

## **COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Annual Financial Statements  
For the 18 Months Ended June 30, 2019

(With Independent Auditors' Report Thereon)

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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 (the County), as of and for the 18 months ended June 30, 2019, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **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 June 30, 2019, 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 and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

*Other 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 59 through 64 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*

February 21, 2020

## COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The County of Rockingham, New Hampshire's (the 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 18 months ended June 30, 2019. 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 and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,437,383 (net position).
- The County's total net position reflects a decrease of \$15,768,456, which is primarily a result of a substantial use of beginning of year (01/01/2018) net position to transition to a June 30 fiscal year end.
- The County's general obligation bonds issued increased by approximately \$5,726,000, as the County borrowed \$3,000,000 to complete the Long-term Care space allocation project and another \$5,000,000 to finance the transition to a June 30 fiscal year end.
- Capital lease liabilities decreased by approximately \$51,000.
- Total compensated absences (including both funded and unfunded) decreased by approximately \$30,000.
- The net OPEB liability for retiree health benefits increased by almost \$919,000. The significant increase in OPEB liability is partially due to the implementation of GASB 75 for the County's health plan but is primarily a result of the increased proportionate share of net OPEB liability from the New Hampshire Retirement System.
- The net pension liability related to the New Hampshire Retirement System decreased by approximately \$4,130,000. The decrease in the net pension liability is due to several factors, two of them being that the County has contributed payments to the retirement system to reduce its portion of the unfunded liability and that the fund overall has performed well in the past year.

## **B. FINANCIAL HIGHLIGHTS – FUND STATEMENTS**

- As of the close of the year, the County’s reported combined ending fund balances of \$23,183,975 which was a decrease of \$13,657,943 in comparison to 2017. The decrease was due to (planned) use of assigned fund balance to fund the transition to a June 30 fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,397,390, or 13.3% of total fiscal year 2020 General Fund (budgeted) appropriations. A goal of the County has been to maintain reserves equivalent to three months of budgeted appropriations. However, the County had assigned \$28,000,000 with the passage of the 2018-2019 budget to fund the transition to a June 30 fiscal year, which kept borrowing and tax increases to a minimum. The County only utilized approximately 54% of this budgeted assigned amount for the fiscal period ending June 30, 2019.
- 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**

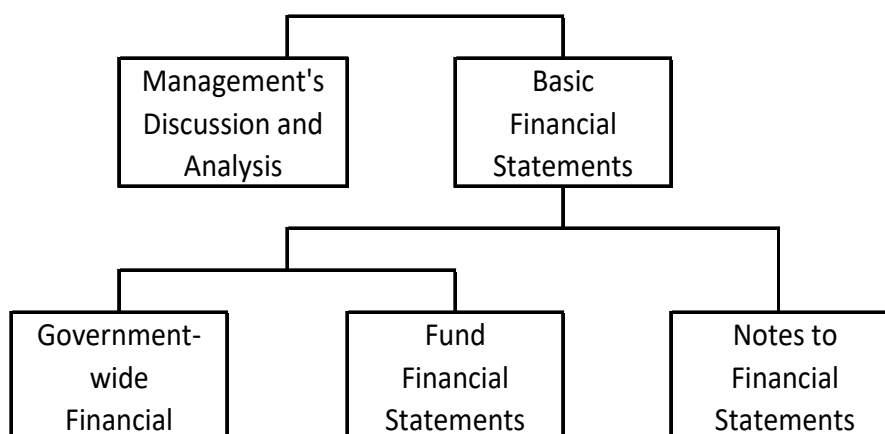
This discussion and analysis is intended to serve as an introduction to the County’s basic financial statements. The County’s basic financial statements consist of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to Financial Statements (see Figure 1). The basic financial statements present two different views of the County through the use of Government-wide Financial Statements and Fund Financial Statements. In addition to the basic financial statements, this report contains supplementary 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-term and long-term information about the County’s financial status.
- The next statements are the Fund Financial Statements. These statements focus on the individual activities of the County. They provide more detail than the Government-wide Financial 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 supplementary 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 change in net position (Table 2). Net position may serve, over time, as one useful indicator of the County'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>December 31, 2017</u>	<u>June 30, 2019</u>
Current assets	\$ 60,855,620	\$ 48,091,218
Noncurrent assets	<u>39,911,895</u>	<u>39,991,978</u>
Total assets	100,767,515	88,083,196
Deferred outflows of resources	5,719,435	6,476,414
Current liabilities	14,063,138	14,307,649
Noncurrent liabilities	<u>47,644,315</u>	<u>52,078,779</u>
Total liabilities	61,707,453	66,386,428
Deferred inflows of resources	4,237,118	5,735,799
Net investment in capital assets	36,868,963	37,529,537
Restricted	1,360,023	4,905,303
Unrestricted	<u>2,313,393</u>	<u>(19,997,457)</u>
Total net position	<u>\$ 40,542,379</u>	<u>\$ 22,437,383</u>

**Table 2**

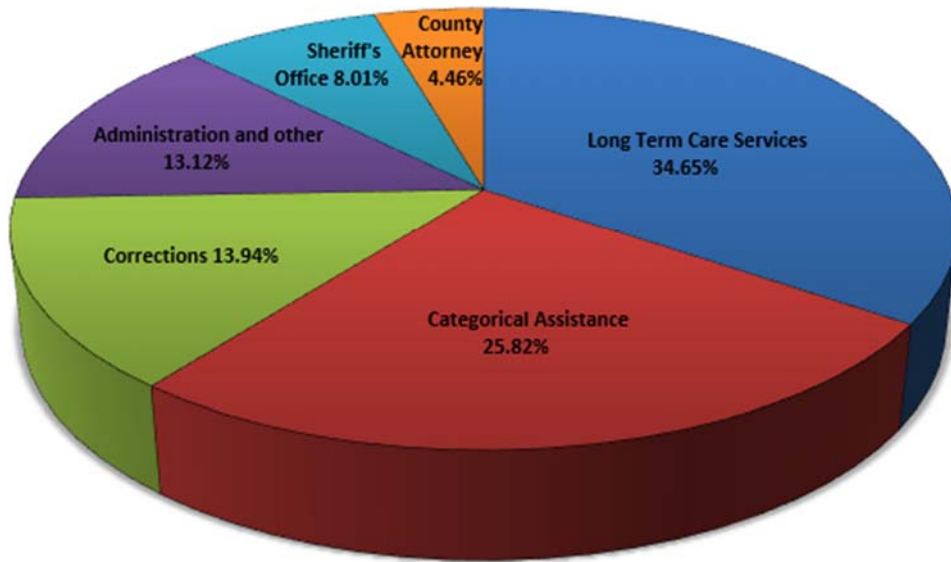
	<u>December 31, 2017</u>	<u>June 30, 2019</u>
Revenues:		
Program revenues:		
Charges for services:		
Long term care services	\$ 18,562,723	\$ 36,734,821
Corrections	397,096	227,642
Administration and other	3,863,440	5,539,926
Sheriff's office	1,352,103	1,961,824
County attorney	<u>218,800</u>	<u>277,619</u>
Total charges for services	24,394,162	44,741,832
Operating grants and contributions	466,198	151,550
Capital grants and contributions	219,600	-
General revenues:		
Taxes	48,369,198	49,130,196
Investment income	92,009	576,651
Miscellaneous	<u>452,446</u>	<u>1,157,741</u>
Total revenues	73,993,613	95,757,970
Expenses:		
Long-term care services	20,541,673	38,641,963
Categorical assistance	18,025,251	28,794,738
Corrections	13,012,034	15,545,492
Administration and other	10,111,185	14,630,020
Sheriff's office	6,938,458	8,935,204
County attorney	<u>3,730,851</u>	<u>4,979,009</u>
Total expenses	<u>72,359,452</u>	<u>111,526,426</u>
Change in net position	1,634,161	(15,768,456)
Net position - beginning of year, as restated*	<u>38,908,218</u>	<u>38,205,839</u>
Net position - end of year	<u>\$ 40,542,379</u>	<u>\$ 22,437,383</u>

\* Net position above for December 31, 2017 was not restated to reflect the implementation of GASB 75, as the County applied GASB 75 prospectively.

