line basis over the life of the related SBITA.

Compensated Absences

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Vacation may be accrued to one and one-half times an employee's annual earned vacation. Payout for unused vacation time is limited to a maximum of 7.5 weeks. Any unused vacation beyond this amount will be forfeited. For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period. The entire compensated absence payable is reported on the government-wide financial statements.

Employees may accumulate sick leave days up to ten days per year, cumulative to a maximum of sixty days. Any unused sick leave days in excess of sixty days are to be paid to the employee at the end of the year at a rate of one-half day for each excess day that has been accrued. No payment for unused sick leave is made upon termination.

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

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

- Nonspendable Fund Balance: Amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact (such as principal of an endowment fund).
- Restricted Fund Balance: Amounts that can only be spent for the specific purposes stipulated by external resource providers (such as grantors) or the enabling legislation (federal or state law). Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation.
- Committed Fund Balance: Amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision making authority (annual meeting of the County Delegation). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

- Assigned Fund Balance: Amounts that the County intends to use for a specific purpose. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as “assigned”. The Board of Commissioners expressly delegates this authority to the County Administrator. Items that would fall under this type of fund balance classification would be encumbrances.
- Unassigned Fund Balance: Amounts that are not obligated or specifically designated and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another fund is also classified as unassigned.

Spending Prioritizations

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

Minimum Level of Unassigned Fund Balance

In accordance with the County’s fund balance policy, additional operating flexibility is important given the variable nature of the nursing home operations. The recommended minimum unassigned fund balance in the County’s General Fund should equal 13% of the annual total budgeted appropriations. The recommended target balance is to maintain an unassigned fund balance between 13% and 17% of the annual total budgeted appropriations. The target level of the unassigned fund balance may be achieved by conservatively estimating revenues and by refraining from using any portion of the unassigned target balance to reduce the tax rate. As a general rule, any unassigned fund balance in excess of 18% of the total budgeted appropriations will be evaluated to determine if it should be used to reduce subsequent budgets. Any amount in excess of the minimum balance may be appropriated by the Commissioners to offset property taxes.

The Board of Commissioners may recommend to the Delegation through a budget amendment to appropriate funds from the unassigned fund balance even if such use decreases the unassigned fund balance below the recommended minimum balance in the event of emergency purposes or to alleviate unanticipated short-term budgetary problems, such as revenue shortfalls.

Interfund Activity

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. Operating revenues represent charges to employees and retirees for services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Estimates

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

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2024 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 25,708,379
Investments	1,021,043
Statement of Fiduciary Net Position:	
Cash and cash equivalents	913,265
	<u>\$ 27,642,687</u>

Deposits and investments at December 31, 2024 consist of the following:

Cash on hand	\$ 3,940
Deposits with financial institutions	26,617,704
Investments	1,021,043
	<u>\$ 27,642,687</u>

The County’s investment policy states that any excess funds which are not immediately needed for the purpose of expenditure may only be invested in certificates of deposit, overnight repurchase agreements, U.S. Government securities – Treasury bills, the New Hampshire Public Deposit Investment Pool and others as approved by the County Commissioners and the County Executive Committee.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County’s investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. See investment instrument types noted above.

As of December 31, 2024, the County’s investment in the NHPDIP, a state investment pool, had a fair value balance of \$1,021,043 and was rated *AAAm*.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County’s deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Currently, the County does not have a formal

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

investment policy for assurance against custodial credit risk; however, the County has an agreement with the bank to collateralize all deposits in excess of the FDIC insurance limits.

Of the County’s deposits with financial institutions at year end, \$26,208,870 was collateralized by securities held by the bank in the bank’s name.

Investment in NHPDIP

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

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

NOTE 3—CAPITAL ASSETS

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

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024
Capital assets not depreciated:				
Land	\$ 1,354,410			\$ 1,354,410
Construction in process	1,176,197	\$ 1,980,817	\$ (62,007)	3,095,007
Total capital assets not being depreciated	<u>2,530,607</u>	<u>1,980,817</u>	<u>(62,007)</u>	<u>4,449,417</u>
Other capital assets:				
Land improvements	756,006	268,152		1,024,158
Buildings and improvements	106,366,610	175,922		106,542,532
Water system	1,578,789	2,309		1,581,098
Wastewater system	922,393	9,815		932,208
Vehicles and equipment	10,931,857	723,599	(86,923)	11,568,533
Intangible right-to-use building		337,105		337,105
Intangible right-to-use subscriptions	275,570	319,571		595,141
Total other capital assets at historical cost	<u>120,831,225</u>	<u>1,836,473</u>	<u>(86,923)</u>	<u>122,580,775</u>
Less accumulated depreciation and amortization:				
Land improvements	(579,852)	(26,865)		(606,717)
Buildings and improvements	(34,516,849)	(3,627,678)		(38,144,527)
Water system	(1,345,282)	(18,639)		(1,363,921)
Wastewater system	(4,201,671)	(23,830)		(4,225,501)
Vehicles and equipment	(4,943,199)	(956,457)	86,923	(5,812,733)
Intangible right-to-use building		(42,138)		(42,138)
Intangible right-to-use subscriptions	(45,928)	(109,842)		(155,770)
Accumulated depreciation and amortization	<u>(45,632,781)</u>	<u>(4,805,449)</u>	<u>86,923</u>	<u>(50,351,307)</u>
Total other capital assets, net	<u>75,198,444</u>	<u>(2,968,976)</u>	<u>-</u>	<u>72,229,468</u>
Total capital assets, net	<u>\$ 77,729,051</u>	<u>\$ (988,159)</u>	<u>\$ (62,007)</u>	<u>\$ 76,678,885</u>

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Depreciation and amortization expense were charged to governmental functions as follows:

General government	\$ 393,397
Public safety	2,292,606
Human services	204,278
Nursing home	<u>1,915,168</u>
Total	<u>\$ 4,805,449</u>

NOTE 4—INTERFUND BALANCES AND TRANSFERS

The County has combined the cash resources of its governmental, proprietary, and fiduciary funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2024 are as follows:

