



**ROCKINGHAM PLANNING COMMISSION**

Financial Statements  
For the Year Ended June 30, 2020

(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, 2020, 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. 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, 2020, 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.

Manchester, New Hampshire

\_\_\_\_\_, 2020

## 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, 2020.

### **Overview of the Financial Statements**

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

### ***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of 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 (Other Than MD&A)**

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.

**Financial Highlights**

- As of the close of the current fiscal year, total of liabilities and deferred inflows exceeded assets and deferred outflows by \$(346,718) (i.e., net position), a change of \$(2,727) in comparison to the prior fiscal year.
- As of the close of the current fiscal year, governmental funds reported an ending fund balance of \$86,692, a change of \$(5,562) in comparison to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$81,111, a change of \$(8,341) in comparison to the prior fiscal year.

### Government-Wide Financial Analysis

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

	<u>2020</u>	<u>2019</u>
Current assets	\$ 264,923	\$ 348,829
Noncurrent assets	<u>3,280</u>	<u>4,989</u>
Total assets	268,203	353,818
Deferred outflows of resources	56,910	73,469
Current liabilities	38,702	114,728
Noncurrent liabilities	<u>453,814</u>	<u>483,469</u>
Total liabilities	492,516	598,197
Deferred inflows of resources	179,315	173,081
Net investment in capital assets	3,280	4,989
Unrestricted net position	<u>(349,998)</u>	<u>(348,980)</u>
Total net position	<u>\$ (346,718)</u>	<u>\$ (343,991)</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 \$(346,718), a change of \$(2,727) from the prior fiscal year.

A portion of net position, \$3,280, 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 \$(349,998), 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>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 924,093	\$ 1,144,949
General revenues:		
Local dues	<u>166,184</u>	<u>156,596</u>
Total revenues	1,090,277	1,301,545
Expenses:		
Bank service charges	523	316
Depreciation	4,168	5,317
Dues and subscriptions	53,818	82,925
Employee benefits	116,554	118,669
Equipment, rental, maintenance, and support	16,346	17,492
Insurance	4,328	3,534
Miscellaneous	2,083	3,016
Office supplies	5,844	9,654
Payroll taxes	47,248	43,927
Postage	353	635
Printing and reproduction	171	904
Rent	50,916	50,916
Salaries and wages	619,256	584,873
Technical and professional services	154,867	319,375
Telephone	4,123	4,185
Training	1,550	5,970
Travel	4,876	7,005
Utilities	<u>5,980</u>	<u>6,925</u>
Total expenses	<u>1,093,004</u>	<u>1,265,638</u>
Change in net position	(2,727)	35,907
Net position - beginning of year	<u>(343,991)</u>	<u>(379,898)</u>
Net position - end of year	<u>\$ (346,718)</u>	<u>\$ (343,991)</u>

Governmental activities for the fiscal year resulted in a change in net position of \$(2,727). Key elements of this change are as follows:

General Fund operating results	\$	(5,562)
Purchase of capital assets		2,459
Depreciation expense		(4,168)
Change in compensated absence liability		(1,069)
Change in net pension liability related items		5,205
Change in net OPEB liability related items		<u>408</u>
Total	\$	<u>(2,727)</u>

**Financial Analysis of the Commission’s Funds**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

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.

*General Fund*

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$81,111, while total fund balance was \$86,692. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>	<u>Percentage of General Fund Expenditures</u>
Unassigned fund balance	\$ 81,111	\$ 89,452	\$ (8,341)	7.40%
Total fund balance	\$ 86,692	\$ 92,254	\$ (5,562)	7.91%

**Capital Assets**

Total investment in capital assets amounted to \$3,280 (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

