

**COUNTY OF
ROCKINGHAM, NEW HAMPSHIRE**

Annual Financial Statements

For the Year Ended December 31, 2015

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Additional Offices:

Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
County of Rockingham, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Rockingham, New Hampshire, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County of Rockingham, New Hampshire's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The County'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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Rockingham, New Hampshire, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance 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 the Management's Discussion and Analysis, the Schedule of Funding Progress – Other Post-Employment Benefits, the Schedule of the Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information appearing on pages 54 through 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Melanson Heath

October 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County of Rockingham, New Hampshire's (County) financial management offers readers of these financial statements this narrative, overview and analysis of the financial activities of the County of Rockingham for the year ended December 31, 2015. This discussion and analysis is designed for readers in focusing on the significant financial issues and activities of the County and to identify any significant change in financial position. Readers are encouraged to review the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

A. FINANCIAL HIGHLIGHTS – GOVERNMENT WIDE

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$36,958,445 (net position). This reflects a prior period adjustment of approximately \$37 million that was made to decrease beginning net position for the implementation of GASB Statement Number 68.
- The County's total net position reflects an increase of \$5,567,328, which is primarily a result of underspent appropriations.
- The County's general obligation bonds, issued in July 2013, and capital lease obligations decreased in total by approximately \$941,000, net of approximately \$356,000 in new capital lease proceeds.
- Compensated absences increased by approximately \$369,000.
- The net OPEB obligation for retiree health benefits and net pension liability related to the New Hampshire Retirement System increased by approximately \$195,000 and \$935,000, respectively.

B. FINANCIAL HIGHLIGHTS – FUND STATEMENTS

- As of the close of the year, the County's reported combined ending fund balances of \$43,908,082 which was an increase of \$1,985,941 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$27,598,596, or 34% of total 2015 General Fund (budgeted) appropriations. A goal of the County has been to maintain reserves equivalent to three months of budgeted appropriations.
- The County retains an Aa1 bond rating for its long-term borrowing and maintained its MIG-1 rating on its short-term borrowing. The consistent level of bond rating is a clear indication of the sound financial condition of the County.

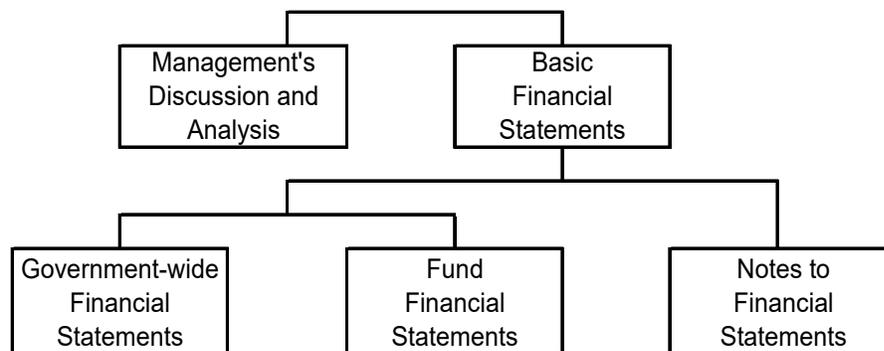
C. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

- The statements presented on pages 12 and 13 are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.
- The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. They provide more detail than the Government-wide statements. There are four parts to the Fund Financial Statements: (1) the governmental fund statements, (2) the budgetary comparison statement, (3) the proprietary fund statements, and (4) the fiduciary fund statements.
- The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the required supplemental information that further explains and supports the information in the financial statements.

Required Components of Annual Financial Report

Figure 1



D. ANALYSIS OF NET POSITION

The following analysis focuses on net position (Table 1) and changes in net position (Table 2). Net position may serve, over time, as one useful indicator of a government's financial condition. Unrestricted net position can be used to finance day-to-day operations of the County and reduce the effect of property taxes.

Table 1

	<u>NET POSITION</u>	
	<u>2014</u>	<u>2015</u>
		Governmental <u>Activities</u>
Current assets	\$ 60,996,077	\$ 64,857,769
Noncurrent assets	32,364,946	32,226,795
Deferred outflows of resources	<u>-</u>	<u>1,697,394</u>
Total assets and deferred outflows of resources	93,361,023	98,781,958
Current liabilities	14,471,855	13,915,812
Noncurrent liabilities	10,661,055	43,951,467
Deferred inflows of resources	<u>17,152</u>	<u>3,956,234</u>
Total liabilities and deferred inflows of resources	25,150,062	61,823,513
Net position:		
Net investment in capital assets	32,301,468	33,755,937
Restricted	475,617	556,623
Unrestricted	<u>35,433,876</u>	<u>2,645,885</u>
Total net position	<u>\$ 68,210,961</u>	<u>\$ 36,958,445</u>

Table 2

	<u>CHANGE IN NET POSITION</u>	
	<u>2014</u>	<u>2015</u>
		Governmental <u>Activities</u>
Revenues:		
Program revenues:		
Charges for services:		
Long term care services	\$ 23,650,977	\$ 23,406,137
Corrections	366,669	206,881
Administration and other	3,120,082	3,709,000
Sheriff's office	1,360,576	1,125,744
County attorney	<u>225,103</u>	<u>197,749</u>
Total charges for services	28,723,407	28,645,511
Operating grants and contributions	268,716	421,235
Capital grants and contributions	162,940	60,000
General revenues:		
Taxes	44,809,156	46,013,873
Investment income	58,429	66,391
Miscellaneous	<u>943,430</u>	<u>593,510</u>
Total revenues	74,966,078	75,800,520

(continued)

(continued)

Table 2

CHANGE IN NET POSITION

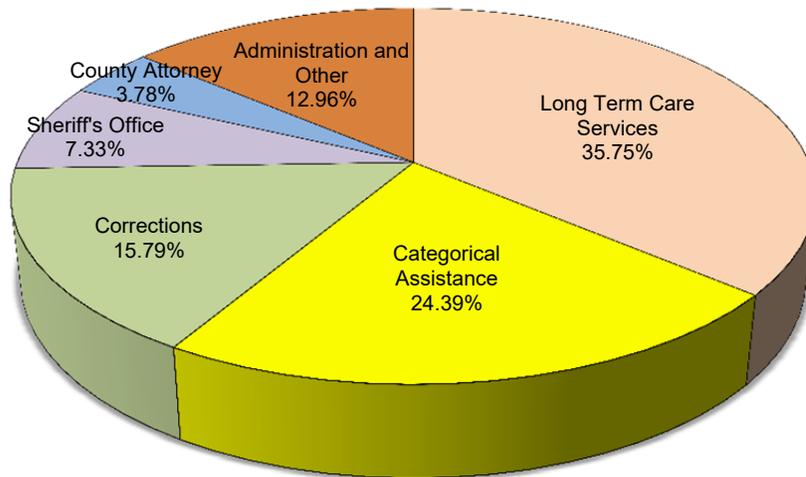
	Governmental <u>Activities</u>	
	<u>2014</u>	<u>2015</u>
Expenses:		
Long term care services	25,402,222	25,101,521
Categorical assistance	16,452,555	17,132,307
Corrections	11,379,142	11,092,853
Administration and other	9,127,987	9,104,407
Sheriff's office	5,099,953	5,145,614
County attorney	<u>2,756,275</u>	<u>2,656,490</u>
Total expenses	<u>70,218,134</u>	<u>70,233,192</u>
Change in net position	4,747,944	5,567,328
Net position - beginning of year, as restated	<u>63,463,017</u>	<u>31,391,117</u> *
Net position - end of year	<u>\$ 68,210,961</u>	<u>\$ 36,958,445</u>

* See Note 21.

E. GOVERNMENTAL ACTIVITIES

Below is a graph that presents actual expenditures under each of the major governmental activities as a percentage of total expenditures.

Expenses by Function - Governmental Activities For the Year Ended December 31, 2015



The following tables present the costs and net costs of the major County departments/functions. Costs are based upon total expenses and net costs are calculated by taking the total function-specific expenses, less direct revenues related to that particular function. The net costs represent amounts that are funded by general revenues, notably taxes.