		Due from			
		General	EMS	Nonmajor	
		<u>Fund</u>	<u>Fund</u>	Governmental	
				<u>Funds</u>	
				<u>Totals</u>	
Due to	General Fund		\$ 1,649,477	\$ 95,202	\$ 1,744,679
	Nonmajor Governmental Funds	\$ 246,780			246,780
		<u>\$ 246,780</u>	<u>\$ 1,649,477</u>	<u>\$ 95,202</u>	<u>\$ 1,991,459</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Transfers out of the ARPA and Opioid Funds, both Nonmajor Governmental Funds, were to reimburse applicable funds for qualifying expenditures incurred related to those respective grants. Transfers out of the Maplewood Capital Projects Fund, a Nonmajor Governmental Fund, were to closeout the fund upon the completion of the project. Transfers during the year ended December 31, 2024 are as follows:

		Transfer from		
		General	Nonmajor	
		<u>Fund</u>	Governmental	<u>Totals</u>
			<u>Funds</u>	
Transfer to	General Fund		\$ 449,092	\$ 449,092
	EMS Fund	\$ 741,818	378,944	1,120,762
	Nonmajor Governmental Funds	682,833		682,833
		<u>\$ 1,424,651</u>	<u>\$ 828,036</u>	<u>\$ 2,252,687</u>

NOTE 5—SHORT-TERM OBLIGATIONS

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

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

The changes in short-term debt obligations for the year ended December 31, 2024 are as follows:

Balance - January 1, 2024	\$ -
Additions	7,800,000
Reductions	<u>(7,800,000)</u>
Balance - December 31, 2024	<u>\$ -</u>

NOTE 6—LEASE RECEIVABLE

The County currently leases the Keene Courthouse to the State of New Hampshire to provide space for courtroom services. The original lease agreement between the State of New Hampshire and a third party was assigned to the County effective February 21, 2020. Terms of the agreement include monthly rental payments through November 30, 2028, including two options to extend for an additional 5 years per extension and an annual cost escalation of 3%.

During the year ended December 31, 2024, the County recognized \$663,534 in lease revenue and \$153,486 in lease interest revenue under the terms of the agreement. As of December 31, 2024, deferred inflows of resources related to the lease receivable amounted to \$10,742,248 and the lease receivable at year-end had a balance of \$11,262,903.

NOTE 7—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

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

	Balance 1/1/2024	<u>Additions</u>	<u>Reductions</u>	Balance 12/31/2024	Due Within One Year
Bonds payable	\$ 34,170,000		\$ (3,675,000)	\$ 30,495,000	\$ 3,635,000
Unamortized bond premium	2,342,294		(429,409)	1,912,885	
Total Bonds payable	<u>36,512,294</u>	\$ -	<u>(4,104,409)</u>	<u>32,407,885</u>	<u>3,635,000</u>
Notes payable	920,768		(920,768)	-	
Joint obligation payable	105,000		(15,000)	90,000	15,000
Lease liability		337,105	(33,290)	303,815	35,568
Financed purchase obligations	2,144,330	198,273	(127,937)	2,214,666	191,937
SBITA liability	235,175	292,796	(105,789)	422,182	98,613
Compensated absences payable	991,758	<u>87,382</u> *		1,079,140	
Total	<u>\$ 40,909,325</u>	<u>\$ 915,556</u>	<u>\$ (5,307,193)</u>	<u>\$ 36,517,688</u>	<u>\$ 3,976,118</u>

* The change in compensated absences payable is presented as a net change

Payments on the general obligation bonds, notes payable, joint obligation payable, lease liability, financed purchase obligations, and SBITA liability of the governmental activities are paid out of the General Fund. Amortization of the governmental activities bond premium is recognized as a component of interest expense on the Statement of Activities (Exhibit B).

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

General Obligation Bonds

General obligation bonds are direct obligations of the County, for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within County boundaries. All general obligation bonds are considered direct placements for the County. Bonds are not subject to redemption prior to maturity.

Bonds payable at December 31, 2024 are comprised of the following individual issues:

	Original Issue <u>Amount</u>	Interest Rate <u>Rate</u>	Final Maturity Date <u>Date</u>	Balance at 12/31/2024 <u>12/31/2024</u>
<i>Direct Placements:</i>				
2017 Series bond issue	\$ 31,040,000	3.0-5.0%	October 2037	\$ 20,155,000
2015 Refunding bond issue	17,425,000	3.0-5.0%	October 2027	5,220,000
2020 Series bond issue	6,415,000	2.5-4.0%	January 2040	<u>5,120,000</u>
				30,495,000
			<i>Add: Unamortized bond premium</i>	<u>1,912,885</u>
				<u>\$ 32,407,885</u>

Debt service requirements to retire outstanding general obligation bonds for governmental activities at December 31, 2024 are as follows:

Year Ending <u>December 31,</u>	Direct Placements		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 3,635,000	\$ 1,124,750	\$ 4,759,750
2026	3,605,000	981,400	4,586,400
2027	3,595,000	821,700	4,416,700
2028	1,870,000	662,400	2,532,400
2029	1,870,000	572,100	2,442,100
2030-2034	9,350,000	1,743,000	11,093,000
2035-2039	6,250,000	417,000	6,667,000
2040-2041	<u>320,000</u>	<u>4,000</u>	<u>324,000</u>
	30,495,000	6,326,350	36,821,350
<i>Add: Unamortized bond premium</i>	<u>1,912,885</u>	<u>-</u>	<u>1,912,885</u>
	<u>\$ 32,407,885</u>	<u>\$ 6,326,350</u>	<u>\$ 38,734,235</u>

Notes Payable

During 2023 the County entered into a Loan Agreement with the State of New Hampshire Governor’s Office for Emergency Relief and Recovery. The County received funding for the County Nursing Home Infrastructure Program. Under the terms of this agreement, the County agrees to continue providing services at the Maplewood Nursing Home location until at least September 2024 and upon satisfaction of the terms, the Loan Amount will be deemed satisfied and paid in full. As of December 31, 2024, the loan of \$920,768 has been forgiven and there is no outstanding amount.

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Joint Obligation Payable

The joint obligation payable at December 31, 2024 consists of:

\$161,500 Joint Obligation agreement with the City of Keene, New Hampshire with principal payment of \$26,500 in 2021 and then annual installments of \$15,000 through October 2030; interest paid semi-annually at 1.36%. \$ 90,000

Debt service requirements to retire the outstanding joint obligation payable for governmental activities at December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 15,000	\$ 1,224	\$ 16,224
2026	15,000	1,020	16,020
2027	15,000	816	15,816
2028	15,000	612	15,612
2029	15,000	408	15,408
2030	15,000	204	15,204
	<u>\$ 90,000</u>	<u>\$ 4,284</u>	<u>\$ 94,284</u>

Lease Liability

Lease agreements represent contracts that convey control of the right to use another entity's nonfinancial assets for a specified period of time.

