



ROCKINGHAM PLANNING COMMISSION

Annual Financial Statements
For the Year Ended June 30, 2019

(With Independent Auditors' Report Thereon)

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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 (the Commission), as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 _____, 2020 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

_____, 2020

ROCKINGHAM PLANNING COMMISSION

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, 2019.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of four 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 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 \$(343,991) (i.e., net position), a change of \$35,907 in comparison to the prior fiscal year.
- As of the close of the current fiscal year, governmental funds reported an ending fund balance of \$92,254, a change of \$39,084 in comparison to the prior fiscal year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>2019</u>	<u>2018</u>
Current assets	\$ 348,829	\$ 246,332
Noncurrent assets	<u>4,989</u>	<u>9,180</u>
Total assets	353,818	255,512
Deferred outflows of resources	73,469	89,994
Current liabilities	114,728	53,639
Noncurrent liabilities	<u>483,469</u>	<u>515,297</u>
Total liabilities	598,197	568,936
Deferred inflows of resources	173,081	156,468
Net investment in capital assets	4,989	9,180
Unrestricted net position	<u>(348,980)</u>	<u>(389,078)</u>
Total net position	<u>\$ (343,991)</u>	<u>\$ (379,898)</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. At the close of the most recent fiscal year, total net position was \$(343,991), a change of \$35,907 from the prior fiscal year.

The largest portion of net position, \$4,989, 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 \$(348,980), primarily resulting from the unfunded pension and OPEB liabilities.

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

	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 1,144,949	\$ 1,079,190
General revenues:		
Local dues	<u>156,596</u>	<u>145,828</u>
Total revenues	1,301,545	1,225,018
Expenses:		
Bank service charges	316	125
Depreciation	5,317	5,934
Dues and subscriptions	82,925	3,295
Employee benefits	118,669	139,096
Equipment, rental, maintenance, and support	17,492	19,146
Insurance	3,534	5,207
Miscellaneous	3,016	1,323
Office supplies	9,654	8,090
Payroll taxes	43,927	48,849
Postage	635	631
Printing and reproduction	904	6,548
Rent	50,916	50,752

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	<u>2019</u>	<u>2018</u>
Salaries and wages	584,873	629,807
Technical and professional services	319,375	254,833
Telephone	4,185	4,470
Training	5,970	4,758
Travel	7,005	7,025
Utilities	<u>6,925</u>	<u>7,051</u>
Total expenses	<u>1,265,638</u>	<u>1,196,940</u>
Change in net position	35,907	28,078
Net position - beginning of year	<u>(379,898)</u>	<u>(407,976)</u>
Net position - end of year	<u>\$ (343,991)</u>	<u>\$ (379,898)</u>

Governmental activities for the fiscal year resulted in a change in net position of \$35,907. Key elements of this change are as follows:

Governmental funds operating results	\$ 39,084
Purchase of capital assets	1,126
Depreciation expense	(5,317)
Change in compensated absence liability	(865)
Change in net pension liability related items	4,495
Change in net OPEB liability related items	<u>(2,616)</u>
Total	<u>\$ 35,907</u>

D. FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

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

At the end of the current fiscal year, the ending fund balance for governmental funds, the General Fund, was \$92,254, a change of \$39,084 in comparison to the prior fiscal year.

E. CAPITAL ASSETS

Total investment in capital assets amounted to \$4,989 (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, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets:

Cash and short-term investments	\$ 136,760
Accounts receivable	209,267
Prepaid expenses	<u>2,802</u>
Total Current Assets	348,829

Noncurrent Assets:

Capital assets, net of accumulated depreciation	<u>4,989</u>
Total Noncurrent Assets	<u>4,989</u>

TOTAL ASSETS	353,818
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Deferred Outflows of Resources:

Related to pension	71,745
Related to OPEB	<u>1,724</u>

Total Deferred Outflows of Resources	<u>73,469</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	427,287
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LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current Liabilities:

Accounts payable	91,368
Accrued payroll and related liabilities	<u>23,360</u>
Total Current Liabilities	114,728

Noncurrent Liabilities:

Compensated absences	27,201
Net pension liability	445,317
Net OPEB liability	<u>10,951</u>
Total Noncurrent Liabilities	<u>483,469</u>

TOTAL LIABILITIES	598,197
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Deferred Inflows of Resources:

Local dues collected in advance	141,847
Related to pension	31,199
Related to OPEB	<u>35</u>

Total Deferred Inflows of Resources	<u>173,081</u>
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TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	771,278
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NET POSITION

Net investment in capital assets	4,989
Unrestricted	<u>(348,980)</u>
TOTAL NET POSITION	\$ <u>(343,991)</u>

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

ROCKINGHAM PLANNING COMMISSION

GOVERNMENTAL ACTIVITIES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and <u>Contributions</u>	Net (Expenses) Revenues and Change in <u>Net Position</u>
Governmental Activities:			
Planning services	\$ <u>1,265,638</u>	\$ <u>1,144,949</u>	\$ <u>(120,689)</u>
Total Governmental Activities	\$ <u><u>1,265,638</u></u>	\$ <u><u>1,144,949</u></u>	(120,689)
General Revenues:			
Local dues			<u>156,596</u>
Total General Revenues			<u>156,596</u>
Change in Net Position			35,907
Net Position:			
Beginning of year			<u>(379,898)</u>
End of year			\$ <u><u>(343,991)</u></u>

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

ROCKINGHAM PLANNING COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	General Fund
ASSETS	
Cash and short-term investments	\$ 136,760
Accounts receivable	209,267
Prepaid expenses	<u>2,802</u>
TOTAL ASSETS	\$ <u>348,829</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 91,368
Accrued payroll and related liabilities	<u>23,360</u>
Total Liabilities	114,728
Deferred Inflows of Resources - Local Dues Collected in Advance	141,847
Fund Balances:	
Nonspendable - prepaid expenses	2,802
Unassigned	<u>89,452</u>
Total Fund Balances	<u>92,254</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u>348,829</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, 2019

Governmental fund balances		\$ 92,254
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		4,989
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Compensated absences		(27,201)
Net pension liability and related deferred outflows/inflows of resources		(404,771)
Net OPEB liability and related deferred outflows/inflows of resources		<u>(9,262)</u>
Net position of governmental activities		<u>\$ (343,991)</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, 2019

	General Fund
Revenues:	
Government contracts	\$ 1,144,949
Local dues	<u>156,596</u>
Total Revenues	1,301,545
Expenditures:	
Bank service charges	316
Dues and subscriptions	82,925
Employee benefits	120,548
Equipment, rental, maintenance, and support	18,618
Insurance	3,534
Miscellaneous	3,016
Office supplies	9,654
Payroll taxes	43,927
Postage	635
Printing and reproduction	904
Rent	50,916
Salaries and wages	584,008
Technical and professional services	319,375
Telephone	4,185
Training	5,970
Travel	7,005
Utilities	<u>6,925</u>
Total Expenditures	<u>1,262,461</u>
Change in Fund Balance	39,084
Fund Balance, Beginning of Year	<u>53,170</u>
Fund Balance, End of Year	<u><u>\$ 92,254</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, 2019

Changes in fund balance - governmental funds \$ 39,084

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:

Capital asset purchases	1,126
Depreciation	(5,317)

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:

Compensated absences	(865)
Net pension liability and related deferred outflows/inflows of resources	4,495
Net OPEB liability and related deferred outflows/inflows of resources	<u>(2,616)</u>

Change in net position - governmental activities **\$ 35,907**

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 accounting policies:

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 2019, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all 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, and pension and OPEB costs are recorded only when payment is due.

Cash and Short-Term Investments

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

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 ten years.