**E. GOVERNMENTAL ACTIVITIES**

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

**Expenses by Function - Governmental Activities  
For the Fiscal Period Ended June 30, 2019**



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	December 31, 2017			June 30, 2019		
	Total Cost of Services	Revenues	Net Cost of Services	Total Cost of Services	Revenues	Net Cost of Services
Long-term Care Services	\$20,541,673	\$18,562,723	\$ 1,978,950	\$ 38,641,963	\$36,734,821 *	\$ 1,907,142
Categorical Assistance	18,025,251	-	18,025,251	28,794,738	-	28,794,738
Corrections	13,012,034	641,959	12,370,075	15,545,492	227,642	15,317,850
Administration and Other	10,111,185	4,083,040	6,028,145	14,630,020	5,539,926	9,090,094
Sheriff's Office	6,938,458	1,532,320	5,406,138	8,935,204	2,040,020	6,895,184
County Attorney	3,730,851	259,918	3,470,933	4,979,009	350,973	4,628,036
	<u>\$72,359,452</u>	<u>\$25,079,960</u>	<u>\$47,279,492</u>	<u>\$111,526,426</u>	<u>\$44,893,382</u>	<u>\$66,633,044</u>

*\*This amount reflects the budgetary net cost; actual net cost of services (a portion of which is reflected in Administration and Other), including Engineering and Maintenance, Information Technology, Human Resources, and Finance functions.*

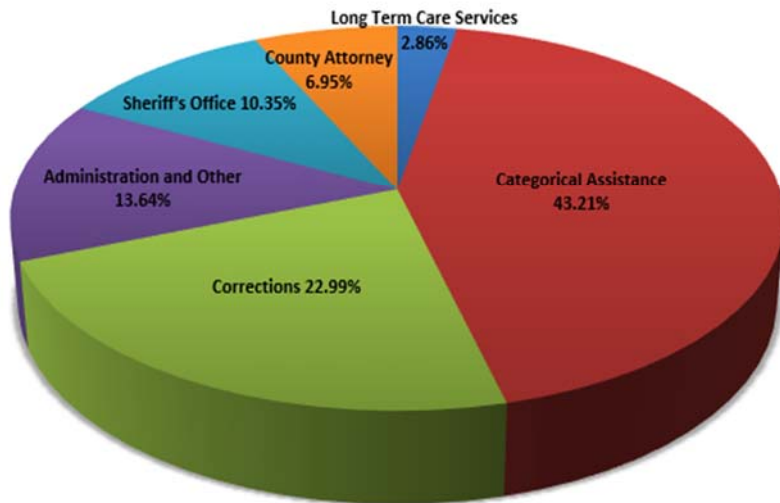
**Table 4 - Comparative Net Cost of Services**

<b>Function / Program</b>	<b>12/31/2017</b>	<b>6/30/2019</b>	Change in Net Cost of Services
	Net Cost of Services	Net Cost of Services	
Long-term Care Services	\$ 1,978,950	\$ 1,907,142	\$ (71,808)
Categorical Assistance	18,025,251	28,794,738	10,769,487
Corrections	12,370,075	15,317,850	2,947,775
Administration and Other	6,028,145	9,090,094	3,061,949
Sheriff's Office	5,406,138	6,895,184	1,489,046
County Attorney	3,470,933	4,628,036	1,157,103
	<u>\$47,279,492</u>	<u>\$66,633,044</u>	<u>\$19,353,552</u>

*Note: For Table 3 and Table 4 presentation purposes, debt interest costs are included in the "Administration and Other" function/program.*

The following chart is a graphical presentation of the components of the 2019 Net Costs of Services from Table 4. The primary source of funding for net costs is property tax revenues.

**Net Cost of Services - by Function/Program  
For the Fiscal Period Ended June 30, 2019**



**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 General Fund appropriations. At June 30, 2019, unassigned fund balance represents 13.3% of total General Fund (budgeted) fiscal year 2020 appropriations, while total fund balance represents 22% of that same amount.

## **G. CAPITAL ASSETS AND LONG-TERM DEBT**

**Capital assets.** At June 30, 2019, the County reported approximately \$39.9 million in capital assets, net of depreciation, which includes construction in progress of approximately \$13.2 million. These assets include land, buildings and improvements, machinery, equipment and furnishings, and vehicles.

**Long-term debt.** At June 30, 2019, the County had approximately \$54.1 million in outstanding long-term debt, comprised of \$10.9 million in general obligation bonds, \$2.4 million in compensated absences, \$4.7 million net OPEB liability, \$36 million net pension liability, and approximately \$226,000 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 40% of expected resources for the 18 months ended June 30, 2019 and account for 59% of revenues in the fiscal year 2020 budget. The decrease for June 30, 2019 compared to 2017 was due to an absolute increase of only 1.6% in property taxes for the 2018-2019 budget, which covered an 18-month fiscal period. Other sources of funding, notably assigned fund balance (as discussed below), comprised a greater portion of the 2018-2019 budget in comparison to prior years and fiscal year 2020.
- Categorical Assistance expenses continue to be the largest net County expenditure, followed by Corrections, and comprise 23% of fiscal year 2020 budgeted appropriations. The amount that the County is liable for is set by the State of New Hampshire annually, and is outside of the control of County management. One benefit of the County's move to a June 30 fiscal year end is that it is now on the same fiscal year cycle as the State and, therefore, will have updated information on this major expense category prior to passage of its budget.
- The State of New Hampshire continues the transition to its Medicaid Care Management Program ("MCM") and is currently in Step 2 of the process. With the passage of HB 1816

in May 2018, nursing and other long-term care facilities will be exempt from the implementation by the State of Medicaid Managed Care. In its place, facilities are to devise alternate methods of delivering cost-effective, quality care.

- Major Long-term Care renovations started late in 2016 were substantially completed as of June 30, 2019, with only very minor items outstanding. Most of the funding for this capital project came from dedicated funds within the Capital Fund, with \$3,000,000 of bonds issued in February 2018. The majority of the \$13.1 million construction in progress at year end should be reflected as buildings and improvements in fiscal year 2020.

## **REQUESTS FOR INFORMATION**

This financial report is intended to provide report users with a general overview of the County of Rockingham, New Hampshire's finances at June 30, 2019. 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, New Hampshire can be found at [www.rockinghamcountynh.org](http://www.rockinghamcountynh.org).