The following is the lease liability outstanding at December 31, 2024:

\$337,105 Lease liability for building space in Keene, New Hampshire, with monthly payments of \$3,696 to \$4,225 per month beginning in January 2023 through December 2031, including interest at 4% \$ 303,815

Debt service requirements to retire the outstanding lease liability for governmental activities at December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 35,568	\$ 11,505	\$ 47,073
2026	38,861	10,023	48,884
2027	42,288	8,406	50,694
2028	44,011	6,683	50,694
2029	45,804	4,890	50,694
2030-2031	97,283	4,106	101,389
	<u>\$ 303,815</u>	<u>\$ 45,613</u>	<u>\$ 349,428</u>

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Financed Purchase Obligations

Financed purchase obligations represent lease agreements entered into for the financing of equipment acquisitions or building improvements. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function.

The following are the individual financed purchase obligations outstanding at December 31, 2024:

Energy lease, paid in annual installments of \$178,914 through 2031 and then annual installments of \$118,140 through September 2041; interest from 1.99 to 2.477%	\$ 2,016,393
Vehicles lease, paid in annual installments of \$76,924 through 2027, with interest of 7.713%	198,273
	<u>\$ 2,214,666</u>

Debt service requirements to retire outstanding financed purchase obligations for governmental activities at December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 191,937	\$ 63,902	\$ 255,839
2026	199,805	56,034	255,839
2027	208,132	47,706	255,838
2028	140,027	38,887	178,914
2029	143,225	35,689	178,914
2030-2034	580,769	131,478	712,247
2035-2039	522,990	67,708	590,698
2040-2041	227,781	8,498	236,279
	<u>\$ 2,214,666</u>	<u>\$ 449,902</u>	<u>\$ 2,664,568</u>

SBITA Liability

SBITA liabilities represent agreements that allow the right to use another entity's software for a specified period of time. The SBITA liability outstanding at December 31, 2024 consists of:

Registrar record subscriptions, paid in monthly installments of \$3,110 and quarterly installments of \$4,000 through December 2028; discount rate of 5%	\$ 192,713
UKG Ready Professional software, paid in annual installments of \$63,327 through April 2028; discount rate of 4%	229,469
	<u>\$ 422,182</u>

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Annual requirements to amortize the SBITA liability and related interest at December 31, 2024 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 98,613	\$ 18,037	\$ 116,650
2026	103,095	13,555	116,650
2027	107,784	8,866	116,650
2028	112,690	3,960	116,650
	<u>\$ 422,182</u>	<u>\$ 44,418</u>	<u>\$ 466,600</u>

NOTE 8—OTHER POSTEMPLOYMENT BENEFITS

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

	<u>Deferred</u> <u>Outflows</u>	<u>OPEB</u> <u>Liability</u>	<u>Deferred</u> <u>Inflows</u>	<u>OPEB</u> <u>Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 46,087	\$ 742,285	\$ 176	\$ 70,714
Single Employer Plan	173,503	1,189,722	808,418	(137,882)
Total	<u>\$ 219,590</u>	<u>\$ 1,932,007</u>	<u>\$ 808,594</u>	<u>\$ (67,168)</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as a decrease to unrestricted net position in the amount of \$589,004.

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

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

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

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

Benefits Provided

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

Funding Policy

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The County’s contribution rates for the covered payroll of public safety employees and general employees were 2.60% and 0.26%, respectively, for the year ended December 31, 2024. Contributions to the OPEB plan for the County were \$89,991 for the year ended December 31, 2024. Employees are not required to contribute to the OPEB plan.

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

At December 31, 2024, the County reported a liability of \$742,285 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2023. The County’s proportion of the net OPEB liability was based on actual contributions by the County during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2024, the County’s proportion was approximately 0.2387 percent, which was an increase of 0.0171 percentage points from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the County recognized OPEB expense of \$70,714. At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on OPEB plan investments		\$ 176
County contributions subsequent to the measurement date	<u>\$ 46,087</u>	<u> </u>
Totals	<u>\$ 46,087</u>	<u>\$ 176</u>

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

The County reported \$46,087 as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2025	\$ (1,569)
2026	2,321
2027	(599)
2028	(329)
	<u>\$ (176)</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Wage inflation	3.00% (2.50% for teachers)
Salary increases	6.00%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with creditability adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2019 – June 30, 2023.

The following assumptions were changed in the current year:

- Increased wage inflation from 2.75% to 3.00% (2.25% for Teachers)
- Increased price inflation from 2.0% to 2.25%
- Updated demographic assumptions in mortality tables
- Updated mortality tables (specifically the projected fully generational mortality improvements using scale MP-2021 from scale MP-2019)

The long-term expected rate of return on OPEB Plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public equity	40%	5.40-5.65%
Private market equity	20%	4.00-6.65%
Private debt	10%	5.05%
Fixed income	25%	2.15%
Infrastructure	5%	4.35%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2024 was 6.75%. The projection of cash flows used to determine this discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 812,048	\$ 742,285	\$ 694,086

SINGLE EMPLOYER PLAN

Plan Description

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

Benefits Provided

The County provides medical benefits to its eligible retirees and their covered spouses. The benefits are provided through the County’s self-funded insurance plan that is administered by Harvard Pilgrim. Employees other than police hired prior to July 1, 2011 are eligible to retire at age 60 regardless of years of creditable service, age 50 with at least 10 years of creditable service, or at any age if they have at least 20 years of creditable service and the sum of their age and years of service is at least 70. Employees other than police hired on or after July 1, 2011 are eligible to retire at age 65 regardless of years of creditable service, or age 60 with at least 30 years of creditable service. Police officers hired prior to July 1, 2011 are eligible to retire at age 45 with at least 20 years of Group II creditable service, or at age 60 regardless of their years of creditable service. Police officers hired on or after July 1, 2011 are eligible to retire at age 50 with 25 years

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

of Group II creditable service or at age 60 regardless of years of creditable service. Retirees and their covered spouses are required to pay 100% of the cost of the premium. The valuation does not account for the cost of benefits to retirees or their spouses after age 65. Surviving spouses continue to receive coverage after the death of the eligible retired employee but are required to pay 100% of the premium. Benefits are provided under New Hampshire RSA 100-A:50.