Statement of Net Position  
June 30, 2020

	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and short-term investments	\$ 129,310
Accounts receivable	130,032
Prepaid expenses	<u>5,581</u>
Total Current Assets	264,923
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	<u>3,280</u>
Total Noncurrent Assets	<u>3,280</u>
Total Assets	268,203
<b>Deferred Outflows of Resources</b>	
Related to pension	55,878
Related to OPEB	<u>1,032</u>
Total Deferred Outflows of Resources	56,910
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	2,185
Accrued payroll and related liabilities	26,967
Advance receipts	<u>9,550</u>
Total Current Liabilities	38,702
Noncurrent Liabilities:	
Compensated absences	28,270
Net pension liability	415,764
Net OPEB liability	<u>9,780</u>
Total Noncurrent Liabilities	<u>453,814</u>
Total Liabilities	492,516
<b>Deferred Inflows of Resources</b>	
Local dues collected in advance	139,529
Related to pension	39,680
Related to OPEB	<u>106</u>
Total Deferred Inflows of Resources	179,315
<b>Net Position</b>	
Net investment in capital assets	3,280
Unrestricted	<u>(349,998)</u>
Total Net Position	<u>\$ (346,718)</u>

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

## ROCKINGHAM PLANNING COMMISSION

Statement of Activities  
For the Year Ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and <u>Contributions</u>	Net (Expenses) Revenues and Change in <u>Net Position</u>
<b>Governmental Activities</b>			
Planning services	\$ <u>1,093,004</u>	\$ <u>924,093</u>	\$ <u>(168,911)</u>
Total Governmental Activities	\$ <u><u>1,093,004</u></u>	\$ <u><u>924,093</u></u>	(168,911)
<b>General Revenues</b>			
Local dues			<u>166,184</u>
Total General Revenues			<u>166,184</u>
Change in Net Position			(2,727)
<b>Net Position</b>			
Beginning of year			<u>(343,991)</u>
End of year			\$ <u><u>(346,718)</u></u>

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

## ROCKINGHAM PLANNING COMMISSION

## Governmental Funds

## Balance Sheet

June 30, 2020

	General Fund
<b>Assets</b>	
Cash and short-term investments	\$ 129,310
Accounts receivable	130,032
Prepaid expenses	<u>5,581</u>
Total Assets	<u>\$ 264,923</u>
<b>Liabilities</b>	
Accounts payable	\$ 2,185
Accrued payroll and related liabilities	26,967
Advance receipts	<u>9,550</u>
Total Liabilities	38,702
<b>Deferred Inflows of Resources</b>	
Local dues collected in advance	139,529
<b>Fund Balances</b>	
Nonspendable for prepaid expenses	5,581
Unassigned	<u>81,111</u>
Total Fund Balances	<u>86,692</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 264,923</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, 2020

<b>Total governmental fund balances</b>	\$ 86,692
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	3,280
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Compensated absences	(28,270)
Net pension liability and related deferred outflows/inflows of resources	(399,566)
Net OPEB liability and related deferred outflows/inflows of resources	<u>(8,854)</u>
<b>Net position of governmental activities</b>	<b>\$ <u>(346,718)</u></b>

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

**ROCKINGHAM PLANNING COMMISSION**

Governmental Funds  
Statement of Revenue, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2020

	<u>General Fund</u>
<b>Revenues</b>	
Government grants and contracts	\$ 924,093
Local dues	<u>166,184</u>
Total Revenues	1,090,277
<b>Expenditures</b>	
Bank service charges	523
Dues and subscriptions	53,818
Employee benefits	122,167
Equipment, rental, maintenance, and support	18,805
Insurance	4,328
Miscellaneous	2,083
Office supplies	5,844
Payroll taxes	47,248
Postage	353
Printing and reproduction	171
Rent	50,916
Salaries and wages	618,187
Technical and professional services	154,867
Telephone	4,123
Training	1,550
Travel	4,876
Utilities	<u>5,980</u>
Total Expenditures	<u>1,095,839</u>
Change in Fund Balance	(5,562)
Fund Balance, Beginning of Year	<u>92,254</u>
Fund Balance, End of Year	<u><u>\$ 86,692</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, 2020

**Net change in fund balance - governmental funds** \$ (5,562)

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	2,459
Depreciation	(4,168)

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	(1,069)
Change in pension expense from GASB 68	5,205
Change in OPEB expense from GASB 75	<u>408</u>
<b>Change in net position - governmental activities</b>	<b>\$ <u>(2,727)</u></b>

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 Board of Commissioners, members of which are appointed by the towns. 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 2020, 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. Local dues and other items not properly included among program revenues are reported instead as general revenues.