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current Assets:	
Cash and short-term investments	\$ 42,990,324
Restricted cash	1,102,657
Investments	78,084
Receivables:	
Accounts, net	528,355
Due from other governments, net	2,486,659
Due from external parties	157,899
Prepaid expenses	470,869
Inventory	<u>276,371</u>
Total Current Assets	48,091,218
Noncurrent Assets:	
Capital Assets:	
Land	578,857
Construction in progress	13,204,739
Other assets, net of accumulated depreciation	<u>26,208,382</u>
Total Noncurrent Assets	<u>39,991,978</u>
Total Assets	88,083,196
Deferred Outflows of Resources:	
Pension Related	5,992,107
OPEB Related	<u>484,307</u>
Total Deferred Outflows of Resources	<u>6,476,414</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	94,559,610
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Current Liabilities:	
Accounts payable	1,952,645
Accrued payroll and related liabilities	674,163
Due to other governments	8,628,626
Incurred but not reported claims liability	850,060
Accrued interest payable	140,033
Current portion of noncurrent liabilities:	
Bonds payable	1,596,699
Capital leases payable	146,213
Compensated absences	<u>319,210</u>
Total Current Liabilities	14,307,649
Noncurrent Liabilities:	
Bonds payable, net of current portion	9,264,444
Capital leases payable, net of current portion	79,846
Compensated absences, net of current portion	2,055,925
Net pension liability	36,008,138
Net OPEB liability	<u>4,670,426</u>
Total Noncurrent Liabilities	<u>52,078,779</u>
Total Liabilities	66,386,428
Deferred Inflows of Resources:	
Pension related	5,712,410
OPEB related	15,127
Revenues collected in advance	<u>8,262</u>
Total Deferred Inflows of Resources	<u>5,735,799</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	72,122,227
<b>NET POSITION</b>	
Net investment in capital assets	37,529,537
Restricted for:	
Grants and other statutory restrictions	4,874,454
Permanent funds	30,849
Unrestricted	<u>(19,997,457)</u>
TOTAL NET POSITION	\$ <u>22,437,383</u>

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

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

STATEMENT OF ACTIVITIES

FOR THE 18 MONTHS ENDED JUNE 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenues and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Change in</u>
			<u>Contributions</u>	<u>Net Position</u>
<b>Governmental Activities:</b>				
Long-term Care Services:				
Nursing home	\$ 36,004,421	\$ 34,327,794	\$ -	\$ (1,676,627)
Assisted living	2,637,542	2,407,027	-	(230,515)
Categorical assistance	28,794,738	-	-	(28,794,738)
Corrections	15,545,492	227,642	-	(15,317,850)
Administration and Other:				
Maintenance	6,284,012	84,662	-	(6,199,350)
Deeds	1,712,391	5,428,053	-	3,715,662
Finance	1,704,658	-	-	(1,704,658)
General government	1,087,054	-	-	(1,087,054)
Human resources	946,161	-	-	(946,161)
Information technology	810,763	27,211	-	(783,552)
Statutory organizations	717,593	-	-	(717,593)
Non-county specials	390,500	-	-	(390,500)
Commissioners	285,644	-	-	(285,644)
Delegation	143,473	-	-	(143,473)
Medical examiner	115,620	-	-	(115,620)
Treasurer	19,447	-	-	(19,447)
Interest	412,704	-	-	(412,704)
Sheriff's office	8,935,204	1,961,824	78,196	(6,895,184)
County attorney	4,979,009	277,619	73,354	(4,628,036)
Total Governmental Activities	<u>\$ 111,526,426</u>	<u>\$ 44,741,832</u>	<u>\$ 151,550</u>	(66,633,044)
<b>General Revenues:</b>				
				49,130,196
				576,651
				<u>1,157,741</u>
Total General Revenues				<u>50,864,588</u>
Change in Net Position				(15,768,456)
<b>Net Position:</b>				
Beginning of year, as restated				<u>38,205,839</u>
End of year				<u>\$ 22,437,383</u>

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



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and short-term investments	\$ 24,637,262	\$ 3,725,418	\$ 78,390	\$ 28,441,070
Restricted cash	984,487	-	118,170	1,102,657
Investments	-	-	78,084	78,084
Receivables:				
Accounts, net	503,826	-	50	503,876
Due from other governments, net	2,414,883	-	-	2,414,883
Due from other funds	1,271,058	-	284,016	1,555,074
Prepaid expenses	419,719	-	-	419,719
Inventory	276,371	-	-	276,371
<b>TOTAL ASSETS</b>	<b>\$ 30,507,606</b>	<b>\$ 3,725,418</b>	<b>\$ 558,710</b>	<b>\$ 34,791,734</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,769,199	\$ 100,657	\$ -	\$ 1,869,856
Accrued payroll and related liabilities	674,163	-	-	674,163
Due to other governments	8,628,626	-	-	8,628,626
Due to other funds	382,622	-	48,852	431,474
<b>Total Liabilities</b>	<b>11,454,610</b>	<b>100,657</b>	<b>48,852</b>	<b>11,604,119</b>
Deferred Inflows of Resources:				
Revenues collected in advance	3,640	-	-	3,640
Fund Balances:				
Nonspendable:				
Prepaid expenses	419,719	-	-	419,719
Inventory	276,371	-	-	276,371
Nonexpendable permanent funds	-	-	30,849	30,849
<b>Total Nonspendable</b>	<b>696,090</b>	<b>-</b>	<b>30,849</b>	<b>726,939</b>
Restricted:				
Long term care (RSA 24:13)	452,183	-	-	452,183
LCHIP surcharges (RSA 478:17-g)	532,304	-	-	532,304
Capital projects	-	3,410,958	-	3,410,958
Special revenue funds	-	-	479,009	479,009
<b>Total Restricted</b>	<b>984,487</b>	<b>3,410,958</b>	<b>479,009</b>	<b>4,874,454</b>
Assigned:				
Subsequent year budget	5,696,369	-	-	5,696,369
Encumbrances	275,020	213,803	-	488,823
<b>Total Assigned</b>	<b>5,971,389</b>	<b>213,803</b>	<b>-</b>	<b>6,185,192</b>
Unassigned	11,397,390	-	-	11,397,390
<b>Total Fund Balances</b>	<b>19,049,356</b>	<b>3,624,761</b>	<b>509,858</b>	<b>23,183,975</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 30,507,606</b>	<b>\$ 3,725,418</b>	<b>\$ 558,710</b>	<b>\$ 34,791,734</b>

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**

JUNE 30, 2019

<b>Total governmental fund balances</b>	\$ 23,183,975
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	39,991,978
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.	11,783,728
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(140,033)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(10,861,143)
Capital leases payable	(226,059)
Compensated absences (unfunded)	(1,365,376)
Net pension liability and related deferred outflows/inflows of resources	(35,728,441)
Net OPEB liability and related deferred outflows/inflows of resources	<u>(4,201,246)</u>
<b>Net position of governmental activities</b>	<b>\$ <u>22,437,383</u></b>

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 18 MONTHS ENDED JUNE 30, 2019**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 49,130,196	\$ -	\$ -	\$ 49,130,196
Charges for services	44,440,431	-	301,401	44,741,832
Intergovernmental	151,550	-	-	151,550
Investment income	346,805	70,755	8,820	426,380
Miscellaneous	<u>1,129,956</u>	<u>-</u>	<u>-</u>	<u>1,129,956</u>
Total Revenues	95,198,938	70,755	310,221	95,579,914
<b>Expenditures:</b>				
Long-term Care Services:				
Nursing home	35,793,919	-	-	35,793,919
Assisted living	2,386,391	-	-	2,386,391
Categorical assistance	28,794,738	-	-	28,794,738
Corrections	15,532,171	-	-	15,532,171
Administration and Other:				
Maintenance	6,129,774	-	-	6,129,774
Deeds	1,816,493	-	-	1,816,493
Finance	1,733,151	-	-	1,733,151
General government	1,044,273	-	-	1,044,273
Human resources	921,820	-	-	921,820
Information technology	782,692	-	-	782,692
Grants	16,465	-	-	16,465
Statutory organizations	717,593	-	-	717,593
Non-county specials	390,500	-	-	390,500
Commissioners	300,170	-	-	300,170
Delegation	144,822	-	-	144,822
Medical examiner	115,620	-	-	115,620
Treasurer	19,447	-	-	19,447
Sheriff's office	9,122,812	-	41,060	9,163,872
County attorney	5,315,687	-	-	5,315,687
Capital outlay	38,191	3,826,601	-	3,864,792
Debt service:				
Principal	2,161,300	-	-	2,161,300
Interest	<u>331,796</u>	<u>-</u>	<u>-</u>	<u>331,796</u>
Total Expenditures	<u>113,609,825</u>	<u>3,826,601</u>	<u>41,060</u>	<u>117,477,486</u>
Excess (deficiency) of revenues over expenditures	(18,410,887)	(3,755,846)	269,161	(21,897,572)
<b>Other Financing Sources (Uses):</b>				
Proceeds of bonds	4,395,750	2,611,300	-	7,007,050
Premium on bonds issued	604,250	388,700	-	992,950
Proceeds of capital lease	239,629	-	-	239,629
Transfers:				
Deeds and other	195,483	-	(195,483)	-
Capital projects	<u>(2,011,049)</u>	<u>2,011,049</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,424,063</u>	<u>5,011,049</u>	<u>(195,483)</u>	<u>8,239,629</u>
Change in Fund Balance	(14,986,824)	1,255,203	73,678	(13,657,943)
Fund Balance, at Beginning of Year	<u>34,036,180</u>	<u>2,369,558</u>	<u>436,180</u>	<u>36,841,918</u>
Fund Balance, at End of Year	<u>\$ 19,049,356</u>	<u>\$ 3,624,761</u>	<u>\$ 509,858</u>	<u>\$ 23,183,975</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 18 MONTHS ENDED JUNE 30, 2019