Table 3 - Total and Net Cost of Services

Function / Program	2014			2015		
	Total Cost of Services	Revenues	Net Cost of Services	Total Cost of Services	Revenues	Net Cost of Services
Long Term Care Services	\$ 25,402,222	\$ 23,650,977	\$ 1,751,245	\$ 25,101,521	\$ 23,406,137 *	\$ 1,695,384
Categorical Assistance	16,452,555	-	16,452,555	17,132,307	-	17,132,307
Corrections	11,379,142	529,609	10,849,533	11,092,853	255,121	10,837,732
Administration and Other	9,127,987	3,120,082	6,007,905	9,104,407	3,794,464	5,309,943
Sheriff's Office	5,099,953	1,600,937	3,499,016	5,145,614	1,451,383	3,694,231
County Attorney	2,756,275	253,458	2,502,817	2,656,490	219,641	2,436,849
	<u>\$ 70,218,134</u>	<u>\$ 29,155,063</u>	<u>\$ 41,063,071</u>	<u>\$ 70,233,192</u>	<u>\$ 29,126,746</u>	<u>\$ 41,106,446</u>

**This amount reflects the budgetary net cost; actual net cost of services (a portion of which is reflected in Administration and Other).*

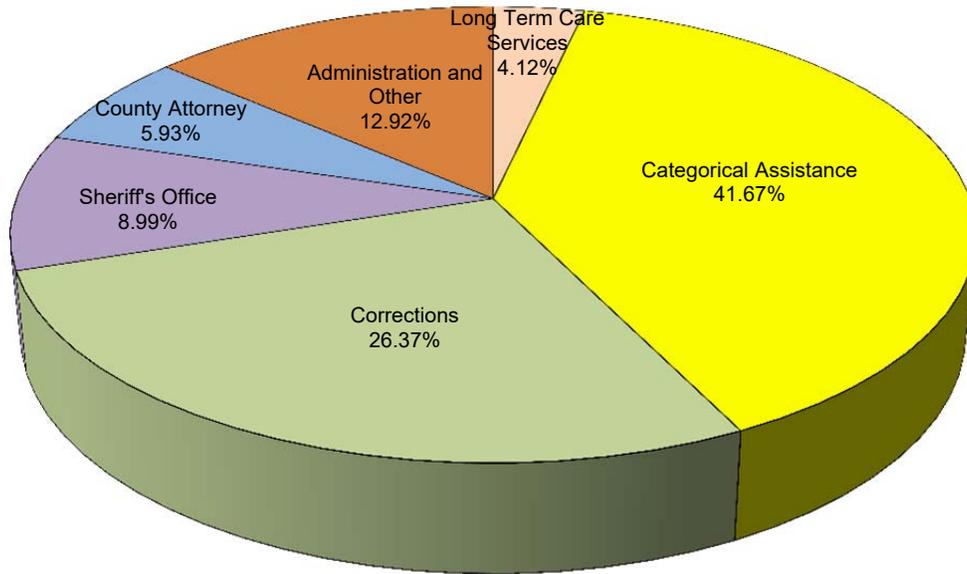
Table 4 - Comparative Net Cost of Services

Function / Program	2014	2015	Change in Net Cost of Services
	Net Cost of Services	Net Cost of Services	
Long Term Care Services	\$ 1,751,245	\$ 1,695,384	\$ (55,861)
Categorical Assistance	16,452,555	17,132,307	679,752
Corrections	10,849,533	10,837,732	(11,801)
Administration and Other	6,007,905	5,309,943	(697,962)
Sheriff's Office	3,499,016	3,694,231	195,215
County Attorney	2,502,817	2,436,849	(65,968)
	<u>\$41,063,071</u>	<u>\$ 41,106,446</u>	<u>\$ 43,375</u>

Note: For Table 3 and Table 4 presentation purposes, Debt Interest costs are included in the "Administration and Other" function.

The following chart is a graphical presentation of the components of the 2015 Net Costs of Services from Table 4. The primary source of funding for Net Costs is tax revenues.

Net Cost of Services - by Function/Program for the Year Ending December 31, 2015



F. COUNTY GOVERNMENTAL FUNDS

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the County.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund appropriations. At December 31, 2015, unassigned fund balance represents 34% of total General Fund (budgeted) appropriations, while total fund balance represents 43% of that same amount.

G. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At December 31, 2015, the County reported approximately \$32.2 million in capital assets, net of depreciation, which includes construction in progress of approximately \$3.1 million. These assets include land, buildings and improvements, machinery, equipment and furnishings, and vehicles.

Long-term debt. At December 31, 2015, the County had approximately \$45.7 million in outstanding long-term debt, comprised of \$7.4 million in general obligation bonds issued in 2013, \$2.5 million in compensated absences, \$1.1 million net OPEB obligation, \$34.4 million net pension liability, and approximately \$237,000 in capital leases payable.

Additional information on capital assets and long-term debt can be found in the notes to financial statements.

H. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property taxes accounted for 57% of expected resources for 2015 and account for 58% of revenues in the 2016 budget.
- The caps for Categorical Assistance payments increased by 1.01% effective for July 1, 2016; it is unknown at this time what the increase will be for State Fiscal Year 2018. Categorical Assistance will continue to be the largest net County expenditure, followed by Corrections.
- Corrections expenditures will be an increasing cost to the County. The County's ability to maintain a stable financial position and ample reserves, while continuing to control jail expenditures, will be a key factor in the future and is dependent on the development of community corrections programs and State impacts on the court systems. Recently passed State legislation will result in drug court assistance monies being received by the County from the State. Reimbursement of drug court expenses will increase to 100% beginning with the fourth quarter of 2016.
- The State of New Hampshire continues the transition to its Medicaid Care Management Program ("MCM"), and is currently in Step 2 of the process. On June 6, 2016, the Governor signed into law SB 553 instructing the Department of Health and Human Services to develop an implementation plan for the remaining unimplemented phases of the MCM Program. While it is believed that the end results of full implementation of the MCM Program will be decreased County nursing home revenues, there could be a related decrease (or at least a reduced rate of increase) in Categorical Assistance expenses.

- Major Long Term Care renovations will be starting in the third quarter of 2016 and are expected to be completed in 2018. Most of the funding for this capital project will come from dedicated funds within the Capital Fund, though it is anticipated that bonds will be issued in late 2017 or early 2018 to finance part of the renovations.

REQUESTS FOR INFORMATION

This financial report is intended to provide report users with a general overview of the County's finances at December 31, 2015. Questions about this report can be directed to the Finance Office at 119 North Road, Brentwood, New Hampshire, 03833. Additional information about the County of Rockingham can be found at www.co.rockingham.nh.us.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2015

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current:	
Cash and short-term investments	\$ 59,354,307
Restricted cash	1,058,997
Investments	74,080
Receivables, net:	
Accounts, net	244,887
Due from other governments, net	3,209,397
Prepaid expenses	173,539
Inventory	<u>742,562</u>
Total current assets	64,857,769
Noncurrent:	
Capital Assets:	
Land	578,857
Construction in progress	3,095,010
Other assets, net of accumulated depreciation	<u>28,552,928</u>
Total noncurrent assets	<u>32,226,795</u>
TOTAL ASSETS	97,084,564
Deferred Outflows of Resources	<u>1,697,394</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	98,781,958
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Liabilities	
Current:	
Accounts payable	1,803,190
Accrued payroll and related liabilities	101,434
Due to other governments	8,743,317
Security deposits	14,531
Incurred but not reported claims liability	1,425,639
Accrued interest payable	91,956
Current portion of noncurrent liabilities:	
Bonds payable	1,137,400
Capital leases payable	117,331
Compensated absences	<u>481,014</u>
Total current liabilities	13,915,812
Noncurrent:	
Bonds payable, net of current portion	6,297,263
Capital leases payable, net of current portion	119,651
Compensated absences, net of current portion	2,022,724
Net OPEB obligation	1,080,857
Net pension liability	<u>34,430,972</u>
Total noncurrent liabilities	<u>43,951,467</u>
TOTAL LIABILITIES	57,867,279
Deferred Inflows of Resources	<u>3,956,234</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	61,823,513
 NET POSITION	
Net investment in capital assets	33,755,937
Restricted for:	
Grants and other statutory restrictions	528,263
Permanent funds	28,360
Unrestricted	<u>2,645,885</u>
TOTAL NET POSITION	\$ <u>36,958,445</u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2015

