

ROCKINGHAM PLANNING COMMISSION

Annual Financial Statements

For the Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Rockingham Planning Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Rockingham Planning Commission, as of and for the year ended June 30, 2018, and the related notes to financial statements, which comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of Rockingham Planning Commission, as of June 30, 2018, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2019 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

_____, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Rockingham Planning Commission (the Commission), we offer readers this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2018.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to financial statements, and (4) required supplementary information.

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

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

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

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

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

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

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

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, total of liabilities and deferred inflows exceeded assets and deferred outflows by \$(379,898) (i.e., net position), a change of \$28,078 in comparison to the prior fiscal year.
- As of the close of the current fiscal year, governmental funds reported an ending fund balance of \$53,170, a change of \$34,978 in comparison to the prior fiscal year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

NET POSITION

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current assets	\$ 246,332	\$ 238,553
Noncurrent assets	<u>9,180</u>	<u>15,114</u>
Total assets	255,512	253,667
Deferred outflows of resources	89,994	125,893
Current liabilities	53,639	106,564
Noncurrent liabilities	<u>515,297</u>	<u>509,342</u>
Total liabilities	568,936	615,906
Deferred inflows of resources	156,468	163,948
Net position:		
Net investment in capital assets	9,180	15,114
Unrestricted	<u>(389,078)</u>	<u>(415,408)</u>
Total net position	<u>\$ (379,898)</u>	<u>\$ (400,294)</u>

CHANGE IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 1,079,190	\$ 1,038,847
General revenues:		
Local dues	<u>145,828</u>	<u>142,306</u>
Total revenues	1,225,018	1,181,153
Expenses:		
Bank service charges	125	559
Depreciation	5,934	5,254
Dues and subscriptions	3,295	6,704
Employee benefits	139,096	139,297
Equipment, rental, maintenance, and support	19,146	18,027
Insurance	5,207	5,438
Miscellaneous	1,323	4,486
Office supplies	8,090	12,781
Payroll taxes	48,849	48,300
Postage	631	1,973
Printing and reproduction	6,548	3,716

(continued)

(continued)

CHANGE IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Rent	50,752	49,772
Salaries and wages	629,807	654,718
Technical and professional services	254,833	251,011
Telephone	4,470	4,577
Training	4,758	2,788
Travel	7,025	10,759
Utilities	7,051	7,084
	<u>1,196,940</u>	<u>1,227,244</u>
Total expenses		
Change in net position	28,078	(46,091)
Net position - beginning of year, as restated*	<u>(407,976)</u>	<u>(354,203)</u>
Net position - end of year	<u>\$ (379,898)</u>	<u>\$ (400,294)</u>

* Net position reported above for fiscal year 2017 was not restated to reflect the implementation of GASB 75 related to the New Hampshire Retirement System Medical Subsidy liability.

As noted earlier, net position may serve over time as a useful indicator of financial position. At the close of the most recent fiscal year, total net position was \$(379,898), a change of \$28,078 from the prior fiscal year.

The largest portion of net position, \$9,180, reflects our investment in capital assets (e.g., furniture and equipment, vehicles, and leasehold improvements), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position is in a deficit of \$(389,078), primarily resulting from the unfunded net pension liability (see Note 11).

Governmental activities. Governmental activities for the year resulted in a change in net position of \$28,078. Key elements of this change are as follows:

Operating results - General Fund	\$	34,978
Depreciation expense		(5,934)
Change in compensated absence liability		2,761
Change in net pension liability and related deferrals		(4,763)
Change in net OPEB liability and related deferrals		<u>1,036</u>
Total	\$	<u>28,078</u>

D. CAPITAL ASSETS

Total investment in capital assets amounted to \$9,180 (net of accumulated depreciation). This investment in capital assets includes furniture and equipment, vehicles, and leasehold improvements.

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

REQUESTS FOR INFORMATION

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

Rockingham Planning Commission
156 Water Street
Exeter, New Hampshire 03833

ROCKINGHAM PLANNING COMMISSION

GOVERNMENTAL ACTIVITIES

STATEMENT OF NET POSITION

JUNE 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets:

Cash and short-term investments	\$ 109,053
Accounts receivable	134,431
Prepaid expenses	<u>2,848</u>
Total Current Assets	246,332

Noncurrent Assets:

Capital assets, net of accumulated depreciation	<u>9,180</u>
Total Noncurrent Assets	<u>9,180</u>

Total Assets	255,512
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Deferred Outflows of Resources:

Related to pensions	88,723
Related to OPEB	<u>1,271</u>

Total Deferred Outflows of Resources	<u>89,994</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	345,506
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LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current Liabilities:

Accounts payable	26,092
Accrued payroll and related liabilities	20,067
Advance receipts	<u>7,480</u>
Total Current Liabilities	53,639

Noncurrent Liabilities:

Compensated absences	26,336
Net pension liability	481,069
Net OPEB liability	<u>7,892</u>
Total Noncurrent Liabilities	<u>515,297</u>

Total Liabilities	568,936
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Deferred Inflows of Resources:

Local dues collected in advance	139,523
Related to pensions	16,920
Related to OPEB	<u>25</u>

Total Deferred Inflows of Resources	<u>156,468</u>
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TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	725,404
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NET POSITION

Net investment in capital assets	9,180
Unrestricted	<u>(389,078)</u>
TOTAL NET POSITION	<u>\$ (379,898)</u>

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

ROCKINGHAM PLANNING COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

	General Fund
ASSETS	
Cash and short-term investments	\$ 109,053
Accounts receivable	134,431
Prepaid expenses	<u>2,848</u>
TOTAL ASSETS	\$ <u>246,332</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 26,092
Accrued payroll and related liabilities	20,067
Advance receipts	<u>7,480</u>
Total Liabilities	53,639
Deferred Inflows of Resources - Local Dues Collected in Advance	139,523
Fund Balances:	
Nonspendable	2,848
Restricted	<u>50,322</u>
Total Fund Balances	<u>53,170</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u>246,332</u>

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

ROCKINGHAM PLANNING COMMISSION

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

JUNE 30, 2018

Total governmental fund balances	\$	53,170
<ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. 		9,180
<ul style="list-style-type: none"> • Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds: <ul style="list-style-type: none"> Compensated absences Net pension liability and related deferred outflows/inflows of resources Net OPEB liability and related deferred outflows/inflows of resources 		(26,336) (409,266) <u>(6,646)</u>
Net position of governmental activities	\$	<u>(379,898)</u>

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

ROCKINGHAM PLANNING COMMISSION

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2018

	General <u>Fund</u>
Revenues:	
Government contracts	\$ 1,079,190
Local dues	145,828
Total Revenues	<u>1,225,018</u>
Expenditures:	
Current:	
Bank service charges	125
Dues and subscriptions	3,295
Employee benefits	135,369
Equipment, rental, maintenance, and support	19,146
Insurance	5,207
Miscellaneous	1,323
Office supplies	8,090
Payroll taxes	48,849
Postage	631
Printing and reproduction	6,548
Rent	50,752
Salaries and wages	632,568
Technical and professional services	254,833
Telephone	4,470
Training	4,758
Travel	7,025
Utilities	7,051
Total Expenditures	<u>1,190,040</u>
Change in Fund Balance	34,978
Fund Equity, Beginning of Year	<u>18,192</u>
Fund Equity, End of Year	<u><u>\$ 53,170</u></u>

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

ROCKINGHAM PLANNING COMMISSION

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

FOR THE YEAR ENDED JUNE 30, 2018

Changes in fund balances - governmental funds	\$ 34,978								
<ul style="list-style-type: none"> • Governmental funds report capital purchases as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Depreciation</td> <td style="text-align: right; vertical-align: bottom;">(5,934)</td> </tr> </table> • 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Compensated absences</td> <td style="text-align: right; vertical-align: bottom;">2,761</td> </tr> <tr> <td>Net pension liability and related deferred outflows/inflows of resources</td> <td style="text-align: right; vertical-align: bottom;">(4,763)</td> </tr> <tr> <td>Net OPEB liability and related deferred outflows/inflows of resources</td> <td style="text-align: right; vertical-align: bottom;"><u>1,036</u></td> </tr> </table> 		Depreciation	(5,934)	Compensated absences	2,761	Net pension liability and related deferred outflows/inflows of resources	(4,763)	Net OPEB liability and related deferred outflows/inflows of resources	<u>1,036</u>
Depreciation	(5,934)								
Compensated absences	2,761								
Net pension liability and related deferred outflows/inflows of resources	(4,763)								
Net OPEB liability and related deferred outflows/inflows of resources	<u>1,036</u>								
Change in net position - governmental activities	<u>\$ 28,078</u>								

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

ROCKINGHAM PLANNING COMMISSION

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

As required by Generally Accepted Accounting Principles, these financial statements present the Commission and applicable component units for which the Commission is considered to be financially accountable. In fiscal year 2018, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

that are restricted to meeting the operational or capital requirements of a particular function.

Fund Financial Statements

Separate financial statements are provided for governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

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

Fund Financial Statements

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

D. Cash and Short-Term Investments

Deposits with financial institutions consist of deposits in checking and savings accounts.

E. Capital Assets

Capital assets include furniture and equipment, vehicles, and leasehold improvements. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the respective assets over a period of three to seven years.