**Net change in fund balances - governmental funds** \$ (13,657,943)

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:

Capital asset purchases	4,461,022
Depreciation	(4,350,102)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the amount of the proceeds received from the sale or disposal of capital assets, reduced by the actual net value of the disposed assets. (30,838)

The issuance of long-term debt 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:

Proceeds of bonds	(8,000,000)
Proceeds of bond premium	(992,950)
Bond premiums applied against bond principal	992,950
Repayments of bonds	2,161,300
Amortization of bond premium	113,028
Proceeds of capital lease	(239,629)
Repayments of capital lease	290,589

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. (80,906)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences - change in unfunded liability	(26,981)
Net pension liability and related deferred outflows/inflows of resources	2,920,134
Net OPEB liability and related deferred outflows/inflows of resources	(541,139)

Internal service funds are used by management to account for certain activities. The net activity of internal service funds is reported with governmental activities. 1,213,009

**Change in net position - governmental activities** \$ (15,768,456)

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 18 MONTHS ENDED JUNE 30, 2019**

	Original <u>Budget</u>	From Prior <u>Years' Budget</u>	Supplemental <u>Appropriations</u>	Approved <u>Transfers</u>	Final <u>Budget</u>	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance</b>	\$ 28,000,000	\$ 366,980	\$ 669,235	\$ -	\$ 29,036,215	\$ 15,004,199	\$ (14,032,016)
<b>Revenues (Inflows):</b>							
Taxes	49,130,196	-	-	-	49,130,196	49,130,196	-
Charges for services:							
Long-term Care Services:							
Nursing home	28,148,795	-	-	-	28,148,795	34,315,186	6,166,391
Assisted living	2,382,195	-	-	-	2,382,195	2,407,027	24,832
Corrections	129,001	-	-	-	129,001	137,700	8,699
Administration and Other:							
Deeds	5,085,500	-	-	-	5,085,500	5,272,991	187,491
Information technology	20,250	-	-	-	20,250	27,211	6,961
Maintenance	34,801	-	-	-	34,801	84,662	49,861
Sheriff	2,033,772	-	-	-	2,033,772	1,918,035	(115,737)
County Attorney	297,095	-	-	-	297,095	277,619	(19,476)
Intergovernmental	941,581	-	-	-	941,581	151,550	(790,031)
Investment income	75,000	-	-	-	75,000	346,805	271,805
Miscellaneous	467,253	-	-	-	467,253	1,129,956	662,703
Bond proceeds	6,000,000	-	-	-	6,000,000	5,000,000	(1,000,000)
Transfers from other funds	225,274	-	-	-	225,274	195,483	(29,791)
Amounts Available for Appropriation	122,970,713	366,980	669,235	-	124,006,928	115,398,620	(8,608,308)
<b>Charges to Appropriations (Outflows):</b>							
Long-term Care Services:							
Nursing home	37,543,745	201,644	-	-	37,745,389	35,822,972	1,922,417
Assisted living	2,634,059	-	-	-	2,634,059	2,384,752	249,307
Categorical assistance	28,315,371	-	669,235	-	28,984,606	28,794,738	189,868
Corrections	18,615,185	32,112	-	-	18,647,297	15,532,171	3,115,126
Administration and Other:							
Maintenance	6,320,567	58,616	-	62,110	6,441,293	6,187,758	253,535
Deeds	1,982,030	-	-	-	1,982,030	1,816,493	165,537
Finance	1,842,283	35,809	-	-	1,878,092	1,733,151	144,941
General government	1,245,123	1,450	-	-	1,246,573	1,044,273	202,300
Human resources	1,044,895	-	-	-	1,044,895	921,820	123,075
Information technology	808,545	33,909	-	-	842,454	688,536	153,918
Grants	811,855	-	-	-	811,855	16,465	795,390
Statutory organizations	717,593	-	-	-	717,593	717,593	-
Non-county specials	398,002	-	-	-	398,002	390,500	7,502
Commissioners	324,652	-	-	-	324,652	300,170	24,482
Delegation	492,179	-	-	(62,110)	430,069	144,822	285,247
Medical examiner	122,504	-	-	-	122,504	115,620	6,884
Treasurer	28,364	-	-	-	28,364	19,447	8,917
Sheriff's office	9,328,854	3,440	-	-	9,332,294	8,909,316	422,978
County attorney	5,847,762	-	-	-	5,847,762	5,315,687	532,075
Capital outlay	43,000	-	-	-	43,000	38,191	4,809
Debt service:							
Principal	2,161,300	-	-	-	2,161,300	2,161,300	-
Interest	331,796	-	-	-	331,796	331,796	-
Transfers to other funds	2,011,049	-	-	-	2,011,049	2,011,049	-
Total Charges to Appropriations	122,970,713	366,980	669,235	-	124,006,928	115,398,620	8,608,308
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Internal Service <u>Funds</u>
<b>ASSETS</b>	
Current Assets:	
Cash and short-term investments	\$ 14,549,254
Receivables:	
Accounts	24,478
Due from other governments	71,776
Due from other funds	322,603
Prepaid expenses	<u>51,150</u>
Total Current Assets	<u>15,019,261</u>
TOTAL ASSETS	15,019,261
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Current Liabilities:	
Accounts payable	82,789
Due to other funds	1,288,304
Incurred but not reported claims liability	850,060
Current portion of noncurrent liabilities:	
Compensated absences	<u>319,210</u>
Total Current Liabilities	2,540,363
Noncurrent Liabilities:	
Compensated absences, net of current portion	<u>690,548</u>
Total Noncurrent Liabilities	<u>690,548</u>
Total Liabilities	3,230,911
Deferred Inflows of Resources:	
Revenues collected in advance	<u>4,622</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,235,533
<b>NET POSITION</b>	
Unrestricted	<u>11,783,728</u>
TOTAL NET POSITION	<u>\$ 11,783,728</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 18 MONTHS ENDED JUNE 30, 2019**

	<u>Internal Service Funds</u>
<b>Operating Revenues:</b>	
Employee and employer contributions	\$ <u>13,561,169</u>
Total Operating Revenues	13,561,169
<b>Operating Expenses:</b>	
Employee benefits	<u>12,302,266</u>
Total Operating Expenses	<u>12,302,266</u>
Operating Income (Loss)	1,258,903
<b>Nonoperating Revenues (Expenses):</b>	
Investment income	150,271
Miscellaneous	<u>(196,165)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(45,894)</u>
Change in Net Position	1,213,009
Net Position at Beginning of Year	<u>10,570,719</u>
Net Position at End of Year	<u>\$ <u>11,783,728</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 18 MONTHS ENDED JUNE 30, 2019