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and short-term investments	\$ 39,287,474	\$ 9,377,786	\$ 261,224	\$ 48,926,484
Restricted cash	837,627	-	221,370	1,058,997
Investments	-	-	74,080	74,080
Receivables, net:				
Accounts, net	226,185	-	359	226,544
Due from other governments, net	2,995,895	-	-	2,995,895
Prepaid expenses	51,993	-	-	51,993
Inventory	<u>742,562</u>	<u>-</u>	<u>-</u>	<u>742,562</u>
TOTAL ASSETS	<u>\$ 44,141,736</u>	<u>\$ 9,377,786</u>	<u>\$ 557,033</u>	<u>\$ 54,076,555</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,133,082	\$ 176,999	\$ 410	\$ 1,310,491
Accrued payroll and related liabilities	101,434	-	-	101,434
Due to other governments	8,739,550	-	-	8,739,550
Security deposits	<u>14,531</u>	<u>-</u>	<u>-</u>	<u>14,531</u>
TOTAL LIABILITIES	9,988,597	176,999	410	10,166,006
DEFERRED INFLOWS OF RESOURCES	2,467	-	-	2,467
Fund Balances:				
Nonspendable:				
Prepaid expenses	51,993	-	-	51,993
Inventory	742,562	-	-	742,562
Nonexpendable permanent funds	<u>-</u>	<u>-</u>	<u>28,360</u>	<u>28,360</u>
Total Nonspendable	794,555	-	28,360	822,915
Restricted:				
Long term care (RSA 24:13)	442,035	-	-	442,035
Capital projects	-	8,687,864	-	8,687,864
Special revenue funds	<u>-</u>	<u>-</u>	<u>528,263</u>	<u>528,263</u>
Total Restricted	442,035	8,687,864	528,263	9,658,162
Assigned:				
Subsequent year budget	5,178,000	-	-	5,178,000
Encumbrances	<u>137,486</u>	<u>512,923</u>	<u>-</u>	<u>650,409</u>
Total Assigned	5,315,486	512,923	-	5,828,409
Unassigned	<u>27,598,596</u>	<u>-</u>	<u>-</u>	<u>27,598,596</u>
TOTAL FUND BALANCES	<u>34,150,672</u>	<u>9,200,787</u>	<u>556,623</u>	<u>43,908,082</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 44,141,736</u>	<u>\$ 9,377,786</u>	<u>\$ 557,033</u>	<u>\$ 54,076,555</u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

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

DECEMBER 31, 2015

Total governmental fund balances	\$ 43,908,082
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,226,795
• Deferred outflows of resources from net pension liability	1,697,394
• Internal service funds are used by management to account for certain activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	7,707,036
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(91,956)
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable	(7,434,663)
Capital leases payable	(236,982)
Compensated absences (unfunded)	(1,357,672)
Net OPEB obligation	(1,080,857)
Net pension liability	(34,430,972)
• Deferred inflows of resources from net pension liability	<u>(3,947,760)</u>
Net position of governmental activities	\$ <u><u>36,958,445</u></u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 46,013,873	\$ -	\$ -	\$ 46,013,873
Charges for services	28,369,441	-	276,070	28,645,511
Intergovernmental	421,235	60,000	-	481,235
Investment income	49,407	15,867	1,117	66,391
Miscellaneous	<u>469,654</u>	<u>-</u>	<u>-</u>	<u>469,654</u>
Total Revenues	75,323,610	75,867	277,187	75,676,664
Expenditures:				
Current:				
Long Term Care Services:				
Nursing home	23,432,492	-	-	23,432,492
Assisted living	1,539,215	-	-	1,539,215
Public assistance	17,132,307	-	-	17,132,307
Corrections	11,213,434	-	-	11,213,434
Administration and Other:				
Maintenance	3,948,549	-	-	3,948,549
General government	1,171,954	-	-	1,171,954
Deeds	1,184,416	-	-	1,184,416
Finance	1,011,268	-	-	1,011,268
Grants	296,691	-	-	296,691
Information technology	400,922	-	-	400,922
Human resources	384,568	-	-	384,568
Non-county specials	259,000	-	-	259,000
Commissioners	175,207	-	-	175,207
Delegation	96,891	-	-	96,891
Medical examiner	70,623	-	-	70,623
Treasurer	14,627	-	-	14,627
Sheriff	5,733,702	-	37,161	5,770,863
County Attorney	2,841,545	-	897	2,842,442
Capital outlay	47,293	1,801,117	-	1,848,410
Debt service:				
Principal	985,000	-	-	985,000
Interest	<u>268,200</u>	<u>-</u>	<u>-</u>	<u>268,200</u>
Total Expenditures	<u>72,207,904</u>	<u>1,801,117</u>	<u>38,058</u>	<u>74,047,079</u>
Excess (deficiency) of revenues over expenditures	3,115,706	(1,725,250)	239,129	1,629,585
Other Financing Sources (Uses):				
Capital lease proceeds	356,356	-	-	356,356
Transfers:				
Deeds and other	158,123	-	(158,123)	-
Capital projects	<u>(2,376,680)</u>	<u>2,376,680</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,862,201)</u>	<u>2,376,680</u>	<u>(158,123)</u>	<u>356,356</u>
Change in fund balance	1,253,505	651,430	81,006	1,985,941
Fund Equity, at Beginning of Year, as restated	<u>32,897,167</u>	<u>8,549,357</u>	<u>475,617</u>	<u>41,922,141</u>
Fund Equity, at End of Year	\$ <u>34,150,672</u>	\$ <u>9,200,787</u>	\$ <u>556,623</u>	\$ <u>43,908,082</u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

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

FOR THE YEAR ENDED DECEMBER 31, 2015

Net changes in fund balances - Total governmental funds	\$ 1,985,941																														
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital asset purchases</td> <td align="right">2,457,174</td> </tr> <tr> <td>Disposal of capital assets</td> <td align="right">(6,057)</td> </tr> <tr> <td>Depreciation</td> <td align="right">(2,589,269)</td> </tr> </table> • The issuance of long-term debt (e.g., bonds and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 40px;"> <tr> <td>Proceeds of capital lease</td> <td align="right">(356,356)</td> </tr> <tr> <td>Repayments of debt - bonds</td> <td align="right">985,000</td> </tr> <tr> <td>Repayments of debt - capital leases</td> <td align="right">182,632</td> </tr> <tr> <td>Amortization of bond premium</td> <td align="right">129,914</td> </tr> </table> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="right">15,146</td> </tr> </table> • Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td>Compensated absences - change in unfunded liability</td> <td align="right">(21,516)</td> </tr> <tr> <td>Net OPEB obligation</td> <td align="right">(195,431)</td> </tr> <tr> <td>GASB 68 net pension liability changes: <table border="0" style="margin-left: 20px;"> <tr> <td>Net pension liability</td> <td align="right">(935,169)</td> </tr> <tr> <td>Deferred outflows of resources</td> <td align="right">112,216</td> </tr> <tr> <td>Deferred inflows of resources</td> <td align="right">2,216,369</td> </tr> </table> </td> <td></td> </tr> </table> • Internal service funds are used by management to account for certain activities. The net activity of internal service funds is reported with governmental activities. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="right"><u>1,586,734</u></td> </tr> </table> 		Capital asset purchases	2,457,174	Disposal of capital assets	(6,057)	Depreciation	(2,589,269)	Proceeds of capital lease	(356,356)	Repayments of debt - bonds	985,000	Repayments of debt - capital leases	182,632	Amortization of bond premium	129,914		15,146	Compensated absences - change in unfunded liability	(21,516)	Net OPEB obligation	(195,431)	GASB 68 net pension liability changes: <table border="0" style="margin-left: 20px;"> <tr> <td>Net pension liability</td> <td align="right">(935,169)</td> </tr> <tr> <td>Deferred outflows of resources</td> <td align="right">112,216</td> </tr> <tr> <td>Deferred inflows of resources</td> <td align="right">2,216,369</td> </tr> </table>	Net pension liability	(935,169)	Deferred outflows of resources	112,216	Deferred inflows of resources	2,216,369			<u>1,586,734</u>
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Deferred inflows of resources	2,216,369																														
	<u>1,586,734</u>																														
Change in net position of governmental activities	\$ <u><u>5,567,328</u></u>																														