### *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 Investments***

Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Deposits with financial institutions consist of deposits in checking 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. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

***Long-Term Obligations***

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***

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 classifications 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***

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

grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

### ***Use of Estimates***

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

## **2. Deposits and 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 formal deposit policies related to the custodial credit risk.

As of June 30, 2020, none of the Commission's bank balance was exposed to custodial credit risk as uninsured or uncollateralized.

## **3. Accounts Receivable**

Receivables are comprised of amounts due from federal, state, and local governments for grants and contractual services. No provision for an allowance has been recorded as management believes receivables to be fully collectable.

## **4. Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2020 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, being depreciated:				
Furniture and equipment	\$ 105,289	\$ 2,459	\$ (37,599)	\$ 70,149
Vehicles	12,284	-	-	12,284
Leasehold improvements	<u>3,382</u>	<u>-</u>	<u>-</u>	<u>3,382</u>
Total capital assets being depreciated	120,955	2,459	(37,599)	85,815
Less accumulated depreciation	<u>(115,966)</u>	<u>(4,168)</u>	<u>37,599</u>	<u>(82,535)</u>
Governmental activities capital assets, net	<u>\$ 4,989</u>	<u>\$ (1,709)</u>	<u>\$ -</u>	<u>\$ 3,280</u>

## 5. Advance Receipts

Advance receipts consist of contract revenues from other governments for use in subsequent fiscal years when contract performance requirements have been met.

## 6. 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.

## 7. Long-Term Liabilities

### *Changes in Long-Term Liabilities*

During the year ended June 30, 2020, the following changes occurred in governmental activities' long-term liabilities:

	Beginning			Ending	Less	Equals
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current</u>	<u>Long-term</u>
					<u>Portion</u>	<u>Portion</u>
Compensated absences	\$ 27,201	\$ 1,069	\$ -	\$ 28,270	\$ -	\$ 28,270
Net pension liability	445,317	-	(29,553)	415,764	-	415,764
Net OPEB liability	<u>10,951</u>		<u>(1,171)</u>	<u>9,780</u>	<u>-</u>	<u>9,780</u>
Totals	\$ <u>483,469</u>	\$ <u>1,069</u>	\$ <u>(30,724)</u>	\$ <u>453,814</u>	\$ <u>-</u>	\$ <u>453,814</u>

## 8. 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, 2020, deferred inflows of resources included dues collected from members in advance for the next fiscal year totaling \$139,529. 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.

## 9. 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, 2020, the Commission had no outstanding balance on the line of credit and did not draw upon the line during fiscal year 2020.

#### 10. **New Hampshire Retirement System - Pension (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:

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	23	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 10.88% of covered compensation. The Commission's contributions to NHRS for the year ended June 30, 2020 were \$38,662, 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, 2020, the Commission reported a liability of \$415,764 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019, the Commission's proportion was 0.00864076%, which was a decrease of 0.00060739% from its previous year proportion.



For the year ended June 30, 2020, the Commission recognized pension expense of \$33,687. 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	\$ 2,299	\$ (8,940)
Changes of assumptions	14,917	-
Net difference between projected and actual earnings on pension plan investments	-	(3,396)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(27,344)
Contributions subsequent to the measurement date	<u>38,662</u>	<u>-</u>
Total	<u>\$ 55,878</u>	<u>\$ (39,680)</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 2021. 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>	
2021	\$ 4,112
2022	(12,087)
2023	(10,767)
2024	<u>(3,722)</u>
Total	<u>\$ (22,464)</u>

### ***Actuarial Assumptions***

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.5% per year
Wage inflation	3.25% per year (3.00% for Teachers)
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.

Certain actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, most recently performed in 2016.