Employees Covered By Benefit Terms

At January 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>293</u>
	<u>295</u>

Total OPEB Liability

The County’s total OPEB liability of \$1,189,722 was measured as of December 31, 2024, and was determined by an actuarial valuation as of January 1, 2024.

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

For the year ended December 31, 2024, the County recognized negative OPEB expense of (\$137,882). At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 565,557
Changes of assumptions	<u>\$ 173,503</u>	<u>242,861</u>
Totals	<u>\$ 173,503</u>	<u>\$ 808,418</u>

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

<u>December 31,</u>	
2025	\$ (247,299)
2026	(269,580)
2027	(66,143)
2028	(21,094)
2029	(21,094)
Thereafter	(9,705)
	<u>\$ (634,915)</u>

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Actuarial Assumptions and Other Inputs for OPEB

The total OPEB liability in the January 1, 2024 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.50%
Discount rate	4.08%
Healthcare cost trend rates	5.00% initial, increasing to 8.00% in 2025, then decreasing to an ultimate rate of 4.54% for 2090 and later years

The discount rate was based on the index provided by the *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2024.

Mortality rates were based on the Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Contingent Survivors Headcount-Weighted Mortality, Pub-2010 Safety Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Safety Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Safety Contingent Survivors Headcount-Weighted Mortality.

The following assumptions were changed in the current year:

- Increased the discount rate from 3.72% to 4.08%
- The initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through October 2023
- The retirement and withdrawal tables were updated to reflect the New Hampshire Retirement System Annual Comprehensive Financial Report dated June 30, 2023
- The payroll growth rate was increased to 3.50%
- The marital assumption was changed to 65% based on future expectations

Changes in the Total OPEB Liability

	Total OPEB <u>Liability</u>
Balance at January 1, 2024	\$ 1,241,887
Changes for the year:	
Service cost	73,293
Interest	47,354
Differences between expected and actual experience	(133,741)
Changes in assumptions or other inputs	(2,528)
Benefit payments	<u>(36,543)</u>
Net changes	(52,165)
Balance at December 31, 2024	<u><u>\$ 1,189,722</u></u>

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

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

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.08%, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate		
	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,297,194	\$ 1,189,722	\$ 1,090,863

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

The following presents the total OPEB liability of the County, calculated using the trend rate starting at 5.00%, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	Healthcare Cost Trend Rates		
	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,042,294	\$ 1,189,722	\$ 1,365,960

NOTE 9—DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

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

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

Benefits Provided

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

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Funding Policy

Covered public safety employees are required to contribute 11.55% of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The County is required to contribute at an actuarially determined rate. The County's pension contribution rates for covered payroll of public safety employees and general employees were 28.68% and 13.27%, respectively, for the year ended December 31, 2024. The County contributes 100% of the employer cost for public safety employees and general employees of the County.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on their actuarial funding policy. The County's pension contributions to the NHRS for the year ending December 31, 2024 were \$2,998,778.

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

At December 31, 2024, the County reported a liability of \$24,286,757 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2023. The County's proportion of the net pension liability was based on actual contributions by the County during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2024, the County's proportion was approximately 0.4684 percent, which was an increase of 0.0226 percentage points from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the County recognized pension expense of \$3,040,198. At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 540,660	\$ 4,883
Changes of assumptions		284,242
Net difference between projected and actual earnings on pension plan investments		339,031
Changes in proportion and differences between County contributions and proportionate share of contributions	1,613,974	33,060
County contributions subsequent to the measurement date	<u>1,542,236</u>	
Total	<u>\$ 3,696,870</u>	<u>\$ 661,216</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$3,035,654. The County reported \$1,542,236 as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as a component of pension expense in the measurement periods as follows:

<u>June 30,</u>	
2025	\$ (254,390)
2026	1,654,015
2027	126,835
2028	<u>(33,042)</u>
	<u>\$ 1,493,418</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2023, using the following actuarial assumptions:

Inflation	2.25%
Wage inflation	3.00% (2.50% for teachers)
Salary increases	6.00%, average, including inflation
Investment rate of return	6.75%, net of investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with creditability adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2021.

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2019 – June 30, 2023.

The following assumptions were changed in the current year:

- Increased wage inflation from 2.75% to 3.00% (2.25% for Teachers)
- Increased price inflation from 2.0% to 2.25%
- Updated demographic assumptions in mortality tables
- Updated mortality tables (specifically the projected fully generational mortality improvements using scale MP-2021 from scale MP-2019)

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public equity	40%	5.40-5.65%
Private market equity	20%	4.00-6.65%
Private debt	10%	5.05%
Fixed income	25%	2.15%
Infrastructure	5%	4.35%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability as of June 30, 2024 was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County's proportionate share of the net pension liability	\$ 33,955,640	\$ 24,286,757	\$ 16,232,280

NOTE 10—PROPERTY TAXES

Property taxes levied to support the County are based on the assessed valuation of the prior April 1st for all taxable real property. Under state statutes, the twenty-three Towns/City that comprise Cheshire County (all independent governmental units) collect County taxes as part of local property tax assessments. As collection agent, the Towns/City are required to pay over to the County its share of property tax assessments. The Towns/City assume financial responsibility for all uncollected property taxes under state statutes.

NOTE 11—SELF INSURANCE

The County established a Health and Dental Insurance Fund (an Internal Service Fund) to account for and finance its self-insurance program related to employee and retiree health benefits. Under this program, the Health and Dental Insurance Fund provides coverage for up to a maximum of \$150,000 annually for each individual plan participant. The County purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss.