	Internal Service <u>Funds</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts from users	\$ 13,677,220
Payments to providers	(12,293,177)
Other receipts (payments)	<u>(196,165)</u>
Net Cash Provided By Operating Activities	1,187,878
<b>Cash Flows From Noncapital Financing Activities:</b>	
Net change in due to/from other funds	<u>812,168</u>
Net Cash Provided By Noncapital Financing Activities	812,168
<b>Cash Flows From Investing Activities:</b>	
Investment income	<u>150,271</u>
Net Cash Provided By Investing Activities	<u>150,271</u>
Net Change in Cash and Short-Term Investments	2,150,317
Cash and Short-Term Investments, Beginning of Year	<u>12,398,937</u>
Cash and Short-Term Investments, End of Year	<u>\$ 14,549,254</u>
<b>Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities:</b>	
Operating income	\$ 1,258,903
Adjustments to reconcile operating income to net cash provided by operating activities:	
Nonoperating revenues (expenses)	(196,165)
Changes in assets and liabilities:	
Receivables	46,610
Due from other governments	70,334
Prepaid expenses	133,695
Accounts payable	7,353
Incurred but not reported claims liability	(74,762)
Compensated absences	(57,197)
Revenues collected in advance	<u>(893)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,187,878</u>

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



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Agency Funds
<b>ASSETS</b>	
Cash and short-term investments	\$ 317,190
Due from other funds	<u>75</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 317,265</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 8,658
Due to other funds	157,974
Due to specific individuals	<u>150,633</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 317,265</u></b>

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 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.

#### ***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 No. 14 (as amended) of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, these financial statements are required to present the 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 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 applied.

## ***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 County. 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 are 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.

## ***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. The effect of interfund activity has been eliminated from the government-wide financial statements.

*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 County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, compensated absences, claims and judgments, and pension and OPEB costs are recorded as expenditures 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 County operations, which are not required legally to be accounted for in another fund. The General Fund is the overall operating fund of the County.
- The *Capital Projects Fund* is used to account for the acquisition or construction of capital assets.

Nonmajor governmental funds account 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 No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

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

- *Inmates Fund* accounts for funds held by the County for individuals incarcerated at the County Corrections Facility.
- *Nursing Home Residents Fund* accounts 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 living in the Assisted Living Facility.

### ***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, special revenue, 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.

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.

### ***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 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.

### ***Interfund Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as “due from/to other funds” (i.e., the current portion of interfund loans).

### ***Inventory***

Inventory is valued at cost using the first-in/first-out (FIFO) method. 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.

### ***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.

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 acquisition 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 June 30, 2019 totaling \$13,204,739, most of which is comprised of Long Term Care Services building renovations. The projects in process are included in the reporting of \$39,991,978 net capital assets in the related statements. Once a project is completed, it is reported in the asset category (see Note 8).

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

***Compensated Absences***

Certain County employees are entitled to compensated absences based, in part, on their length of employment. In accordance with GASB Statement No. 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.

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.

### ***Long-Term Liabilities***

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, such long-term obligations are reported in the Statement of Net Position.

### ***Fund Equity***

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

**Fund Balance** generally represents the difference between current assets/deferred outflows 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 historically exceeded a financial management goal of attaining an unassigned fund balance of at least three months of budgeted appropriations. With the utilization of \$15,004,199 of assigned fund balance with the transition to a June 30 fiscal year, the County will not meet this goal for the first time in several years. The County only utilized 54% of the \$28,000,000 budgeted use of fund balance for the year ended June 30, 2019.

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

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

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

## **2. Stewardship, Compliance, and Accountability**

### ***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 18 months ended June 30, 2019, \$28,000,000 of beginning General Fund unassigned fund balance was budgeted for use in reducing taxes, with \$15,004,199 actually being utilized.

### ***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.

### ***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, and use of prior year fund balance reserves.

### ***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>	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 95,198,938	\$ 113,609,825
Other financing sources/uses (GAAP Basis)	<u>5,435,112</u>	<u>2,011,049</u>
Subtotal (GAAP Basis)	100,634,050	115,620,874
Adjustment for inventory budgeted on the cash basis	-	17,375
Reverse unbudgeted capital lease	(239,629)	(239,629)
Recognize use of fund balance as funding source	<u>15,004,199</u>	<u>-</u>
Budgetary Basis	\$ <u><u>115,398,620</u></u>	\$ <u><u>115,398,620</u></u>

***Deficit Net Position***

The Compensated Absences Internal Service Fund reflects a deficit net position of \$(113,446) as of June 30, 2019. It is anticipated that this deficit will be eliminated through future transfers from other funds.

**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 29:1, II states, "The amount of collected funds on 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 June 30, 2019, the County's bank balance was fully insured and collateralized.

**4. Restricted Cash**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. Within governmental funds, the General Fund restricted cash amount of \$984,487 is comprised of a \$452,183 non-lapsing reserve account to fund Long-term Care Services (established in accordance with RSA 24:13) and \$532,304 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 \$118,170 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**

***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>78,084</u>	N/A	\$ <u>78,084</u>	\$ -	\$ -	\$ -
Total investments	\$ <u>78,084</u>		\$ <u>78,084</u>	\$ -	\$ -	\$ -

***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 \$78,084 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.

### ***Concentration of Credit Risk***

The County places no limit on the amount that may be invested in any one issuer. At June 30, 2019, no investments in any one issuer represent 5% or more of total investments.

### ***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.

### ***Fair Value***

The County categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 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 June 30, 2019 consists primarily of amounts due from the State of New Hampshire for Nursing Home receivables.

## **7. Interfund Fund Accounts**

### ***Receivables/Payables***

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is a summary of June 30, 2019 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,271,058	\$ 382,622
Special Revenue Funds:		
Drug Task Force	-	3,205
Expendable Trust	-	28,043
Nursing Home Special Account	179	-
Assisted Living Donations	9,541	-
Inmate Commissary	260,349	50
Inmate Chapel	13,521	-
Deeds Equipment	426	-
Permanent Fund	-	17,554
Internal Service Funds:		
Health	179,013	762,276
Dental	76,583	148,304
Workers' Compensation	15,797	135,647
Compensated Absences	51,210	242,077
Agency Funds:		
Inmates	75	151,408
Nursing Home Residents	-	1,667
Assisted Living Security Deposits	-	4,899
	<u>                    </u>	<u>                    </u>
Total	\$ <u>1,877,752</u>	\$ <u>1,877,752</u>

### ***Transfers***

The County reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. Annually, the County budgets for a transfer to the Capital Projects Fund from the General Fund to fund future capital projects. The sum of all transfers presented in the table below agrees with the sum of interfund transfers presented in the governmental fund financial statements.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 195,483	\$ 2,011,049
Capital Projects Fund	2,011,049	-
Special Revenue Funds:		
Nursing Home Special Account	-	7,073
Inmate Commissary	-	51,910
Inmate Chapel	-	1,500
Deeds Equipment	-	135,000
	<u>                    </u>	<u>                    </u>
Total	\$ <u>2,206,532</u>	\$ <u>2,206,532</u>

## 8. Capital Assets

Capital asset activity for the year ended June 30, 2019 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	\$ 60,990	\$ 646	\$ (1,546)	\$ 60,090
Machinery, equipment, and furnishings	14,682	799	(1,515)	13,966
Vehicles	<u>1,682</u>	<u>302</u>	<u>(328)</u>	<u>1,656</u>
Total capital assets, being depreciated	77,354	1,747	(3,389)	75,712
Less accumulated depreciation for:				
Buildings and improvements	(38,188)	(2,991)	1,546	(39,633)
Machinery, equipment, and furnishings	(8,993)	(1,040)	1,484	(8,549)
Vehicles	<u>(1,331)</u>	<u>(319)</u>	<u>328</u>	<u>(1,322)</u>
Total accumulated depreciation	<u>(48,512)</u>	<u>(4,350)</u>	<u>3,358</u>	<u>(49,504)</u>
Total capital assets, being depreciated, net	28,842	(2,603)	(31)	26,208
Capital assets, not being depreciated:				
Land	579	-	-	579
Construction in progress	<u>10,491</u>	<u>2,714</u>	<u>-</u>	<u>13,205</u>
Total capital assets, not being depreciated	<u>11,070</u>	<u>2,714</u>	<u>-</u>	<u>13,784</u>
Governmental activities capital assets, net	<u>\$ 39,912</u>	<u>\$ 111</u>	<u>\$ (31)</u>	<u>\$ 39,992</u>