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE
GENERAL FUND
STATEMENT OF REVENUES AND OTHER SOURCES,
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	From Prior Years' Budget	Approved Transfers	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	\$ 5,178,000	\$ 168,423	\$ -	\$ 5,346,423	\$ 5,346,423	\$ -
Revenues (Inflows):						
Taxes	46,013,873	-	-	46,013,873	46,013,873	-
Charges for services:						
Long Term Care Services:						
Nursing home	20,940,342	-	-	20,940,342	21,727,175	786,833
Assisted living	1,563,955	-	-	1,563,955	1,666,380	102,425
Corrections	95,003	-	-	95,003	80,577	(14,426)
Administration and Other:						
Deeds	2,600,000	-	-	2,600,000	3,556,757	956,757
Maintenance	23,200	-	-	23,200	34,755	11,555
Sheriff's Office:						
Sheriff/dispatch/radio	1,166,118	-	-	1,166,118	1,106,047	(60,071)
County Attorney	192,319	-	-	192,319	197,749	5,430
Intergovernmental	2,117,965	-	-	2,117,965	421,235	(1,696,730)
Investment income	50,001	-	-	50,001	49,405	(596)
Miscellaneous	32,067	-	-	32,067	469,654	437,587
Transfers from other funds	171,446	-	-	171,446	158,123	(13,323)
Amounts Available for Appropriation	80,144,289	168,423	-	80,312,712	80,828,153	515,441
Charges to Appropriations (Outflows):						
Current:						
Long Term Care Services:						
Nursing home	25,921,658	6,160	-	25,927,818	23,438,769	2,489,049
Assisted living	1,631,183	-	-	1,631,183	1,538,948	92,235
Public assistance	17,332,000	-	-	17,332,000	17,132,307	199,693
Corrections	12,688,286	7,549	-	12,695,835	11,213,434	1,482,401
Administration and Other:						
Maintenance	4,589,769	4,613	13,980	4,608,362	4,416,299	192,063
General government	1,207,143	-	30,000	1,237,143	1,171,954	65,189
Deeds	1,222,151	25,904	-	1,248,055	1,184,416	63,639
Finance	1,200,099	114,156	-	1,314,255	1,011,268	302,987
Grants	2,055,000	-	-	2,055,000	296,691	1,758,309
Information technology	445,434	1,666	-	447,100	400,922	46,178
Human resources	455,573	-	-	455,573	384,568	71,005
Non-county specials	259,000	-	-	259,000	259,000	-
Commissioners	177,133	-	-	177,133	175,207	1,926
Delegation	407,142	-	(43,980)	363,162	96,891	266,271
Medical examiner	58,904	-	14,400	73,304	70,623	2,681
Treasurer	15,506	-	-	15,506	14,627	879
Sheriff	5,617,529	-	-	5,617,529	5,377,346	240,183
County Attorney	3,057,249	-	(14,400)	3,042,849	2,841,545	201,304
Capital outlay	50,330	8,375	-	58,705	47,293	11,412
Debt service:						
Principal	985,000	-	-	985,000	985,000	-
Interest	268,200	-	-	268,200	268,200	-
Transfers to other funds	500,000	-	-	500,000	1,876,679	(1,376,679)
Total Charges to Appropriations	80,144,289	168,423	-	80,312,712	74,201,987	6,110,725
Ending Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 6,626,166	\$ 6,626,166

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2015

	Governmental Activities <hr/> Internal Service Funds
ASSETS	
Current:	
Cash and short-term investments	\$ 10,427,823
Receivables:	
Accounts	18,343
Due from other governments	213,502
Prepaid expenses	<u>121,546</u>
Total current assets	<u>10,781,214</u>
TOTAL ASSETS	10,781,214
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Liabilities	
Current:	
Accounts payable	492,699
Due to other governments	3,767
Incurred but not reported claims liability	1,425,639
Current portion of noncurrent liabilities:	
Compensated absences	<u>481,014</u>
Total current liabilities	2,403,119
Noncurrent:	
Compensated absences	<u>665,052</u>
Total noncurrent liabilities	<u>665,052</u>
TOTAL LIABILITIES	3,068,171
Deferred Inflows of Resources	<u>6,007</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,074,178
NET POSITION	
Unrestricted	<u>7,707,036</u>
TOTAL NET POSITION	<u><u>\$ 7,707,036</u></u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2015

	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:	
Employee and employer contributions	\$ <u>9,903,949</u>
Total Operating Revenues	9,903,949
Operating Expenses:	
Employee benefits	<u>8,242,210</u>
Total Operating Expenses	<u>8,242,210</u>
Operating Income (Loss)	1,661,739
Nonoperating Revenues (Expenses):	
Investment income	7,098
Miscellaneous	<u>(82,103)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(75,005)</u>
Change in Net Position	1,586,734
Net Position at Beginning of Year	<u>6,120,302</u>
Net Position at End of Year	<u>\$ <u>7,707,036</u></u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<u>Cash Flows From Operating Activities:</u>	
Receipts from users	\$ 9,822,193
Payments to providers	(8,791,124)
Other receipts (payments)	<u>(82,103)</u>
Net Cash Provided By Operating Activities	948,966
<u>Cash Flows From Investing Activities:</u>	
Investment income	<u>7,098</u>
Net Cash Provided By Investing Activities	<u>7,098</u>
Net Change in Cash and Short-Term Investments	956,064
Cash and Short-Term Investments, Beginning of Year	<u>9,471,759</u>
Cash and Short-Term Investments, End of Year	<u>\$ 10,427,823</u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:</u>	
Operating income	\$ 1,661,739
Adjustments to reconcile operating income to net cash provided by operating activities:	
Nonoperating revenues (expenses)	(82,103)
Changes in assets and liabilities:	
Accounts receivable	13,426
Due from other governments	(92,041)
Prepaid expenses	3,527
Accounts payable	312,902
Due to other governments	2,150
Incurred but not reported claims liability	(476,686)
Accrued compensated absences	(390,807)
Deferred inflows of resources	<u>(3,141)</u>
Net Cash Provided By Operating Activities	<u>\$ 948,966</u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2015

	Agency Funds
<u>ASSETS</u>	
Cash and short-term investments	\$ 218,882
Accounts receivable	<u>25</u>
Total Assets	<u>\$ 218,907</u>
 <u>LIABILITIES</u>	
Due to specific individuals	\$ <u>218,907</u>
Total Liabilities	<u>\$ 218,907</u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the County of Rockingham, New Hampshire (the County) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The governmental accounting standards board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the GASB's generally accepted accounting principles applicable to the County, and the County's conformity with such principles, are described below. These disclosures are an integral part of the County's financial statements.

A. Reporting Entity

The County of Rockingham, New Hampshire is a body corporate governed by a Commissioner form of government and provides County services as authorized by state statutes. As required by GAAP, specifically Statement 14 (as amended) of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, these financial statements are required to present County of Rockingham, New Hampshire and its "component units" (if any). A primary government is defined by the GASB as any state government or general purpose local government. Additionally, a primary government may also consist of a special-purpose government (such as a school district) that meets all of the following criteria: (a) it has a separately elected governing body, (b) it is legally separate, and (c) it is fiscally independent of other governments.

A component unit is defined by the GASB as a legally separate organization for which the elected officials of the primary government are "financially accountable". The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is "fiscally dependent" on the primary government. Fiscal independency is defined by the GASB as the ability to complete certain essential fiscal events without substantive approval by a primary government, (a) determine its budget without another government's having the authority to approve and modify that budget, (b) levy taxes or set rates or charges without approval by another government, and (c) issue bonded debt without approval by another government. For the current year, there were no potential component units identified upon which the application of these criteria was applied.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes, charges for services, and intergovernmental revenues, are reported separately from business-type activities, which rely to a great degree on external fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as well as the proprietary fund and fiduciary fund financial statements. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as

general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 and available to pay current liabilities. Generally, all other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

- The **General Fund** is used to account for the resources traditionally associated with government operations, which are not required legally to be accounted for in some other fund. The General Fund is the overall operating entity of the County.
- The **Capital Projects Fund** is used to account for the acquisition or construction of fixed assets.

Nonmajor governmental funds provide for *special revenue* and *permanent fund* activity.

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties or to other departments or agencies primarily within the County. The self-insured risk management programs are operated by the County and are accounted for as proprietary (internal service) funds in accordance with GASB Statement 10, "*Accounting and Financial Reporting for Risk financing and Related Insured Issues*".

Fiduciary funds are generally used to account for assets that the government holds on behalf of others. The County currently has the following individual agency funds:

- **Inmates Funds** account for funds held by the County for individuals incarcerated at the County Corrections Facility
- **Nursing Home Residents Funds** account for funds held by the County for individuals living in the Long Term Care facility.

- **Assisted Living Security Deposits** are held by the County for individuals.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain capital project and special revenue funds, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

E. Investments

The County Treasurer is authorized by state statutes to invest excess funds, with the approval of the Commissioners, in the following:

- Obligations of the United States Government,
- Savings bank deposits of banks incorporated under the laws of the State of New Hampshire,
- Certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in national banks located within the States of New Hampshire or Massachusetts, or,
- "Participation units" of the New Hampshire Public Deposit Investment Pool established under RSA 383:22.

The receiver of such public funds to be deposited or to be invested in securities shall "prior to acceptance of such funds" provide a collateralization option (represented by exclusively segregated securities defined by the Bank Commissioner as qualifying under RSA 386:57) for such funds in an amount at least equal to the amount to be deposited or invested in securities.

The County was in compliance with these applicable deposit and investment state laws and regulations for the year.

Investments are stated at fair value, in accordance with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". The fair value of investments is based on current market prices. Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. County management believes that liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

F. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventory is recorded as an expenditure when purchased rather than when consumed. Significant inventory balances on hand in governmental funds at year end are reported as assets of the respective fund, with an offsetting nonspendable fund balance.

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, machinery, equipment and furnishings, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years, except for the Nursing Home, where assets are capitalized at \$500 or more with a useful life of at least three years.

All Long Term Care fixed assets, including those of the Nursing Home, are valued at historical cost. As of November 2001, other County assets were valued at estimated cost and subsequent additions are recorded at actual cost. Donated assets are recorded at the estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Also, interest costs that are deemed to be immaterial and not directly allocable to a specific asset are expensed when incurred.