F. Compensated Absences

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

G. Long-Term Liabilities

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

H. Fund Equity

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

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

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

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

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

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

1. Use of Estimates

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

2. Cash and Short-Term Investments

The carrying amount of the Commission's deposits with financial institutions at June 30, 2018 was \$109,053. The bank balance, which does not include items such as deposits in transit and outstanding checks, was fully insured.

3. Accounts Receivable

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

4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Furniture and equipment	\$ 104,163	\$ -	\$ -	\$ 104,163
Vehicles	12,284	-	-	12,284
Leasehold improvements	3,382	-	-	3,382
Total capital assets, being depreciated	119,829	-	-	119,829
Less accumulated depreciation	(104,715)	(5,934)	-	(110,649)
Total capital assets, being depreciated, net	\$ 15,114	\$ (5,934)	\$ -	\$ 9,180

5. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Commission that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to the Commission's net pension liability and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

6. Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Total Balance <u>7/1/17</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/18</u>	Less Current Portion	Equals Long-term Portion <u>6/30/18</u>
Compensated absences	\$ 29,097	\$ -	\$ (2,761)	\$ 26,336	\$ -	\$ 26,336
Net pension liability	480,245	824	-	481,069	-	481,069
Net OPEB liability*	7,682	210	-	7,892	-	7,892
Totals	\$ 517,024	\$ 1,034	\$ (2,761)	\$ 515,297	\$ -	\$ 515,297

* As restated.

7. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. As of June 30, 2018, deferred inflows of resources included dues collected from members in advance totaling \$139,523. Deferred inflows of resources related to pension and

OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes.

8. Line of Credit

In July 2014, the Commission entered into a \$30,000 line of credit, secured by all assets. This line is payable upon demand and requires monthly interest payments on the outstanding balance at 2% over the bank's Prime Rate of interest. This line is renewable annually, and there is a requirement that for 30 days during the year, the line balance must be \$0. As of June 30, 2018, the Commission had no outstanding balance on the line of credit.

9. Operating Leases

The Commission rents office space under a five-year lease agreement that ends on August 31, 2018. Annual lease payments totaled \$50,752 for the year ended June 30, 2018. On September 1, 2018, the Commission extended the lease agreement for an additional five-year period. Future lease obligations are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 50,923
2020	50,923
2021	51,550
2022	52,734
2023	54,249
Thereafter	<u>9,085</u>
Total	<u>\$ 269,464</u>

10. 457b Retirement Plan

Beginning in January 2008, all employees hired prior to July 1, 2003 have the option of participating in a 457b plan. The 457b plan is a non-qualified retirement plan in which contributions are invested in mutual funds subject to market fluctuations. Under this plan, an employee may make salary reduction contributions, not to exceed a statutorily limited percentage. The Commission matches the employee's contribution subject to a maximum of 11.38% of the employee's gross compensation. The Commission's matching contribution charged to expense during the year ended June 30, 2018 was \$30,943.

11. New Hampshire Retirement System (GASB 68)

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

A. Plan Description

Full-time employees participate in the State of New Hampshire Retirement System, a cost sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. Benefits Provided

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

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

Years of creditable service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	12	2.2%
Less than 4 years	49	24	2.1%

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rate is 7%. The Commission makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, at 11.38% of covered compensation. The Commission's contributions to NHRS for the year ended June 30, 2018 were \$39,326, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

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 NHRS and additions to/deductions from NHRS' 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 benefit terms. Investments are reported at fair value.

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

At June 30, 2018, the Commission reported a liability of \$481,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2017 (measured as of June 30, 2016), the Commission's proportion was .00903125%. At June 30, 2018 (measured as of June 30, 2017), the Commission's proportion was .00978181%, which was an increase of .00075056% from its previous year proportion.

For the year ended June 30, 2018, the Commission recognized pension expense of \$44,514. In addition, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,091	\$ 6,123
Changes of assumptions	48,306	-
Net difference between projected and actual	-	6,127
Changes in proportion and differences between contributions and proportionate share of contributions	-	4,670
Contributions subsequent to the measurement date (fiscal year 2018)	<u>39,326</u>	<u>-</u>
Total	<u>\$ 88,723</u>	<u>\$ 16,920</u>

\$39,326 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in fiscal year 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ (2,339)
2020	(13,650)
2021	(17,710)
2022	<u>1,222</u>
Total	<u>\$ (32,477)</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent per year
Salary increases	5.6 percent average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study.