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

Long-term Care Services:	
Nursing home	\$ 1,616,768
Assisted living	226,810
Corrections	1,221,888
Administration and Other:	
Maintenance	660,918
Deeds	21,405
Finance	320
General government	42,780
Human resources	28,683
Information technology	49,793
Commissioners	35,991
Delegation	981
Sheriff's office	<u>443,765</u>
Total depreciation expense	<u>\$ 4,350,102</u>

**9. Deferred Outflows of Resources**

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

**10. Due to Other Governments**

Due to other governments consist of the following at June 30, 2019:

	General Fund
State of New Hampshire	\$ 8,570,857 *
Hillsborough County	27,140
Carroll County	20,049
Strafford County	8,165
Sullivan County	<u>2,415</u>
Total	<u>\$ 8,628,626</u>

\*Includes approximately \$4.4 million of transfer taxes and \$4.2 million related to human services liabilities.

**11. Long-Term Liabilities**

***Changes in General Long-Term Liabilities***

During the year ended June 30, 2019, the following changes occurred in governmental activities long-term liabilities (in thousands):

	Total Balance <u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>Ending</u>	Less Current <u>Portion</u>	Equals Long-Term Portion <u>Ending</u>
<b><u>Governmental Activities</u></b>						
Bonds payable	\$ 5,050	\$ 7,007	\$ (2,161)	\$ 9,896	\$ (1,461)	\$ 8,435
Bond premium	<u>85</u>	<u>993</u>	<u>(113)</u>	<u>965</u>	<u>(136)</u>	<u>829</u>
Subtotal	5,135	8,000	(2,274)	10,861	(1,597)	9,264
Other:						
Capital leases payable	277	240	(291)	226	(146)	80
Compensated absences	2,405	-	(30)	2,375	(319)	2,056
Net pension liability	40,138	-	(4,130)	36,008	-	36,008
Net OPEB liability, as restated	<u>3,752</u>	<u>919</u>	<u>-</u>	<u>4,671</u>	<u>-</u>	<u>4,671</u>
Totals	<u>\$ 51,707</u>	<u>\$ 9,159</u>	<u>\$ (6,725)</u>	<u>\$ 54,141</u>	<u>\$ (2,062)</u>	<u>\$ 52,079</u>

**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>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/19</u>
General Obligation Municipal Purpose Loan of 2013 Bonds	5/15/2023	3.0 - 4.0%	\$ 3,155,000
General Obligation Bonds 01/10/2018	2/15/2028	5.10%	2,345,000
General Obligation Bonds 01/09/2019	2/15/2029	4.1 - 5.1%	<u>4,395,750</u>
			<u>\$ 9,895,750</u>

**Future Debt Service**

The annual payments to retire all general obligation bonds outstanding as of June 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,461,000	\$ 435,300	\$ 1,896,300
2021	1,480,000	375,422	1,855,422
2022	1,500,000	316,322	1,816,322
2023	1,520,000	256,622	1,776,622
2024	699,750	196,322	896,072
2025-2029	<u>3,235,000</u>	<u>446,175</u>	<u>3,681,175</u>
Total	<u>\$ 9,895,750</u>	<u>\$ 2,026,163</u>	<u>\$ 11,921,913</u>

**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.

The following are the capital lease balances at year-end:

Equipment, due in annual installments the next of which is \$15,977 including interest, through December 2019 at 3.39%.	\$ 15,454
Vehicles, due in annual installments the next of which is \$54,770 including interest, through October 2019 at 2.22%.	53,569
Vehicles, due in annual installments the next of which is \$82,593 including interest, through October 2020 at 3.44%.	<u>157,036</u>
Total	<u>\$ 226,059</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 146,213	\$ 7,127	\$ 153,340
2021	<u>79,846</u>	<u>2,748</u>	<u>82,594</u>
Totals	<u>\$ 226,059</u>	<u>\$ 9,875</u>	<u>\$ 235,934</u>

## 12. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the County that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pensions and OPEB will be recognized as expense in future years and are more fully discussed in the corresponding pension and OPEB notes.

## 13. Fund Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The County has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.



The following types of fund balances are reported at June 30, 2019:

- *Nonspendable* - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- *Committed* - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority.
- *Assigned* - Represents amounts that are constrained by the County's intent to use these resources for a specific purpose. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet received.
- *Unassigned* - Represents amounts that are available to be spent in future periods and deficit funds.

The following is a breakdown of the County's fund balances at June 30, 2019:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid expenses	\$ 419,719	\$ -	\$ -	\$ 419,719
Inventory	276,371	-	-	276,371
Nonexpendable permanent funds	-	-	30,849	30,849
Total Nonspendable	696,090	-	30,849	726,939
Restricted:				
Long term care (RSA 24:13)	452,183	-	-	452,183
LCHIP surcharges (RSA 478:17-g)	532,304	-	-	532,304
Capital projects	-	3,410,958	-	3,410,958
Special revenue funds	-	-	479,009	479,009
Total Restricted	984,487	3,410,958	479,009	4,874,454
Assigned:				
Subsequent year budget	5,696,369	-	-	5,696,369
Encumbrances	275,020	213,803	-	488,823
Total Assigned	5,971,389	213,803	-	6,185,192
Unassigned	11,397,390	-	-	11,397,390
Total Fund Balances	\$ <u>19,049,356</u>	\$ <u>3,624,761</u>	\$ <u>509,858</u>	\$ <u>23,183,975</u>

#### **14. New Hampshire Retirement System – Pension (GASB 68)**

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).

##### ***Plan Description***

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

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

##### ***Benefits Provided***

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

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

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

### ***Contributions***

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which 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 11.08% to 25.33% of covered compensation. The County's contributions to NHRS for the 18 months ended June 30, 2019 were \$4,775,242, which was equal to its contractually required contribution.

### ***Summary of Significant Accounting Policies***

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

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

At June 30, 2019, the County reported a liability of \$36,008,138 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The 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 the most recent measurement date June 30, 2018, the County's proportion was 0.74780112%, which was a decrease of 0.06833981% from its previous year proportion.

For the year ended June 30, 2019, the County recognized pension expense of \$1,855,195. 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	\$ 287,410	\$ (291,559)
Net difference between projected and actual earnings on investments	-	(833,260)
Changes of assumptions	2,491,941	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(4,587,591)
Contributions subsequent to the measurement date	<u>3,212,756</u>	<u>-</u>
Totals	<u>\$ 5,992,107</u>	<u>\$ (5,712,410)</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 fiscal year 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in expense as follows:

<u>Year ended June 30:</u>	
2020	\$ (110,294)
2021	(137,942)
2022	(2,047,655)
2023	<u>(637,168)</u>
Total	<u>\$ (2,933,059)</u>

### ***Actuarial Assumptions***

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study.