Compensated Absences

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

Long-Term Liabilities

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

Fund Equity

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

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

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

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

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

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation

adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

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

2. Cash and Short-Term Investments

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

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, 2019 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Furniture and equipment	\$ 104,163	\$ 1,126	\$ -	\$ 105,289
Vehicles	12,284	-	-	12,284
Leasehold improvements	<u>3,382</u>	<u>-</u>	<u>-</u>	<u>3,382</u>
Total capital assets	119,829	1,126	-	120,955
Less accumulated depreciation	<u>(110,649)</u>	<u>(5,317)</u>	<u>-</u>	<u>(115,966)</u>
Total capital assets, net	<u>\$ 9,180</u>	<u>\$ (4,191)</u>	<u>\$ -</u>	<u>\$ 4,989</u>

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 pension and OPEB, in accordance with GASB Statements No. 68 and No. 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, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-term Portion
Compensated absences	\$ 26,336	\$ 865	\$ -	\$ 27,201	\$ -	\$ 27,201
Net pension liability	481,069	-	(35,752)	445,317	-	445,317
Net OPEB liability	<u>7,892</u>	<u>3,059</u>	<u>-</u>	<u>10,951</u>	<u>-</u>	<u>10,951</u>
Totals	<u>\$ 515,297</u>	<u>\$ 3,924</u>	<u>\$ (35,752)</u>	<u>\$ 483,469</u>	<u>\$ -</u>	<u>\$ 483,469</u>

7. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Commission 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, 2019, deferred inflows of resources included dues collected from members in advance totaling \$141,847. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

8. Line of Credit

The Commission has 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, 2019, the Commission had no outstanding balance on the line of credit and did not draw upon the line during fiscal year 2019.

9. Operating Leases

The Commission rents office space under a five-year lease agreement that ends on August 31, 2023. Annual lease payments totaled \$50,916 for the year ended June 30, 2019. Future lease obligations are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 50,923
2021	51,550
2022	52,734
2023	54,249
2024	<u>9,085</u>
Total	<u>\$ 218,541</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, 2019 was \$25,985.

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).

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.

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:

<u>Years of creditable service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit 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%

Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which for the Commission's employees 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 11.08% of covered compensation. The Commission's contributions to NHRS for the year ended June 30, 2019 were \$37,373, which was equal to its annual required contribution.

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.

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

At June 30, 2019, the Commission reported a liability of \$445,317 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The 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 the most recent measurement date of June 30, 2018, the Commission's proportion was 0.00924815%, which was a decrease of 0.00053366% from its previous year proportion.

For the year ended June 30, 2019, the Commission recognized pension expense of \$32,640. 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	\$ 3,554	\$ (3,606)
Changes of assumptions	30,818	-
Net difference between projected and actual investment earnings	-	(10,305)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(17,288)
Contributions subsequent to the measurement date (fiscal year 2019)	<u>37,373</u>	<u>-</u>
Total	<u>\$ 71,745</u>	<u>\$ (31,199)</u>

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 2020. 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>	
2020	\$ 5,920
2021	10,255
2022	(7,400)
2023	<u>(5,602)</u>
Total	\$ <u>3,173</u>

Actuarial Assumptions

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

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

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, 2017 valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric 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	4.50%
Emerging Int'l Equities	7.00	6.00%
Total international equities	20.00	
Core Bonds	4.50	0.50%
Short Duration	2.50	-0.25%
Global Multi-Sector Fixed Income	11.00	1.80%
Absolute Return Fixed Income	7.00	1.14%
Total fixed income	25.00	
Private Equity	5.00	6.25%
Private Debt	5.00	4.25%
Opportunistic	5.00	2.15%
Total alternative investments	15.00	
Real Estate	10.00	3.25%
Total	100.00 %	

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.

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, 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 or one percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 592,498	\$ 445,317	\$ 321,975

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*. GASB Statement No. 75 establishes standards for recognizing and measuring assets, liabilities, deferred outflows/inflows of resources, and expenditures related to other post-employment benefits (OPEB) liabilities and identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Retirees do not participate in the Commission's medical plan, therefore, there is no related OPEB liability that is recorded in these financial statements. There are several Commission employees however, that participate in the New Hampshire Retirement System. The net OPEB liability related to the New Hampshire Retirement System Medical Subsidy Plan has been recorded as a result.