The infrastructure assets owned and maintained by the County include only utility tunnels, drainage systems, water and sewer systems and dams and are included in the cost of the building and improvements the infrastructure is most identified with. Condition assessments are performed regularly and the results are used to budget annually the amount necessary to maintain and preserve the infrastructure.

The County has a sizable amount of capital asset projects in process at December 31, 2015 totaling \$3,095,010. The projects in process are included in the reporting of \$32,226,795 net capital assets in the related

statements. Once a project is completed, it is reported in the asset category (see Note 7).

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 30
Machinery, equipment, and furnishings	3 - 15
Vehicles	4 - 10

H. Compensated Absences

Certain County employees are entitled to compensated absences based, in part, on their length of employment. In accordance with GASB Statement 16, “*Accounting for Compensated Absences*”, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a liability of the fund that will pay it.

Until December 31, 2011, the County had a Compensated Absences Fund, a proprietary fund that had provided funding for known separations and long term absences. Since its creation, the fund had increased its amount of funding available to provide for the growing liability. The fund accounted for all funded liabilities and expenditures. Any expense ineligible for fund use based on County policy was accounted for through the General Fund. Pursuant to GASB Statement 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”, the fund was closed effective December 31, 2011. The fund reopened January 1, 2014. The funded portion of the compensated absences liability is reported in the Compensated Absences Fund. Any liability for which no funding is currently available is reported in the government wide Statement of Net Position long term liabilities.

The calculation of compensated absences can include vacation, sick time, earned time and holiday pay that are attributable to past service in which it is probable that the County will compensate the employee through paid time off or cash payment. The calculation also includes the incremental cost of any item associated with compensation payments such as the employer share of Social Security, Medicare and retirement.

I. Long-Term Obligations

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

J. 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 and current liabilities/deferred inflows. The County reserves those 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. For governmental funds, unassigned fund balances represent the amount that may be available for budgeting future operations. The County has set and exceeded a financial management goal of attaining an unassigned fund balance of at least three months of budgeted appropriations.

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

- 1) Nonspendable funds are either unspendable in the current form (prepaid expenses and inventory) or can never be spent (principal portion of permanent fund).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of amounts restricted for Long Term Care, these funds are created by statute or otherwise have external constraints on how the funds can be expended. The County’s special revenue funds fall under this category.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the County (i.e., the Board of County Commissioners).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. The amount of fund balance designated for use in the next year to reduce the tax burden is categorized as assigned.
- 5) Unassigned funds are available to be spent in future periods. The County has made it a goal to maintain fund balance reserves (currently part of unassigned funds) equivalent to at least three months of current year appropriations. The County has continually been able to meet and exceed this measure, with an ending unassigned fund balance of \$27,598,596 at December 31, 2015.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the County 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 their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. 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. **Stewardship, Compliance, and Accountability**

A. Budgetary Information

Governmental revenues and expenditures are controlled by a formal integrated budgetary system which is substantially consistent with both generally accepted accounting principles (GAAP) and applicable State finance-related laws and regulations which govern the County's operations. The County budget is formally acted upon at the County Convention. During the year, appropriations may be transferred between line items, but total expenditures may not exceed the total approved budget (with the exception of emergency items, which require approval by the New Hampshire Department of Revenue Administration under RSA 32). At year end, all unencumbered annual appropriations lapse. Other appropriations, which have a longer than annual authority, may carry over at year end if the governing body intends to continue or complete the special purpose for which the funds were established. State legislation also requires balanced budgets. For the County year ended December 31, 2015, \$5,178,000 of the beginning General Fund unassigned fund balance was used to reduce taxes.

B. Encumbrances

Encumbrance accounting is utilized in the governmental funds to account for commitments relating to unperformed contracts for goods and services. Encumbrances outstanding at year-end are reported as assigned fund

balance and do not constitute expenditures or liabilities of the governmental fund, but are carried forward to supplement appropriations of the succeeding year.

C. Budgetary Basis

The General Fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all transfers and supplemental appropriations.

D. Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 75,323,610	\$ 72,207,904
Other financing sources/uses (GAAP Basis)	<u>514,476</u>	<u>2,376,680</u>
Subtotal (GAAP Basis)	75,838,086	74,584,584
Adjustment for inventory budgeted on the cash basis	-	(26,241)
Reverse unbudgeted capital lease	(356,356)	(356,356)
Recognize use of fund balance as funding source	<u>5,346,423</u>	<u>-</u>
Budgetary Basis	<u>\$ 80,828,153</u>	<u>\$ 74,201,987</u>

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus." The County's deposit policy for custodial credit risk is that all deposits with banks are to be fully insured and collateralized.

As of December 31, 2015, the County's bank balance was fully insured or collateralized.

4. Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. Within the Governmental Funds, the General Fund restricted cash amount of \$837,627 is comprised of a \$442,035 non-lapsing reserve account to fund Long Term Care Services (established in accordance with RSA 24:13) and \$395,592 for an account that is segregated for LCHIP surcharges (in accordance with RSA 478:17-g). These surcharges are collected by the Registry of Deeds, remitted to the State and are used to fund the State of New Hampshire's Land and Community Heritage Investment Program ("LCHIP"), which was established with RSA 227-M.

The \$221,370 restricted cash that is part of Nonmajor Governmental Funds is comprised of amounts from the Nursing Home Special Account and Deeds Equipment funds, both of which are special revenue funds. The cash for each of these funds is restricted, as it can only be disbursed for expenditures as appropriated by the County Convention for Long Term Care Services and the Registry of Deeds, respectively.

5. Investments

A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below is the actual rating as of year-end for the investments of the County (all federal agency securities have an implied credit rating of AAA):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-end</u>		
				<u>Aaa</u>	<u>Aa</u>	<u>Not Rated</u>
Mutual funds	\$ <u>74,080</u>	N/A	\$ <u>74,080</u>	\$ -	\$ -	\$ -
Total investments	\$ <u>74,080</u>		\$ <u>74,080</u>	\$ -	\$ -	\$ -

B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the County will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The County has formal policies for custodial credit risk.

The County has a custodial credit risk exposure of \$74,080 because the related securities are uninsured, unregistered and held by the County's brokerage firm, which is also the counterparty to these securities. The County manages this custodial credit risk with SIPC and excess SIPC.

C. Concentration of Credit Risk

The County places no limit on the amount that may be invested in any one issuer. At December 31, 2015, no investments in any one issuer represent 5% or more of total investments.

D. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The County does not have a policy for foreign currency risk.

E. Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement Number 72, *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County's investments are categorized as Level 1.

6. Due From Other Governments, Net

Due from other governments at December 31, 2015 consists primarily of amounts due from the State of New Hampshire for Nursing Home receivables.

7. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 55,907	\$ 1,238	\$ (5)	\$ 57,140
Machinery, equipment, and furnishings	13,313	549	(204)	13,658
Vehicles	<u>1,502</u>	<u>136</u>	<u>(175)</u>	<u>1,463</u>
Total capital assets, being depreciated	70,722	1,923	(384)	72,261
Less accumulated depreciation for:				
Buildings and improvements	(32,653)	(1,741)	5	(34,389)
Machinery, equipment, and furnishings	(7,659)	(681)	198	(8,142)
Vehicles	<u>(1,185)</u>	<u>(167)</u>	<u>175</u>	<u>(1,177)</u>
Total accumulated depreciation	<u>(41,497)</u>	<u>(2,589)</u>	<u>378</u>	<u>(43,708)</u>
Total capital assets, being depreciated, net	29,225	(666)	(6)	28,553
Capital assets, not being depreciated:				
Land	579	-	-	579
Construction in progress	<u>2,561</u>	<u>1,090</u>	<u>(556)</u>	<u>3,095</u>
Total capital assets, not being depreciated	<u>3,140</u>	<u>1,090</u>	<u>(556)</u>	<u>3,674</u>
Governmental activities capital assets, net	<u>\$ 32,365</u>	<u>\$ 424</u>	<u>\$ (562)</u>	<u>\$ 32,227</u>

Depreciation expense was charged to functions of the County as follows:

Governmental Activities:	
Long Term Care Services:	
Nursing home	\$ 1,104,538
Assisted living	162,446
Corrections	590,993
Administration and Other:	
Maintenance	366,179
General government	28,521
Deeds	11,656
Finance	693
Information technology	4,694
Human resources	7,803
Commissioners	23,994
Delegation	604
Sheriff's Office:	
Sheriff/dispatch/radio	193,680
County Attorney	<u>1,039</u>
Total	<u>\$ 2,496,840</u>

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of assets that are applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of the deferred outflows of resources balance as of December 31, 2015:

	Governmental <u>Activities</u>
Pension contributions subsequent to the measurement date	\$ <u>1,697,394</u>
Total	<u>\$ 1,697,394</u>

9. Accounts Payable

Accounts payable represent 2015 expenditures paid after December 31, 2015.