All funds of the County participate in the program and make payments to the Health and Dental Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability reported in the fund at year end is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information is available prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past five years are as follows:

<u>Year Ending December 31,</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2020	\$ 537,502	\$ 5,096,465	\$ (5,341,190)	\$ 292,777
2021	\$ 292,777	\$ 5,059,513	\$ (5,120,033)	\$ 232,257
2022	\$ 232,257	\$ 5,831,833	\$ (5,545,440)	\$ 518,650
2023	\$ 518,650	\$ 6,403,184	\$ (6,248,063)	\$ 673,771
2024	\$ 673,771	\$ 7,805,499	\$ (7,986,628)	\$ 492,642

NOTE 12—RESTRICTED NET POSITION

Net position of governmental activities is restricted for specific purposes at December 31, 2024 as follows:

Donations	\$ 215,158
Deeds surcharge funds	192,981
Miscellaneous grant funds	484,184
	<u>\$ 892,323</u>

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

NOTE 13—COMPONENTS OF FUND BALANCE

Fund balance components of the County’s governmental funds at December 31, 2024 are comprised as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>EMS Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid items	\$ 173,970			\$ 173,970
Restricted for:				
Donations	92,178		\$ 122,980	215,158
Deeds surcharge			192,981	192,981
Miscellaneous grant funds			484,184	484,184
Committed for:				
Capital reserves	1,255,614			1,255,614
Assigned for:				
Jail canteen			171,404	171,404
Sheriff civil processing			489	489
Encumbrances	155,445			155,445
Carryforward appropriations	623,207			623,207
Unassigned (deficit)	<u>19,816,315</u>	<u>\$ (1,297,735)</u>		<u>18,518,580</u>
	<u>\$ 22,116,729</u>	<u>\$ (1,297,735)</u>	<u>\$ 972,038</u>	<u>\$ 21,791,032</u>

NOTE 14—RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2024, the County was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker’s compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2024.

Property and Liability Insurance

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

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

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

NOTE 15—COMMITMENTS AND CONTINGENCIES

Litigation

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

Other Contingencies

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

Federal Grants

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

NOTE 16—CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 100 – Accounting Changes and Error Corrections

During the year ended December 31, 2024, the County implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. Under GASB Statement No. 100, the accounting and financial reporting for each type of accounting change and error correction is outlined. The Statement requires that the aggregate adjustments to beginning net position or beginning fund balance be presented on the face of the financial statements. Additionally, disclosures in the notes to the financial statements are to provide descriptive information about the accounting changes and error corrections, including the financial statement line items affected.

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

GASB Statement No. 101 – Compensated Absences

During the year ended December 31, 2024, the County implemented GASB Statement No. 101, *Compensated Absences*. Under GASB Statement No. 101, a liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time or otherwise paid in cash. However, salary-related payments related to defined benefit pensions or defined benefit OPEB should not be included in the measurement of liabilities for compensated absences. Management has determined that the effect of implementing GASB Statement No. 101 is immaterial to its financial statements.

NOTE 17—RESTATEMENT OF EQUITY

During the year ended December 31, 2024, the County’s management determined that the financial reporting for lessor agreements under GASB Statement No. 87 – *Leases* was not properly implemented. Under GASB Statement No. 87, a lessor is to recognize a lease receivable and deferred inflows of resources using the current financial resources measurement focus. In the 2023 financial statements, the lease receivable of \$11,881,315 and the deferred inflows of resources related to lease receivable of \$11,514,146 were not reported with the General Fund resulting in an understatement of fund balance by \$367,169. Instead, the financial activity was only reported in the County’s Governmental Activities.

The effect of this correction is shown below:

	12/31/2023		12/31/2023
	As Previously	Error	As Restated
	Reported	Correction	
Government-Wide:			
Governmental Activities	\$ 41,523,229	\$ -	\$ 41,523,229
Total Primary Government	<u>\$ 41,523,229</u>	<u>\$ -</u>	<u>\$ 41,523,229</u>
Governmental Funds:			
Major Funds:			
General Fund	\$ 23,676,746	\$ 367,169	\$ 24,043,915
EMS Fund	(527,624)		(527,624)
Nonmajor Funds	1,176,199		1,176,199
Total Governmental Funds	<u>\$ 24,325,321</u>	<u>\$ 367,169</u>	<u>\$ 24,692,490</u>
Proprietary Funds:			
Internal Service Fund	<u>\$ 4,112,538</u>	<u>\$ -</u>	<u>\$ 4,112,538</u>
Fiduciary Funds:			
Custodial Funds	<u>\$ 53,149</u>	<u>\$ -</u>	<u>\$ 53,149</u>

SCHEDULE 1
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 29,067,585	\$ 29,067,585	\$ 29,067,585	\$ -
Intergovernmental	11,008,882	13,173,888	11,063,005	(2,110,883)
Charges for services	22,516,702	22,516,702	19,032,530	(3,484,172)
Interest income	675,000	675,000	410,464	(264,536)
Miscellaneous	952,410	952,410	1,089,683	137,273
Total Revenues	<u>64,220,579</u>	<u>66,385,585</u>	<u>60,663,267</u>	<u>(5,722,318)</u>
Expenditures:				
Current operations:				
General government	8,297,331	8,297,331	7,916,969	380,362
Public safety	10,631,289	10,646,289	10,408,093	238,196
Human services	19,780,263	19,961,263	15,005,307	4,955,956
Conservation	95,676	95,676	94,587	1,089
Nursing home	23,120,791	23,120,791	21,588,245	1,532,546
Capital outlay	3,883,474	3,109,441	1,459,344	1,650,097
Debt service:				
Principal retirement	3,817,937	3,817,937	3,817,937	-
Interest and fiscal charges	1,557,206	1,557,206	1,411,111	146,095
Total Expenditures	<u>71,183,967</u>	<u>70,605,934</u>	<u>61,701,593</u>	<u>8,904,341</u>
Excess revenues over (under) expenditures	<u>(6,963,388)</u>	<u>(4,220,349)</u>	<u>(1,038,326)</u>	<u>3,182,023</u>
Other financing sources (uses):				
Transfers in	936,336	665,952	944,837	278,885
Transfers out	<u>(840,093)</u>	<u>(970,093)</u>	<u>(1,588,767)</u>	<u>(618,674)</u>
Total Other financing sources (uses)	<u>96,243</u>	<u>(304,141)</u>	<u>(643,930)</u>	<u>(339,789)</u>
Net change in fund balance	(6,867,145)	(4,524,490)	(1,682,256)	2,842,234
Fund Balance at beginning of year				
- Budgetary Basis	<u>22,295,748</u>	<u>22,295,748</u>	<u>22,295,748</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 15,428,603</u>	<u>\$ 17,771,258</u>	<u>\$ 20,613,492</u>	<u>\$ 2,842,234</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