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

Asset Class	Target Allocation Percentage	Weighted Average Average Long- Term Expected Real Rate of Return
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	7.50	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	7.00	6.00%
Total international equities	20.00	
Core Bonds	4.50	0.50%
Short Duration	2.50	-0.25%
Global Multi-Sector Fixed Income	11.00	1.80%
Absolute Return Fixed Income	7.00	1.14%
Total fixed income	25.00	
Private Equity	5.00	6.25%
Private Debt	5.00	4.25%
Opportunistic	5.00	2.15%
Total alternative investments	15.00	
Real Estate	10.00	3.25%
Total	100.00 %	

**Discount Rate**

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

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

The following presents the County’s proportionate share of the net pension liability calculated using the current discount rate, 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 or one percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 47,909,122	\$ 36,008,138	\$ 26,034,749

**Pension Plan Fiduciary Net Position**

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

**15. Other Post-Employment Benefits – OPEB (GASB 75)**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 establishes standards for recognizing and measuring assets, liabilities, deferred outflows/(inflows) of resources, and expenditures related to other post-employment benefits (OPEB) liabilities and identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments

to their actuarial present value, and attribute that present value to periods of employee service.

**County OPEB Plan**

The following disclosures for the County’s OPEB Plan are based on a measurement date of June 30, 2019.

**Plan Description**

The County indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the County who participate in the single-employer plan pay 100% of the healthcare premiums to participate in the County’s healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees, due to the age of consideration. This increased rate is an implicit subsidy the County pays for the retirees.

The County’s OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75. The OPEB plan does not issue a publicly available financial report.

**Benefits Provided**

The County provides health care benefits for retirees and their dependents. Benefits are provided through the County, and the full cost of benefits is paid by retirees.

**Membership Data**

As of June 30, 2019, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	19
Active employees	<u>396</u>
Total participants covered by OPEB plan	<u>415</u>

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined by an actuarial valuation as of January 1, 2017, rolled forward to the measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Discount rate	3.5%, net of investment expenses, including inflation
Healthcare cost trend rates	8% for 2017, decreasing 0.5% per year to an ultimate rate of 5% for 2023 and later years
Pre-Retirement Mortality	RP-2014 Employee Mortality Tables for males and females, projected with generational mortality improvement using scale MP-2015
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Tables for males and females, projected with generational mortality improvement using scale MP-2015

***Discount Rate***

The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that contributions from the County will be made in accordance with the plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 3.5% municipal bond rate was applied to all periods to determine the total OPEB liability.

***Changes in the Total OPEB Liability***

Beginning of year balance	\$	1,692,476
Service cost		132,705
Interest		89,883
Benefit payments		(166,513)
Changes of assumptions		<u>(8,016)</u>
End of year balance	\$	<u>1,740,535</u>

Changes of assumptions reflect a change in the discount rate from 3.44% to 3.50% and the fiscal year changed from December 31 to June 30, creating an 18-month fiscal year 2019.

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

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

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 1,880,818	\$ 1,740,535	\$ 1,614,010



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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	Current Healthcare Cost Trend Rate	<u>1% Increase</u>
\$1,545,853	\$1,740,535	\$1,970,716

***OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to OPEB***

For the year ended June 30, 2019, the County recognized OPEB expense of \$220,390. At June 30, 2019, the County reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Changes in assumptions	\$ -	\$ (5,818)
Total	<u>\$ -</u>	<u>\$ (5,818)</u>

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

Year ended June 30:

2020	\$ (1,465)
2021	(1,465)
2022	(1,465)
2023	<u>(1,423)</u>
Total	<u>\$ (5,818)</u>

New Hampshire Retirement System Medical Subsidy Plan

***Plan Description***

In addition to the County’s OPEB plan discussed above, the County participates in the New Hampshire Retirement System’s (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and

members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. Collectively they are referred to as the OPEB Plan.

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

### ***Benefits Provided***

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

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

### ***Contributions***

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The County contributed 0.30% of gross payroll for Group I employees, 1.66% of gross payroll for Group I teachers, and 4.10% of gross payroll for Group II fire and police department members. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

### ***Actuarial Assumptions and Other Inputs***

The County's proportionate share of the NHRS Medical Subsidy as of June 30, 2019 is based upon an actuarial valuation performed as of June 30, 2017 (rolled forward to June 30, 2018) using a measurement date of June 30, 2018. The actuarial valuation used the following actuarial assumptions:

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent experience study, which was for the period July 1, 2010 – June 30, 2015.

The long-term expected rate of return on OPEB plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class, which are the same as the NHRS pension plan investments, are summarized in Note 14.

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

The County’s proportionate share of the net OPEB liability for the NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2018 was \$2,929,891 representing 0.63992980%.

For the year ended June 30, 2019, the County recognized an OPEB expense related to the NHRS Medical Subsidy of \$909,535. At June 30, 2019, the County reported related deferred outflows and (inflows) of resources as follows:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ 17,198	\$ -
Net difference between projected and actual investment earnings	-	(9,309)
Change in proportion	184,469	-
Contributions subsequent to the measurement date	<u>282,640</u>	<u>-</u>
Total	<u>\$ 484,307</u>	<u>\$ (9,309)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020.

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

Year Ended June 30:

2019	\$ 198,762
2020	(2,904)
2021	(2,904)
2022	<u>(596)</u>
Total	<u>\$ 192,358</u>

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

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

<u>1% Decrease</u>	Current Discount Rate	<u>1% Increase</u>
\$ 3,049,444	\$ 2,929,891	\$ 2,929,891

### **Healthcare Cost Trend Rate**

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

### **Consolidation of OPEB Liabilities and Related Deferred Outflows and (Inflows)**

The following consolidates the County's total OPEB liability and related deferred outflows/(inflows), and the County's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/(inflows) at June 30, 2019:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred (Inflows) of Resources
County OPEB Plan	\$ 1,740,535	\$ -	\$ (5,818)
NHRS Medical Subsidy Plan	<u>2,929,891</u>	<u>484,307</u>	<u>(9,309)</u>
Total	\$ <u><u>4,670,426</u></u>	\$ <u><u>484,307</u></u>	\$ <u><u>(15,127)</u></u>

## **16. 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 \$1,500 per covered individual on the "low" plan and \$2,000 per covered individual on the "high" plan. Any claim amounts exceeding \$1,500 or \$2,000 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 County does have excess worker's compensation coverage through another provider. 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 June 30, 2019 are as follows:

	<u>Health</u>	<u>Dental</u>	<u>Workers'</u> <u>Compensation</u>	<u>Total</u>
Claims liability, beginning of year	\$ 189,143	\$ 17,816	\$ 717,863	\$ 924,822
Claims incurred/recognized	9,980,689	807,465	856,495	11,644,649
Claims paid	<u>(9,984,828)</u>	<u>(813,607)</u>	<u>(920,976)</u>	<u>(11,719,411)</u>
Claims liability, end of year	<u>\$ 185,004</u>	<u>\$ 11,674</u>	<u>\$ 653,382</u>	<u>\$ 850,060</u>

**17. Operating Leases**

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

Year Ended <u>June 30,</u>	<u>Office</u> <u>Space</u>	<u>Equipment</u> <u>Rental</u>	<u>Total</u>
2020	\$ 187,056	\$ 38,362	\$ 225,418
2021	188,930	9,546	198,476
2022	<u>158,750</u>	<u>-</u>	<u>158,750</u>
Totals	<u>\$ 534,736</u>	<u>\$ 47,908</u>	<u>\$ 582,644</u>

**18. 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 No. 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.

**19. Commitments and Contingencies**

*Outstanding Legal Matters.* On an ongoing basis, there are typically pending legal matters 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 June 30, 2019, 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.

*Encumbrances.* At year-end, the County’s General Fund has \$275,020, and the Capital Projects Fund has \$213,803, in encumbrances that will be honored the next fiscal year.

**20. Beginning Net Position Restatement**

The beginning (January 1, 2018) net position of the County has been restated in order to implement GASB 75.