10. Due To Other Governments

Due to other governments consist of the following at December 31, 2015:

	General Fund	Internal Service Fund	Total
State of New Hampshire	\$ 8,620,879	\$ -	\$ 8,620,879 *
Hillsborough County	66,697	-	66,697
Strafford County	38,410	-	38,410
Other	<u>13,564</u>	<u>3,767</u>	<u>17,331</u>
Total	<u>\$ 8,739,550</u>	<u>\$ 3,767</u>	<u>\$ 8,743,317</u>

* = Includes approximately \$3.1 million of transfer taxes and \$4.5 million related to human services liabilities.

11. Tax Anticipation Notes Payable

In 2015, the County issued tax anticipation notes in advance of property tax collections, depositing the proceeds in the General Fund. These notes were necessary because property taxes are a major source of funding for appropriations, but the tax collections are not received until shortly before their December 18, 2015 due date. The annual interest rate for the notes was 1.00%, with a net interest cost of 0.2940% after taking into account the premium paid by the purchaser.

The following summarizes activity of tax anticipation notes payable during 2015:

	Balance Beginning of Year	9/30/2015 Proceeds	12/18/2015 Repayment	Balance End of Year
Tax anticipation	\$ -	<u>\$ 7,500,000</u>	<u>\$ (7,500,000)</u>	<u>\$ -</u>

12. Long-Term Debt

A. Changes in General Long-Term Liabilities

During the year ended December 31, 2015, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 1/1/15	Additions	Reductions	Total Balance 12/31/15	Less Current Portion	Equals Long-Term Portion 12/31/15
<u>Governmental Activities</u>						
Bonds payable	\$ 8,170	\$ -	\$ (985)	\$ 7,185	\$ (1,040)	\$ 6,145
Bond premium	379	-	(130)	249	(97)	152
Subtotal	8,549	-	(1,115)	7,434	(1,137)	6,297
Other:						
Capital leases payable	63	356	(182)	237	(117)	120
Compensated absences	2,873	-	(369)	2,504	(481)	2,023
Net OPEB obligation	885	264	(69)	1,080	-	1,080
Net pension liability	33,496	935	-	34,431	-	34,431
Totals	\$ 45,866	\$ 1,555	\$ (1,735)	\$ 45,686	\$ (1,735)	\$ 43,951

B. General Obligation Bonds

The County issues general obligation debt instruments to provide funds for the acquisition and construction of major capital equipment, infrastructure, and other facilities. General obligation debt instruments are direct government obligations and, consequently, are a pledge of the full faith and credit of the County. General obligation debt instruments currently outstanding are as follows:

<u>Governmental Activities:</u>	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 12/31/15
General Obligation Municipal Purpose Loan of 2013 Bonds	5/15/23	3.0 - 4.0%	\$ <u>7,185,000</u>

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2015 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,040,000	\$ 227,700	\$ 1,267,700
2017	1,095,000	185,000	1,280,000
2018	1,160,000	139,900	1,299,900
2019	735,000	105,675	840,675
2020	755,000	83,325	838,325
2021-2023	<u>2,400,000</u>	<u>109,200</u>	<u>2,509,200</u>
Total	\$ <u>7,185,000</u>	\$ <u>850,800</u>	\$ <u>8,035,800</u>

C. Capital Lease Obligations

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

Following are the capital lease balances at year-end:

Vehicles, due in annual installments the next of which is \$48,577 including interest, through November 2017 at 2.850%	\$ 93,153
Equipment, due in monthly installments the next of which is \$129 including interest, through July 2017 at 3.14%	2,379
Vehicles, due in annual installments the next of which is \$73,176 including interest, through June 2017.	<u>141,450</u>
Totals	<u>\$ 236,982</u>

Annual debt service requirements to maturity for capital lease obligations, including interest, are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 117,331	\$ 5,964	\$ 123,295
2017	<u>119,651</u>	<u>3,002</u>	<u>122,653</u>
Totals	\$ <u>236,982</u>	\$ <u>8,966</u>	\$ <u>245,948</u>

13. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of assets by the County that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resource balances as of December 31, 2015:

	<u>Governmental Activities</u>
Revenues collected in advance	\$ 8,474
Pension related:	
Differences between expected and actual experience	755,553
Net difference between projected and actual pension investment earnings	920,209
Changes in proportion and differences between contributions and proportionate share of pension contributions	<u>2,271,998</u>
Total	<u>\$ 3,956,234</u>

14. Restricted Net Position

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

15. Operating Leases

The County leases office space and equipment annually. Future minimum rental payments are as follows:

<u>Year Ended December 31</u>	<u>Office Space</u>	<u>Equipment Rental</u>	<u>Total</u>
2016	\$ 180,648	\$ 17,740	\$ 198,388
2017	182,456	14,483	196,939
2018	184,284	9,258	193,542
2019	<u>61,632</u>	<u>5,407</u>	<u>67,039</u>
Totals	<u>\$ 609,020</u>	<u>\$ 46,888</u>	<u>\$ 655,908</u>

16. **Commitments and Contingencies**

Outstanding Lawsuits - There are several pending lawsuits in which the County is involved. The County follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. It is County management's opinion that the County is not liable in these suits, and the County intends to contest the cases. The County's management is also of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received are subject to later year's review and adjustments by grantor agencies, principally the federal and state governments. At such time, any disallowed claims, including amounts already collected, may constitute a liability of the County and the applicable funds. At December 31, 2015, the County believes that disallowed expenditures, if any, based on subsequent review will not have a material effect on any individual funds or the overall financial position of the County.

17. **Post-Employment Healthcare Insurance Benefits**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

The New Hampshire retirement system (Title VI, Medical Benefits Chapter 100-A:50) requires that political subdivisions in New Hampshire extend the same health insurance coverage to retirees as those offered to active employees, including spousal, and family coverage. Premium rates must be rated on a group basis including both employees and retirees. Premium charges payable by employees and by retirees are at the discretion of the subdivision. As of January 1, 2015 (the actuarial valuation date), 14 retirees, covered spouses, and survivors, and 478 active employees met the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The County provides medical, prescription drug, and mental health/ substance abuse to retirees and their covered dependents. All active employees who retire from the County and meet the eligibility criteria will receive these benefits.

C. Funding Policy

The contributions policy of the County is established by the County and state law. The contributions are based upon a pay-as-you-go financing plan. Retirees under age 65 may participate in these same coverage plans as active employees by paying 100% of the required premium.

D. Annual OPEB Costs and Net OPEB Obligation

The County of Rockingham's 2015 annual OPEB expense is calculated based on the Annual Required Contribution of the Employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the Normal Cost (NC) per year and amortize any unfunded actuarial liability (UAAL), or funding excess, over a period of thirty years. This calculation is performed using an open amortization and level service. The following table shows the components of the County's annual OPEB cost for the year ending December 31, 2015, the amount actually contributed to the plan, and the change in the County's net OPEB obligation based on an interim actuarial valuation as of December 31, 2015.

Annual Required Contribution (ARC)	\$ 279,951
Interest on net OPEB obligation	35,417
Adjustment to ARC	<u>(51,210)</u>
Annual OPEB cost	264,158
Contributions made*	<u>(68,727)</u>
Increase in net OPEB obligation	195,431
Net OPEB obligation - beginning of year	<u>885,426</u>
Net OPEB obligation - end of year	<u><u>\$ 1,080,857</u></u>

*The County made no separately identified contributions. The excess morbidity cost for retirees under age 65 are implicit in the premiums paid for active lives. "Contributions made" is the estimated portion of premiums for retirees under age 65.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 264,158	26.0%	\$ 1,080,857
2014	\$ 268,398	68.4%	\$ 885,426
2013	\$ 289,944	58.1%	\$ 800,656
2012	\$ 323,608	57.3%	\$ 679,180
2011	\$ 339,125	50.1%	\$ 540,869
2010	\$ 258,837	53.6%	\$ 371,739
2009	\$ 251,548	0.0%	\$ 251,548

E. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2015, the date of the most recent interim actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 2,223,944
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,223,944</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>\$ 22,442,885</u>
UAAL as a percentage of covered payroll	<u>9.9%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the County and the plan members and include the types of benefits provided at the time of each valuation and the historical

pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the entry age normal level dollar method was used. The actuarial value of assets was not determined, as the County has not advance funded its obligation. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), the anticipated long-term investment return on the County's invested funds. Healthcare inflation is calculated based upon a trend of 8.00% grading to down to 5.0% over 10 years. UAAL is being amortized over a 30-year period (level dollar method, on an open basis) using a 4.0% interest rate discount factor.