COUNTY OF CHESHIRE, NEW HAMPSHIRE

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

For the Year Ended December 31, 2024

Cost-Sharing Multiple Employer Plan Information Only

<u>Measurement Period Ended</u>	<u>County's Proportion of the Net OPEB Liability</u>	<u>County's Proportionate Share of the Net OPEB Liability</u>	<u>County's Covered Payroll</u>	<u>County's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2024	0.23878464%	\$ 742,285	\$ 19,617,027	3.78%	14.01%
June 30, 2023	0.22163806%	\$ 757,382	\$ 17,711,462	4.28%	12.80%
June 30, 2022	0.22520356%	\$ 851,016	\$ 16,002,096	5.32%	10.64%
June 30, 2021	0.21442462%	\$ 858,678	\$ 15,603,420	5.50%	11.06%
June 30, 2020	0.23335097%	\$ 1,021,398	\$ 14,880,674	6.86%	7.74%
June 30, 2019	0.27241462%	\$ 1,194,296	\$ 14,146,452	8.44%	7.75%
June 30, 2018	0.30274245%	\$ 1,386,093	\$ 13,807,662	10.04%	7.53%
June 30, 2017	0.22908185%	\$ 1,047,440	\$ 13,971,937	7.50%	7.91%
June 30, 2016	0.25690930%	\$ 1,243,711	\$ 13,076,762	9.51%	5.21%
June 30, 2015	*	*	*	*	*

* 10 Year schedule, historical information not available

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2024	2.25%	6.00%	6.75%	Pub-2010	MP-2021
June 30, 2022 - 2023	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

See accompanying notes to the required supplementary information

SCHEDULE 3
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Schedule of County OPEB Contributions
For the Year Ended December 31, 2024

Cost-Sharing Multiple Employer Plan Information Only					
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>County's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2024	\$ 89,991	\$ (89,991)	\$ -	\$ 20,828,805	0.43%
December 31, 2023	\$ 90,755	\$ (90,755)	\$ -	\$ 18,778,455	0.48%
December 31, 2022	\$ 94,783	\$ (94,783)	\$ -	\$ 16,496,902	0.57%
December 31, 2021	\$ 97,790	\$ (97,790)	\$ -	\$ 15,803,266	0.62%
December 31, 2020	\$ 106,980	\$ (106,980)	\$ -	\$ 15,311,264	0.70%
December 31, 2019	\$ 113,350	\$ (113,350)	\$ -	\$ 14,333,058	0.79%
December 31, 2018	\$ 130,727	\$ (130,727)	\$ -	\$ 14,021,972	0.93%
December 31, 2017	\$ 132,899	\$ (132,899)	\$ -	\$ 13,673,027	0.97%
December 31, 2016	\$ 136,622	\$ (136,622)	\$ -	\$ 13,250,079	1.03%
December 31, 2015	*	*	*	*	*

* 10 Year schedule, historical information not available

See accompanying notes to the required supplementary information

SCHEDULE 4

COUNTY OF CHESHIRE, NEW HAMPSHIRE

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

For the Year Ended December 31, 2024

<u>Single Employer Plan Information Only</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total OPEB Liability:										
Service cost	\$ 73,293	\$ 65,344	\$ 63,000	\$ 133,953	\$ 131,172	\$ 119,362	\$ 127,528	*	*	*
Interest	47,354	44,847	41,495	48,026	44,990	67,576	55,307	*	*	*
Changes of assumptions or other inputs	(2,528)		(555,035)		782,655		(116,393)	*	*	*
Differences between expected and actual experience	(133,741)		(814,999)		(466,012)			*	*	*
Benefit payments	<u>(36,543)</u>	<u>(17,038)</u>	<u>(16,427)</u>	<u>(33,320)</u>	<u>(32,628)</u>	<u>(26,533)</u>	<u>(25,488)</u>	<u>*</u>	<u>*</u>	<u>*</u>
Net change in total OPEB liability	(52,165)	93,153	(1,281,966)	148,659	460,177	160,405	40,954	*	*	*
Total OPEB Liability at beginning of year	<u>1,241,887</u>	<u>1,148,734</u>	<u>2,430,700</u>	<u>2,282,041</u>	<u>1,821,864</u>	<u>1,661,459</u>	<u>1,620,505</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total OPEB Liability at end of year	<u>\$ 1,189,722</u>	<u>\$ 1,241,887</u>	<u>\$ 1,148,734</u>	<u>\$ 2,430,700</u>	<u>\$ 2,282,041</u>	<u>\$ 1,821,864</u>	<u>\$ 1,661,459</u>	<u>*</u>	<u>*</u>	<u>*</u>
Covered employee payroll	\$ 17,634,746	\$ 15,037,722	\$ 14,599,730	\$ 12,995,347	\$ 12,740,536	\$ 11,883,534	\$ 11,650,524	*	*	*
Total OPEB liability as a percentage of covered employee payroll	6.75%	8.26%	7.87%	18.70%	17.91%	15.33%	14.26%	*	*	*
Significant Actuarial Assumptions										
Discount rate	4.08%	3.72%	3.72%	2.12%	2.12%	4.10%	3.44%	*	*	*
Health cost trend rates:										
Initial	5.0% - 2024	2.0% - 2022	2.0% - 2022	2.0% - 2020	2.0% - 2020	2.21% - 2018	2.21% - 2018	*	*	*
Ultimate	4.54% - 2090	4.54% - 2090	4.54% - 2090	5.0% - 2030	5.0% - 2030	5.0% - 2028	5.0% - 2028	*	*	*
Mortality data set	Pub-2010	Pub-2010	Pub-2010	SOA RP-2014	SOA RP-2014	SOA RP-2014	SOA RP-2014	*	*	*
Mortality improvement scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2017	MP-2017	*	*	*

Note To Schedule:

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

* 10 Year schedule, historical information not available

See accompanying notes to the required supplementary information

SCHEDULE 5

COUNTY OF CHESHIRE, NEW HAMPSHIRE

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

For the Year Ended December 31, 2024

<u>Measurement Period Ended</u>	<u>County's Proportion of the Net Pension Liability</u>	<u>County's Proportionate Share of the Net Pension Liability</u>	<u>County's Covered Payroll</u>	<u>County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2024	0.46835543%	\$ 24,286,757	\$ 19,617,027	123.80%	70.33%
June 30, 2023	0.44583298%	\$ 24,958,978	\$ 17,711,462	140.92%	67.18%
June 30, 2022	0.42557925%	\$ 24,411,785	\$ 16,002,096	152.55%	65.12%
June 30, 2021	0.42136353%	\$ 18,674,491	\$ 15,603,420	119.68%	72.22%
June 30, 2020	0.42490015%	\$ 27,177,256	\$ 14,880,674	182.63%	58.72%
June 30, 2019	0.44018702%	\$ 21,180,279	\$ 14,146,452	149.72%	65.59%
June 30, 2018	0.44406881%	\$ 21,382,812	\$ 13,807,662	154.86%	64.73%
June 30, 2017	0.49770168%	\$ 24,476,933	\$ 13,971,937	175.19%	62.66%
June 30, 2016	0.49712847%	\$ 26,435,280	\$ 13,076,762	202.15%	58.30%
June 30, 2015	0.50078953%	\$ 19,838,913	\$ 12,812,858	154.84%	65.47%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2024	2.25%	6.00%	6.75%	Pub-2010	MP-2021
June 30, 2022 - 2023	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary

SCHEDULE 6
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Schedule of County Pension Contributions
For the Year Ended December 31, 2024

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>County's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2024	\$ 2,998,778	\$ (2,998,778)	\$ -	\$ 20,828,805	14.40%
December 31, 2023	\$ 2,766,587	\$ (2,766,587)	\$ -	\$ 18,778,455	14.73%
December 31, 2022	\$ 2,522,882	\$ (2,522,882)	\$ -	\$ 16,496,902	15.29%
December 31, 2021	\$ 2,192,391	\$ (2,192,391)	\$ -	\$ 15,803,266	13.87%
December 31, 2020	\$ 1,923,784	\$ (1,923,784)	\$ -	\$ 15,311,264	12.56%
December 31, 2019	\$ 1,852,292	\$ (1,852,292)	\$ -	\$ 14,333,058	12.92%
December 31, 2018	\$ 1,886,114	\$ (1,886,114)	\$ -	\$ 14,021,972	13.45%
December 31, 2017	\$ 1,822,410	\$ (1,822,410)	\$ -	\$ 13,673,027	13.33%
December 31, 2016	\$ 1,755,339	\$ (1,755,339)	\$ -	\$ 13,250,079	13.25%
December 31, 2015	\$ 1,799,614	\$ (1,799,614)	\$ -	\$ 13,385,305	13.44%

See accompanying notes to the required supplementary information

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2024

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

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

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 62,023,913	\$ 63,951,099
Encumbrances - December 31, 2024		155,445
Encumbrances - December 31, 2023		(136,019)
Issuance of lease	(337,105)	(337,105)
Issuance of financed purchase obligation	(198,273)	(198,273)
Issuance of SBITA	(292,796)	(292,796)
Non-budgetary revenues and expenditures	(83,380)	(16,107)
Budgetary transfers	495,745	164,116
Per Schedule 1	<u>\$ 61,608,104</u>	<u>\$ 63,290,360</u>

Major Special Revenue Fund

The County adopts its budgets under regulations of the New Hampshire Department of Revenue Administration which differ from accounting principles generally accepted in the United States of America. Consequently, budgetary information is not presented for the EMS Fund as the information is neither practical nor meaningful.

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2024 are as follows:

Nonspendable:	
Prepaid items	\$ 173,970
Assigned for:	
Carryforward appropriations	623,207
Unassigned	<u>19,816,315</u>
	<u>\$ 20,613,492</u>

SCHEDULE I
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF COMMERCE				
Direct Award Program				
<i>Economic Development Cluster:</i>				
Economic Adjustment Assistance	11.307	01-79-15111	\$ 65,569	
<i>Total Economic Development Cluster</i>			<u>65,569</u>	<u>\$ 12,694</u>
Total Department of Commerce			<u>65,569</u>	<u>12,694</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass Through Payments from the Community Development Finance Authority				
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	#24-403-FSHS	25,362	
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	#21-403-CDPF-CV	11,519	
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	#23-403-CDMC	504,971	
COVID-19 Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	#22-403-CDPF-CV	1,670	
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228	#22-403-EGPF	117,353	
			<u>660,875</u>	<u>606,854</u>
Total Department of Housing and Urban Development			<u>660,875</u>	<u>606,854</u>
DEPARTMENT OF JUSTICE				
Pass Through Payments from the New Hampshire Department of Justice				
Crime Victim Assistance	16.575	2025VOC13	31,831	
Direct Award Program				
Drug Court Discretionary Grant Program	16.585	15PBJA-21-GG-04130-D	77,498	
Pass Through Payments from the New Hampshire Department of Justice				
Violence Against Women Formula Grants	16.588	15JOVW-23-GG-00589	30,000	
Direct Award Program				
Bulletproof Vest Partnership Program	16.607	2022BUBX22032056	501	
Bulletproof Vest Partnership Program	16.607	2023BUBX23036379	(47)	
Bulletproof Vest Partnership Program	16.607	2024BUBX24042115	1,246	
			<u>1,700</u>	<u>-</u>
Direct Award Program				
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-01522	439,656	
Direct Award Program				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03622	6,947	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-24-GG-04783	1,415	
			<u>8,362</u>	<u>4,213</u>
Total Department of Justice			<u>589,047</u>	<u>4,213</u>

See accompanying notes to schedule of expenditures of federal awards

SCHEDULE I
COUNTY OF CHESHIRE, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2024

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF TRANSPORTATION				
Pass Through Payments from the New Hampshire Department of Transportation				
<i>Transit Services Programs Cluster:</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NH-2023-012	221,830	
<i>Total Transit Services Programs Cluster</i>			<u>221,830</u>	<u>202,904</u>
Total Department of Transportation			<u>221,830</u>	<u>202,904</u>
DEPARTMENT OF THE TREASURY				
Direct Award Program				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA	378,944	
Pass Through Payments from the New Hampshire Department of Justice				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2024ARPVS11	21,955	
Pass Through Payments from the New Hampshire Department of Health and Human Services				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	31,924	
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SS-2021-DBH-050CAREM	292,841	
			<u>725,664</u>	<u>-</u>
Total Department of the Treasury			<u>725,664</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Award Program				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	H79SM082959	666,367	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	H79SM089670	75,351	
			<u>741,718</u>	<u>-</u>
Direct Award Program				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79T1084693	72,675	
Pass Through Payments from the New Hampshire Department of Health and Human Services				
COVID-19 Activities to Support State, Tribal, Local and Territorial Health Department Responses to Public Health or Healthcare Crises	93.391	NH75OT000031	191,715	182,502
Total Department of Health and Human Services			<u>1,006,108</u>	<u>182,502</u>
DEPARTMENT OF HOMELAND SECURITY				
Pass Through Payments from the New Hampshire Department of Safety				
Homeland Security Grant Program	97.067	EMW-2022-SS-00036	92,012	
Total Department of Homeland Security			<u>92,012</u>	<u>-</u>
OTHER AGENCIES				
Pass Through Payments from the Northern Border Regional Commission				
Northern Border Regional Development	90.601	NBRC22GNH11	511,393	
Total Other Agencies			<u>511,393</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,872,498</u>	<u>\$ 1,009,167</u>