New Hampshire Retirement System Medical Subsidy Plan

Plan Description

The Commission participates in the New Hampshire Retirement System's (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit 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 I Teachers, Group I Political Subdivision Employees, Group I

State Employees, and Group II Police Officer and Firefighters. Collectively, they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained in writing to them at 54 Regional Drive, Concord, New Hampshire 03301-8507 or from their website at <http://www.nhrs.org>.

Benefits Provided

The OPEB Plan 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 Medical Subsidy rates are:

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

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The Commission contributed 0.30% of gross payroll for Group I employees. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

Actuarial Assumptions and Other Inputs

The Commission's proportionate share of the NHRS Medical Subsidy as of June 30, 2019 is based upon an actuarial valuation performed as of June 30, 2017 (rolled forward to June 30, 2018) using a measurement date of June 30, 2018. 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, 2017 valuation were based on the results of the most recent experience study, which was for the period July 1, 2010 – June 30, 2015.

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. The target allocation and best estimates of geometric real rates of return for each major class, which are the same as the NHRS pension plan investments, are summarized in Note 11.

Net OPEB Liability, Expense, and Deferred Outflows and (Inflows) of Resources Related to OPEB

The Commission's proportionate share of the net OPEB liability for the NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2018 was \$10,951 representing 0.00239188%.

For the year ended June 30, 2019, the Commission recognized an OPEB expense related to the NHRS Medical Subsidy of \$3,617. At June 30, 2019, the Commission reported related deferred outflows and (inflows) of resources as follows:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Contributions subsequent to the measurement date (fiscal year 2019)	\$ 1,012	\$ -
Difference between expected and actual experience	64	(35)
Changes in proportion	<u>648</u>	<u>-</u>
Total	<u>\$ 1,724</u>	<u>\$ (35)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from 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 fiscal year 2020.

Other amounts reported as deferred outflows and (inflows) of resources will be recognized in expense as follows:

Year Ended June 30:

2020	\$ 701
2021	(11)
2022	<u>(13)</u>
Total	<u>\$ 677</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% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 11,398	\$ 10,951	\$ 9,699

Healthcare Cost Trend Rate

Health care cost trend rates are not applicable given that the benefits are fixed stipends.

13. Commitments and Contingencies

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

14. Concentration of Risk

A material part of the Commission's revenue is dependent upon government sources, the loss of which would have a materially adverse effect on the Commission. During the year ended June 30, 2019, funding from New Hampshire Department of Transportation accounted for 62% of total revenue and 79% of total accounts receivable.

15. New Pronouncements

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

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87 (GASB 87), *Leases*, effective for the Commission beginning with its fiscal year ending June 30, 2021. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease

liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

ROCKINGHAM PLANNING COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

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

JUNE 30, 2019

(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%
June 30, 2019	June 30, 2018	0.00924815%	\$ 445,317	\$ 352,781	126.23%	64.73%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2019

(Unaudited)

New Hampshire Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
June 30, 2019	\$ 37,373	\$ 37,373	\$ -	\$ 339,376	11.0%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

June 30, 2019

(Unaudited)

New Hampshire Retirement System Medical Subsidy

<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%
June 30, 2019	June 30, 2018	0.00239188%	\$ 10,951	\$ 352,781	3.10%	7.53%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF OPEB CONTRIBUTIONS (GASB 75)

JUNE 30, 2019

(Unaudited)

New Hampshire Retirement System Medical Subsidy

<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, 2018	\$ 1,069	\$ 1,069	\$ -	\$ 352,781	0.30%
June 30, 2019	\$ 1,012	\$ 1,012	\$ -	\$ 339,376	0.30%

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

See Independent Auditors' Report.