18. New Hampshire Retirement System

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

A. Plan Description

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

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

B. Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earned compensation and/or service.

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and 11.55% for sheriff's deputies and correctional officers. The County makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.77% to 26.38% of covered compensation. The County's contributions to NHRS for the year ended December 31, 2015 were \$3,036,667, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS' fiduciary net position have been

determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At December 31, 2015, the County reported a liability of \$34,430,972 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the County's proportion was 0.89236812 percent.

At the most recent measurement date of June 30, 2015, the County's proportion was 0.86913382 percent, which was a decrease of 0.0232343 percent from its previous year proportion.

For the year ended December 31, 2015, the County recognized pension expense of \$1,634,641. In addition, the County 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	\$ -	\$ 755,553
Net difference between projected and actual earnings on pension plan investments	-	920,209
Changes in proportion and differences between contributions and proportionate share of contributions	-	2,271,998
Contributions subsequent to the measurement date	<u>1,697,394</u>	<u>-</u>
Total	<u>\$ 1,697,394</u>	<u>\$ 3,947,760</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. 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>	
2016	\$ (444,483)
2017	1,252,912
2018	1,252,912
2019	49,388
2020	<u>139,637</u>
Total	<u>\$ 2,250,366</u>

Actuarial assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent per year
Salary increases	3.75 - 5.8 percent average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for woman for mortality improvements.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

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

Asset Class	Target Allocation Percentage	Weighted Average Long-Term Expected Real Rate of Return
Large Cap Equities	22.50 %	3.00%
Small/Mid Cap Equities	7.50	3.00%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.00%
Emerging Int'l Equities	7.00	6.00%
Total international equities	20.00	
Core Bonds	4.50	-.70%
Short Duration	2.50	-1.00%
Global Multi-Sector Fixed Income	11.00	.28%
Unconstrained Fixed income	7.00	.16%
Total fixed income	25.00	
Private equity	5.00	5.50%
Private debt	5.00	4.50%
Real estate	10.00	3.50%
Opportunistic	5.00	2.75%
Total alternative investments	25.00	
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. 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 County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
June 30, 2015	\$ 45,323,899	\$ 34,430,972	\$ 25,144,688

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

19. Self-Insurance

The County self-insures against claims for most health coverage, workers' compensation and most employee dental coverage. Annual estimated requirements for claims are provided in the County's annual operating budget.

Health Insurance

The County contracts with an insurance carrier for excess liability coverage and an insurance consultant for claims processing. Under the terms of its health insurance coverage for nonunion employees (and those of one union, Sheriff's Supervisors), the County is liable for all medical claims up to \$150,000 for a covered individual. Claims exceeding this amount are the responsibility of the stop loss (or reinsurance) carrier, which funds these specific claims in advance to the County, which then pays the claims to the providers. The claims liability represents an estimate of claims incurred but unpaid at year end, based on past historical costs and claims paid subsequent to year end.

Dental Insurance

The County does not contract with an insurance carrier for excess liability coverage. Under the terms of its dental insurance coverage, the County is liable for all dental claims up to an annual maximum of \$1,000 per covered individual. Any claim amounts exceeding \$1,000 maximum are the responsibility of the covered plan participants. The claims liability represents an estimate of claims incurred but unpaid at year-end, based on past historical costs and claims paid subsequent to year-end.

Workers' Compensation

The County contracts with an insurance consultant for claims processing of the County's workers' compensation policy, which has no excess liability coverage for any employees. The workers' compensation claims liability represents an estimate of future costs based on a historical analysis of similar claims for all employees excluding public safety. The County is unable to make any reasonable estimate of its liability for public safety employees.

Changes in the aggregate liability for claims for the year ended December 31, 2015 are as follows:

	<u>Health</u>	<u>Dental</u>	<u>Workers'</u> <u>Compensation</u>	<u>Total</u>
Claims liability, beginning of year	\$ 298,756	\$ 15,865	\$ 1,587,704	\$ 1,902,325
Claims incurred/recognized in 2015	4,356,552	312,156	233,648	4,902,356
Claims paid in 2015	<u>(4,655,308)</u>	<u>(312,116)</u>	<u>(411,618)</u>	<u>(5,379,042)</u>
Claims liability, end of year	\$ <u>-</u>	\$ <u>15,905</u>	\$ <u>1,409,734</u>	\$ <u>1,425,639</u>

20. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The County is a member of a public entity risk pool for all general liability risks, property liability risks, and for the protection of assets. The County has established risk management fund types in accordance with GASB Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, to account for and finance its uninsured risks of loss for health, dental, unemployment and workers compensation. Settled claims, if any, have not exceeded the County's coverage in any of the past five years.

21. Beginning Fund Balance and Net Position Restatement

The beginning (January 1, 2015) balances of the County have been restated as follows:

Government-Wide Financial Statements:

	<u>Governmental</u> <u>Activities</u>
As previously reported	\$ 68,210,961
Reverse human services accrual	1,254,910
GASB 68 implementation	<u>(38,074,754)</u>
As restated	\$ <u>31,391,117</u>

Fund Basis Financial Statements:

		General <u>Fund</u>
As previously reported	\$	31,642,257
Reverse human services accrual		<u>1,254,910</u>
As restated	\$	<u><u>32,897,167</u></u>

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

(Unaudited)

(Amounts Expressed in Thousands)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
01/01/15	\$ -	\$ 2,224	\$ 2,224	0.0%	\$ 22,443	9.9%
01/01/13	\$ -	\$ 2,878	\$ 2,878	0.0%	\$ 19,270	14.9%
01/01/11	\$ -	\$ 2,932	\$ 2,932	0.0%	n/a	n/a

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

SCHEDULE OF PROPORTIONATE SHARE

OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2015

(Unaudited)

New Hampshire Retirement System					
<u>Fiscal Year</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>
December 31, 2015	0.86913382%	\$ 34,430,972	\$ 22,090,187	155.87%	65.47%

Information above is presented as of the most recent measurement date.

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

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

SCHEDULE OF PENSION CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2015

(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2015	\$ 3,036,667	\$ 3,036,667	\$ -	\$ 22,431,661	13.54%

Information above is presented as of the most recent measurement date.

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

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2015

	Drug Task <u>Force</u>	Expendable <u>Trust</u>	Nursing Home <u>Special Account</u>	Assisted Living <u>Donations</u>	Inmate <u>Commissary</u>	Inmate <u>Chapel</u>	Deeds <u>Equipment</u>	WF Sturtevant <u>Memorial</u>	Permanent <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS										
Cash and short-term investments	\$ 51,770	\$ (28,043) *	\$ (17,451) *	\$ 8,011	\$ 247,571	\$ 11,706	\$ -	\$ 5,214	\$ (17,554) *	\$ 261,224
Restricted cash	-	-	96,308	-	-	-	125,062	-	-	221,370
Investments	-	28,166	-	-	-	-	-	-	45,914	74,080
Accounts, net	-	-	45	-	314	-	-	-	-	359
TOTAL ASSETS	\$ 51,770	\$ 123	\$ 78,902	\$ 8,011	\$ 247,885	\$ 11,706	\$ 125,062	\$ 5,214	\$ 28,360	\$ 557,033
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 410
TOTAL LIABILITIES	410	-	-	-	-	-	-	-	-	410
Fund Balances:										
Nonspendable	-	-	-	-	-	-	-	-	28,360	28,360
Restricted	51,360	123	78,902	8,011	247,885	11,706	125,062	5,214	-	528,263
TOTAL FUND BALANCES	51,360	123	78,902	8,011	247,885	11,706	125,062	5,214	28,360	556,623
TOTAL LIABILITIES AND FUND BALANCES	\$ 51,770	\$ 123	\$ 78,902	\$ 8,011	\$ 247,885	\$ 11,706	\$ 125,062	\$ 5,214	\$ 28,360	\$ 557,033

* Negative balance represents amounts due to the General Fund which are a result of interfund temporary/short-term borrowings.