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

Asset Class	Target Allocation Percentage	Weighted Average Average Long- Term Expected Real Rate of Return
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	7.50	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.75%
Emerging Int'l Equities	7.00	6.25%
Total international equities	20.00	
Core Bonds	5.00	0.64%
Short Duration	2.00	-0.25%
Global Multi-Sector Fixed Income	11.00	1.71%
Absolute Return Fixed Income	7.00	1.08%
Total fixed income	25.00	
Private Equity	5.00	6.25%
Private Debt	5.00	4.75%
Opportunistic	5.00	2.75%
Total alternative investments	15.00	
Real Estate	10.00	3.25%
Total	100.00 %	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 633,784	\$ 481,069	\$ 355,925

I. Pension Plan Fiduciary Net Position

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

12. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This Statement

identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

New Hampshire Retirement System Medical Subsidy Plan

Plan Description

The Commission participates in the New Hampshire Retirement System (NHRS) Medical Subsidy Plan (MSP). The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

Benefits Provided

NHRS MSP provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly MSP rates are:

1 Person - \$375.56
2 Person - \$751.12
1 Person Medicare Supplement - \$236.84
2 Person Medicare Supplement - \$473.68

Actuarial Assumptions and Other Inputs

The Commission's proportionate share of the NHRS MSP OPEB liability as of June 30, 2018 is based upon an actuarial valuation performed as of June 30, 2016 (rolled forward to June 30, 2017) using a measurement date of June 30, 2017. The actuarial valuation used the following actuarial assumptions:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60%
Investment rate of return	7.25%
Discount rate	7.25%

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent experience study, which was for the period July 1, 2010 – June 30, 2015.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The Commission's proportionate share of the net OPEB liability for the MSP as of the measurement date of June 30, 2017 was \$7,892.

For the year ended June 30, 2018, the Commission recognized an OPEB expense related to the NHRS MSP of \$1,056. At June 30, 2018, the Commission reported related deferred outflows and inflows of resources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date (fiscal year 2018)	\$ 1,069	\$ -
Difference between expected and actual experience	-	25
Changes in proportion	<u>202</u>	<u>-</u>
Total	<u>\$ 1,271</u>	<u>\$ 25</u>

Contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2019.

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

Year Ended June 30:

2019	\$ (196)
2020	6
2021	6
2022	7
Total	\$ <u>(177)</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1%</u>	<u>Current</u>	<u>1%</u>
<u>Decrease</u>	<u>Discount</u>	<u>Increase</u>
	<u>Rate</u>	
\$ 8,589	\$ 7,892	\$ 7,288

13. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Commission carries commercial insurance. There were no significant reductions in insurance coverage from the previous fiscal year and have been no material settlements in excess of coverage in any of the past three fiscal years.

14. Commitments and Contingencies

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

15. Concentration of Risk

A material part of the Commission's revenue is dependent upon government sources, the loss of which would have a materially adverse effect on the Commission. During the year ended June 30, 2018, funding from New Hampshire Department of Transportation accounted for 53% of total revenue and 58% of total accounts receivable.

16. Beginning Net Position Restatement

The Commission's beginning net position has been restated from the previous fiscal year to conform to GASB Statement No. 75 with respect to the New Hampshire Retirement System Medical Subsidy.

	Governmental <u>Activities</u>
As previously reported	\$ (400,294)
Implementation of GASB 75 OPEB	<u>(7,682)</u>
As restated	<u>\$ (407,976)</u>

ROCKINGHAM PLANNING COMMISSION

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2015	June 30, 2014	0.01085411%	\$ 407,418	\$ 337,292	120.79%	66.32%
June 30, 2016	June 30, 2015	0.00879711%	\$ 348,500	\$ 282,694	123.28%	65.47%
June 30, 2017	June 30, 2016	0.00903125%	\$ 480,245	\$ 297,778	161.28%	58.30%
June 30, 2018	June 30, 2017	0.00978181%	\$ 481,069	\$ 329,982	145.79%	62.66%

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

See notes to financial statements for summary of significant actuarial methods and assumptions affecting the trends in the information above.

See Independent Auditors' Report.

ROCKINGHAM PLANNING COMMISSION

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2015	\$ 29,513	\$ 29,513	\$ -	\$ 282,694	10.4%
June 30, 2016	\$ 32,170	\$ 32,170	\$ -	\$ 297,778	10.8%
June 30, 2017	\$ 35,408	\$ 35,408	\$ -	\$ 329,982	10.7%
June 30, 2018	\$ 39,326	\$ 39,326	\$ -	\$ 352,781	11.1%

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

See Independent Auditors' Report.

ROCKINGHAM PLANNING COMMISSION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (GASB 75)

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

(Unaudited)

New Hampshire Retirement System Medical Subsidy Plan						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
June 30, 2018	June 30, 2017	0.00172600%	\$7,892	\$329,982	2.39%	7.91%

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

See Independent Auditors' Report.