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 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	9.00	1.12%
Global multi-sector fixed income	10.00	2.46%
Absolute return fixed income	6.00	1.50%
Total fixed income	25.00	
Private equity	10.00	7.90%
Private debt	5.00	4.86%
Total alternative investments	15.00	
Real estate	10.00	3.00%
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 of 7.25%, 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%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$ 556,724	\$ 415,764	\$ 299,260

**Pension Plan Fiduciary Net Position**

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

**11. Other Post-Employment Benefits – OPEB (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.

### ***Plan Description***

The Commission participates in the New Hampshire Retirement System's (NHRS) Medical Subsidy Plan. 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 0.29% 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**

Actuarial assumptions are the same in the Retirement System footnote.

**Net OPEB Liability, Expense, and Deferred Outflows and (Inflows)**

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, 2019 was \$9,780 representing 0.00223070%.

For the year ended June 30, 2020, the Commission recognized an OPEB expense related to the NHRS Medical Subsidy of \$630. At June 30, 2020, 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	\$ 1,032	\$ -
Difference between expected and actual experience	-	(17)
Changes in proportion	-	(78)
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>(11)</u>
Total	<u>\$ 1,032</u>	<u>\$ (106)</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 2021.

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

<u>Year Ended June 30:</u>	
2021	\$ (102)
2022	(7)
2023	1
2024	<u>2</u>
Total	<u>\$ (106)</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>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$ 10,608	\$ 9,780	\$ 9,060

***Healthcare Cost Trend Rate***

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

**12. 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, 2020 was \$26,855.

**13. 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, 2020. Future lease obligations are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 51,550
2022	52,734
2023	54,249
2024	<u>9,085</u>
Total	<u>\$ 167,618</u>

**14. Commitments and Contingencies*****COVID-19***

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruptions. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on organizations serviced by the Commission, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

***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, 2020, funding from New Hampshire Department of Transportation accounted for 51% of total revenue and 32% of total accounts receivable. During the year ended June 30, 2020, funding from New Hampshire Department of Environmental Services accounted for 10% of total revenue and 21% of total accounts receivable.

**16. Subsequent Events**

Management has evaluated subsequent events through \_\_\_\_\_, 2020, which is the date the financial statements were available to be issued.

**17. New Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the Commission beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Commission beginning with its fiscal year ending June 30, 2022.

This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.



## ROCKINGHAM PLANNING COMMISSION

Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability  
 (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 as of the Measurement Date</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%
June 30, 2020	June 30, 2019	0.00864076%	\$ 415,764	\$ 339,376	122.51%	65.59%

*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  
 (Unaudited)

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 New Hampshire Retirement System
 

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<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll as of the Fiscal Year</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2015	June 30, 2014	\$ 29,513	\$ 29,513	\$ -	\$ 282,694	10.4%
June 30, 2016	June 30, 2015	\$ 32,170	\$ 32,170	\$ -	\$ 297,778	10.8%
June 30, 2017	June 30, 2016	\$ 35,408	\$ 35,408	\$ -	\$ 329,982	10.7%
June 30, 2018	June 30, 2017	\$ 39,326	\$ 39,326	\$ -	\$ 352,781	11.1%
June 30, 2019	June 30, 2018	\$ 37,373	\$ 37,373	\$ -	\$ 339,376	11.0%
June 30, 2020	June 30, 2019	\$ 38,662	\$ 38,662	\$ -	\$ 355,608	10.9%

*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  
Schedules of Proportionate Share and Contributions of the Net OPEB Liability  
(Unaudited)

**Schedule of Proportionate Share**

## 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 as of the Measurement Date</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%
June 30, 2020	June 30, 2019	0.00223070%	\$ 9,780	\$ 339,376	2.88%	7.75%

**Schedule of Contributions**

## New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll as of the Fiscal Year</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	June 30, 2017	\$ 1,069	\$ 1,069	\$ -	\$ 352,781	0.30%
June 30, 2019	June 30, 2018	\$ 1,012	\$ 1,012	\$ -	\$ 339,376	0.30%
June 30, 2020	June 30, 2019	\$ 1,032	\$ 1,032	\$ -	\$ 355,608	0.29%

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

See Independent Auditors' Report.