See accompanying notes to schedule of expenditures of federal awards

COUNTY OF CHESHIRE, NEW HAMPSHIRE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2024

NOTE 1—BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the County of Cheshire, New Hampshire (the “County”) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 of the County’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent a realignment or change in funding source made in the normal course of business to amounts reported as expenditures in the prior years.

NOTE 3—INDIRECT COST RATE

The County has elected to use the 10-percent de minimis indirect cost rate for awards received through October 1, 2024, or the 15-percent thereafter, as allowed under the Uniform Guidance.

NOTE 4—LOAN

During the year ended December 31, 2024, the County received loan forgiveness from the State of New Hampshire Office of Governor in the amount of \$920,768. This amount was previously reported on the Schedule of Expenditures of Federal Awards for the year ended December 31, 2023, funded through the State Fiscal Recovery Funds ALN 21.027. The balance of this loan as of December 31, 2024 is \$0.

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

Independent Auditor's Report

To the Board of Commissioners
County of Cheshire, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Cheshire, New Hampshire, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County of Cheshire, New Hampshire's basic financial statements, and have issued our report thereon dated June 30, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Vachon Clukay & Company PC

Manchester, New Hampshire

June 27, 2025

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

Independent Auditor's Report

To the Board of Commissioners
County of Cheshire, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Cheshire, New Hampshire's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County of Cheshire, New Hampshire's major federal programs for the year ended December 31, 2024. The County of Cheshire, New Hampshire's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Cheshire, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County of Cheshire, New Hampshire and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County of Cheshire, New Hampshire's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County of Cheshire, New Hampshire's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County of Cheshire, New Hampshire's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County of Cheshire, New Hampshire's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County of Cheshire, New Hampshire's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County of Cheshire, New Hampshire's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County of Cheshire, New Hampshire's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Vachon Clukay & Company PC

Manchester, New Hampshire
June 27, 2025

**County of Cheshire, New Hampshire
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024**

Section I—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified _____ yes X none reported

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

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

Identification of major federal programs:

ALN Number(s)	Name of Federal Program or Cluster(s)
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
16.710	Public Safety Partnership and Community Policing Grants

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

Auditee qualified as low-risk auditee? X yes _____ no

Section II—Financial Statement Findings

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

Section III—Federal Award Findings and Questioned Costs

There were no findings and questioned costs required to be reported under 2 CFR 200.516(a).

APPENDIX C

PROPOSED FORM OF LEGAL OPINION

APPENDIX C

PROPOSED FORM OF LEGAL OPINION

(Closing Date)

Cheshire County
12 Court Street
Keene, New Hampshire 03431

Attn: Ms. Sheryl Trombly, Finance Director

**RE: Cheshire County, New Hampshire (the “Issuer”)
\$18,500,000 General Obligation Tax Anticipation Notes
Dated June __, 2026 (the “Notes”)**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the Notes by the Issuer. In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Notes are valid and binding general obligations of the Issuer.
2. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Notes.
3. (a) The interest on the Notes is excluded from gross income of the owners of the Notes for federal income tax purposes. In addition, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. However, interest on the Notes will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"). The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. (b) We express no opinion regarding other federal tax consequences arising with respect to the Notes.
4. Interest on the Notes is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Notes or any tax consequences arising with respect to the Notes under the laws of any state other than New Hampshire.

It is understood that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and to equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

(Closing Date)

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This opinion is given as of the date hereof and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances that may hereafter come to our attention or any changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

DEVINE, MILLIMET & BRANCH
PROFESSIONAL ASSOCIATION

APPENDIX D

PROPOSED FORM OF MATERIAL EVENTS DISCLOSURE CERTIFICATE

**CHESHIRE COUNTY, NEW HAMPSHIRE
(THE "ISSUER")**

**\$18,500,000 General Obligation Tax Anticipation Notes
Dated June __, 2026 (the "Notes")**

MATERIAL EVENTS DISCLOSURE CERTIFICATE

In connection with the issuance of the Notes by Issuer and pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"), Issuer hereby covenants with and for the benefit of the holders of the Notes, that it will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, notice of the events specified in Section 5(i)(C) of the Rule, such events to include, without limitation:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
7. Modifications to rights of the holders of the Notes, if material;
8. Note calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Notes, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation** of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation** of the Issuer, any of which reflect financial difficulties.

The sole remedy available to the owners of the Notes for the failure of Issuer to comply with any provision of this Certificate shall be an action for specific performance of Issuer's obligations under this Certificate; and no other person shall have any right to enforce any provision of this Certificate.

Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB to the MSRB's "EMMA" disclosure service and shall be accompanied by identifying information as prescribed by the MSRB. "EMMA" means the Electronic Municipal Market Access system of the MSRB for use in the collection and dissemination of information, which system the United States Securities and Exchange Commission has stated to be consistent with its Rule 15c2-12. Currently, the following is the website address for EMMA: <http://emma.msrb.org>.

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

** "Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b); provided, however, that a "Financial Obligation" shall not include any municipal security for which a final official statement has been provided to the MSRB consistent with the Rule.

The Issuer is authorized to transmit information to the MSRB by whatever means are mutually acceptable to the Issuer and the MSRB.

To the extent the Rule no longer requires Issuer to provide any of the information set forth in this Certificate, the obligation of Issuer to furnish such information shall cease immediately.

[SIGNATURE PAGE FOLLOWS]

Dated as of this ____ day of June, 2026.

CESHIRE COUNTY, NEW HAMPSHIRE

Issuer's Treasurer