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Drug Task Force</u>	<u>Expendable Trust</u>	<u>Nursing Home Special Account</u>	<u>Assisted Living Donations</u>	<u>Inmate Commissary</u>	<u>Inmate Chapel</u>	<u>Deeds Equipment</u>	<u>WF Sturtevant Memorial</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:										
Charges for services:										
Deeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,488	\$ -	\$ -	\$ 117,488
Sheriff	19,698	-	-	-	-	-	-	-	-	19,698
Corrections	-	-	-	-	125,094	1,210	-	-	-	126,304
Nursing home	-	-	11,640	-	-	-	-	-	-	11,640
Assisted living	-	-	-	940	-	-	-	-	-	940
Investment income	<u>38</u>	<u>123</u>	<u>116</u>	<u>-</u>	<u>397</u>	<u>21</u>	<u>202</u>	<u>13</u>	<u>207</u>	<u>1,117</u>
Total Revenues	19,736	123	11,756	940	125,491	1,231	117,690	13	207	277,187
Expenditures:										
Current:										
Sheriff	37,161	-	-	-	-	-	-	-	-	37,161
County attorney	<u>897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>897</u>
Total Expenditures	<u>38,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,058</u>
Excess (deficiency) of revenues over expenditures	(18,322)	123	11,756	940	125,491	1,231	117,690	13	207	239,129
Other Financing Sources (Uses):										
Transfers out	<u>-</u>	<u>-</u>	<u>(7,872)</u>	<u>-</u>	<u>(30,251)</u>	<u>-</u>	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>(158,123)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(7,872)</u>	<u>-</u>	<u>(30,251)</u>	<u>-</u>	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>(158,123)</u>
Change in fund balance	(18,322)	123	3,884	940	95,240	1,231	(2,310)	13	207	81,006
Fund Equity, at Beginning of Year	<u>69,682</u>	<u>-</u>	<u>75,018</u>	<u>7,071</u>	<u>152,645</u>	<u>10,475</u>	<u>127,372</u>	<u>5,201</u>	<u>28,153</u>	<u>475,617</u>
Fund Equity, at End of Year	<u>\$ 51,360</u>	<u>\$ 123</u>	<u>\$ 78,902</u>	<u>\$ 8,011</u>	<u>\$ 247,885</u>	<u>\$ 11,706</u>	<u>\$ 125,062</u>	<u>\$ 5,214</u>	<u>\$ 28,360</u>	<u>\$ 556,623</u>

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

COMBINING STATEMENT OF NET POSITION

DECEMBER 31, 2015

	<u>Health Fund</u>	<u>Dental Fund</u>	<u>Workers' Compensation Fund</u>	<u>Compensated Absences Fund</u>	<u>Governmental Activities Total Internal Service Funds</u>
ASSETS					
Current:					
Cash and short-term investments	\$ 5,187,720	\$ 300,915	\$ 3,770,566	\$ 1,168,622	\$ 10,427,823
Receivables:					
Accounts	14,058	4,285	-	-	18,343
Due from other governments	-	-	213,502	-	213,502
Prepaid expenses	<u>111,771</u>	<u>6,340</u>	<u>3,435</u>	<u>-</u>	<u>121,546</u>
Total current assets	<u>5,313,549</u>	<u>311,540</u>	<u>3,987,503</u>	<u>1,168,622</u>	<u>10,781,214</u>
TOTAL ASSETS	5,313,549	311,540	3,987,503	1,168,622	10,781,214
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities					
Current:					
Accounts payable	410,765	28,199	10,028	43,707	492,699
Due to other governments	3,767	-	-	-	3,767
Incurred but not reported claims liability	-	15,905	1,409,734	-	1,425,639
Current portion of noncurrent liabilities:					
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,014</u>	<u>481,014</u>
Total current liabilities	414,532	44,104	1,419,762	524,721	2,403,119
Noncurrent:					
Compensated absences, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,052</u>	<u>665,052</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,052</u>	<u>665,052</u>
TOTAL LIABILITIES	414,532	44,104	1,419,762	1,189,773	3,068,171
Deferred Inflows of Resources	<u>1,813</u>	<u>4,194</u>	<u>-</u>	<u>-</u>	<u>6,007</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	416,345	48,298	1,419,762	1,189,773	3,074,178
NET POSITION					
Unrestricted	<u>4,897,204</u>	<u>263,242</u>	<u>2,567,741</u>	<u>(21,151)</u>	<u>7,707,036</u>
TOTAL NET POSITION	<u>\$ 4,897,204</u>	<u>\$ 263,242</u>	<u>\$ 2,567,741</u>	<u>\$ (21,151)</u>	<u>\$ 7,707,036</u>

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Health Fund</u>	<u>Dental Fund</u>	<u>Workers' Compensation Fund</u>	<u>Compensated Absences Fund</u>	<u>Governmental Activities Total Internal Service Fund</u>
Operating Revenues:					
Employee and employer contributions	\$ 7,848,721	\$ 404,578	\$ 1,352,350	\$ 298,300	\$ 9,903,949
Total Operating Revenues	7,848,721	404,578	1,352,350	298,300	9,903,949
Operating Expenses:					
Employee benefits	6,987,345	434,961	495,628	324,276	8,242,210
Total Operating Expenses	6,987,345	434,961	495,628	324,276	8,242,210
Operating Income (Loss)	861,376	(30,383)	856,722	(25,976)	1,661,739
Nonoperating Revenues (Expenses):					
Investment income	-	1,002	1,290	4,806	7,098
Miscellaneous	(61,747)	-	(20,356)	-	(82,103)
Total Nonoperating Revenues (Expenses), Net	(61,747)	1,002	(19,066)	4,806	(75,005)
Change in Net Position	799,629	(29,381)	837,656	(21,170)	1,586,734
Net Position at Beginning of Year	4,097,575	292,623	1,730,085	19	6,120,302
Net Position at End of Year	\$ 4,897,204	\$ 263,242	\$ 2,567,741	\$ (21,151)	\$ 7,707,036

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Health Fund</u>	<u>Dental Fund</u>	<u>Workers' Compensation Fund</u>	<u>Compensated Absences Fund</u>	<u>Governmental Activities Total Internal Service Fund</u>
<u>Cash Flows From Operating Activities:</u>					
Receipts from users	\$ 7,858,808	\$ 401,584	\$ 1,263,501	\$ 298,300	\$ 9,822,193
Payments to providers	(6,983,982)	(421,982)	(695,708)	(689,452)	(8,791,124)
Other receipts (payments)	<u>(61,747)</u>	<u>-</u>	<u>(20,356)</u>	<u>-</u>	<u>(82,103)</u>
Net Cash Provided By (Used In) Operating Activities	813,079	(20,398)	547,437	(391,152)	948,966
<u>Cash Flows From Investing Activities:</u>					
Investment income	<u>-</u>	<u>1,002</u>	<u>1,290</u>	<u>4,806</u>	<u>7,098</u>
Net Cash Provided By Investing Activities	<u>-</u>	<u>1,002</u>	<u>1,290</u>	<u>4,806</u>	<u>7,098</u>
Net Change in Cash and Short-Term Investments	813,079	(19,396)	548,727	(386,346)	956,064
Cash and Short-Term Investments, Beginning of Year	<u>4,374,641</u>	<u>320,311</u>	<u>3,221,839</u>	<u>1,554,968</u>	<u>9,471,759</u>
Cash and Short-Term Investments, End of Year	<u>\$ 5,187,720</u>	<u>\$ 300,915</u>	<u>\$ 3,770,566</u>	<u>\$ 1,168,622</u>	<u>\$ 10,427,823</u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities:</u>					
Operating income (loss)	\$ 861,376	\$ (30,383)	\$ 856,722	\$ (25,976)	\$ 1,661,739
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Nonoperating revenues (expenses)	(61,747)	-	(20,356)	-	(82,103)
Changes in assets and liabilities:					
Accounts receivable	9,896	338	3,192	-	13,426
Due from other governments	-	-	(92,041)	-	(92,041)
Prepaid expenses	(12,247)	(1,916)	17,690	-	3,527
Accounts payable	312,216	14,855	(39,800)	25,631	312,902
Due to other governments	2,150	-	-	-	2,150
Incurred but not reported claims liability	(298,756)	40	(177,970)	-	(476,686)
Accrued compensated absences	-	-	-	(390,807)	(390,807)
Deferred revenue	<u>191</u>	<u>(3,332)</u>	<u>-</u>	<u>-</u>	<u>(3,141)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 813,079</u>	<u>\$ (20,398)</u>	<u>\$ 547,437</u>	<u>\$ (391,152)</u>	<u>\$ 948,966</u>

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2015

	<u>Inmates</u>	<u>Nursing Home Residents</u>	<u>Assisted Living Security Deposits</u>	<u>Total Agency Funds</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ 48,167	\$ 94,078	\$ 76,637	\$ 218,882
Receivables	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>
Total Assets	<u>\$ 48,167</u>	<u>\$ 94,103</u>	<u>\$ 76,637</u>	<u>\$ 218,907</u>
 <u>LIABILITIES</u>				
Due to specific individuals	<u>\$ 48,167</u>	<u>\$ 94,103</u>	<u>\$ 76,637</u>	<u>\$ 218,907</u>
Total Liabilities	<u>\$ 48,167</u>	<u>\$ 94,103</u>	<u>\$ 76,637</u>	<u>\$ 218,907</u>

See Independent Auditors' Report.