Government-Wide Financial Statements:

	Governmental <u>Activities</u>
As previously reported	\$ 40,542,379
GASB 75 Net OPEB liability adjustment	<u>(2,336,540)</u>
As restated	<u>\$ 38,205,839</u>

**21. New Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84 (GASB 84), *Fiduciary Activities*, effective for the County beginning with its fiscal year ending June 30, 2020. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship

exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

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



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

REQUIRED SUPPLEMENTARY INFORMATION

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

JUNE 30, 2019

(Unaudited)

**New Hampshire Retirement System**

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2015	June 30, 2015	0.86913382%	\$ 34,430,972	\$ 22,090,187	155.87%	65.47%
December 31, 2016	June 30, 2016	0.89542291%	\$ 47,614,967	\$ 23,192,721	205.30%	58.30%
December 31, 2017	June 30, 2017	0.81614093%	\$ 40,137,752	\$ 21,432,783	187.27%	62.66%
June 30, 2019	June 30, 2018	0.74780112%	\$ 36,008,138	\$ 21,626,333	166.50%	64.73%

*Schedule is 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**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2019

(Unaudited)

**New Hampshire Retirement System**

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Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2015	\$ 3,036,667	\$ 3,036,667	\$ -	\$ 22,431,661	13.54%
December 31, 2016	\$ 3,019,682	\$ 3,019,682	\$ -	\$ 21,767,665	13.87%
December 31, 2017	\$ 3,077,529	\$ 3,077,529	\$ -	\$ 21,241,160	14.49%
June 30, 2019	\$ 4,775,242	\$ 4,775,242	\$ -	\$ 32,060,012 *	14.89%

\*Includes 18 months of covered payroll as a result of the County transitioning to a June 30 fiscal year.

*Schedule is 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**

REQUIRED SUPPLEMENTARY INFORMATION

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

JUNE 30, 2019

(Unaudited)

**New Hampshire Retirement System Medical Subsidy**

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<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u>
June 30, 2019	June 30, 2018	0.63992980%	\$2,929,891	\$ 21,626,333	13.55%	7.53%

*Schedule is 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**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF OPEB CONTRIBUTIONS (GASB 75)

JUNE 30, 2019

(Unaudited)

**New Hampshire Retirement System Medical Subsidy**

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<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll as of the Fiscal Year</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	June 30, 2018	\$ 422,258	\$ (422,258)	\$ -	\$ 32,060,012 *	1.32%

\*Includes 18 months of covered payroll as a result of the County transitioning to a June 30 fiscal year.

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

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGE IN THE TOTAL OPEB LIABILITY (GASB 75)**

June 30, 2019

(Unaudited)

**County of Rockingham, New Hampshire OPEB Plan**

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	<u>2019</u>
Total OPEB liability - beginning	\$ 1,692,476
Changes:	
Service cost	132,705
Interest	89,883
Benefit payments	(166,513)
Changes of assumptions	<u>(8,016)</u>
Net change in total OPEB liability	<u>48,059</u>
Total OPEB liability - ending	<u><u>\$ 1,740,535</u></u>

Does not include New Hampshire Retirement System Medical Subsidy.

See notes to financial statements for summary of significant actuarial methods and assumptions.

*Schedule is 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**

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2019

	Special Revenue Funds								Total Nonmajor Governmental Funds	
	Drug Task Force	Expendable Trust	Nursing Home Special Account	Assisted Living Donations	Inmate Commissary	Inmate Chapel	Deeds Equipment	WF Sturtevant Memorial		Permanent Fund
<b>ASSETS</b>										
Cash and short-term investments	\$ 73,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,220	\$ -	\$ 78,390
Restricted cash	-	-	89,744	-	-	-	28,426	-	-	118,170
Investments	-	29,681	-	-	-	-	-	-	48,403	78,084
Accounts receivable, net	-	-	50	-	-	-	-	-	-	50
Due from other funds	-	-	179	9,541	260,349	13,521	426	-	-	284,016
<b>TOTAL ASSETS</b>	<b>\$ 73,170</b>	<b>\$ 29,681</b>	<b>\$ 89,973</b>	<b>\$ 9,541</b>	<b>\$ 260,349</b>	<b>\$ 13,521</b>	<b>\$ 28,852</b>	<b>\$ 5,220</b>	<b>\$ 48,403</b>	<b>\$ 558,710</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Due to other funds	\$ 3,205	\$ 28,043	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ 17,554	\$ 48,852
<b>Total Liabilities</b>	<b>3,205</b>	<b>28,043</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,554</b>	<b>48,852</b>
Fund Balances:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,849	\$ 30,849
Restricted	69,965	1,638	89,973	9,541	260,299	13,521	28,852	5,220	-	479,009
<b>Total Fund Balances</b>	<b>69,965</b>	<b>1,638</b>	<b>89,973</b>	<b>9,541</b>	<b>260,299</b>	<b>13,521</b>	<b>28,852</b>	<b>5,220</b>	<b>30,849</b>	<b>509,858</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 73,170</b>	<b>\$ 29,681</b>	<b>\$ 89,973</b>	<b>\$ 9,541</b>	<b>\$ 260,349</b>	<b>\$ 13,521</b>	<b>\$ 28,852</b>	<b>\$ 5,220</b>	<b>\$ 48,403</b>	<b>\$ 558,710</b>

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
 SUPPLEMENTARY INFORMATION  
 NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE 18 MONTHS ENDED JUNE 30, 2019

	Special Revenue Funds								Total Nonmajor Governmental Funds	
	Drug Task Force	Expendable Trust	Nursing Home Special Account	Assisted Living Donations	Inmate Commissary	Inmate Chapel	Deeds Equipment	WF Sturtevant Memorial		Permanent Fund
<b>Revenues:</b>										
Charges for services:										
Deeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,062	\$ -	\$ -	\$ 155,062
Sheriff	43,788	-	-	-	-	-	-	-	-	43,788
Corrections	-	-	-	-	87,535	2,408	-	-	-	89,943
Nursing home	-	-	12,608	-	-	-	-	-	-	12,608
Investment income	<u>78</u>	<u>1,119</u>	<u>931</u>	<u>-</u>	<u>4,502</u>	<u>232</u>	<u>102</u>	<u>-</u>	<u>1,856</u>	<u>8,820</u>
Total Revenues	43,866	1,119	13,539	-	92,037	2,640	155,164	-	1,856	310,221
<b>Expenditures:</b>										
Sheriff	<u>41,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,060</u>
Total Expenditures	<u>41,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,060</u>
Excess (deficiency) of revenues over expenditures	2,806	1,119	13,539	-	92,037	2,640	155,164	-	1,856	269,161
<b>Other Financing Sources (Uses):</b>										
Transfers out	<u>-</u>	<u>-</u>	<u>(7,073)</u>	<u>-</u>	<u>(51,910)</u>	<u>(1,500)</u>	<u>(135,000)</u>	<u>-</u>	<u>-</u>	<u>(195,483)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(7,073)</u>	<u>-</u>	<u>(51,910)</u>	<u>(1,500)</u>	<u>(135,000)</u>	<u>-</u>	<u>-</u>	<u>(195,483)</u>
Change in Fund Balance	2,806	1,119	6,466	-	40,127	1,140	20,164	-	1,856	73,678
Fund Balance, at Beginning of Year	<u>67,159</u>	<u>519</u>	<u>83,507</u>	<u>9,541</u>	<u>220,172</u>	<u>12,381</u>	<u>8,688</u>	<u>5,220</u>	<u>28,993</u>	<u>436,180</u>
Fund Balance, at End of Year	<u>\$ 69,965</u>	<u>\$ 1,638</u>	<u>\$ 89,973</u>	<u>\$ 9,541</u>	<u>\$ 260,299</u>	<u>\$ 13,521</u>	<u>\$ 28,852</u>	<u>\$ 5,220</u>	<u>\$ 30,849</u>	<u>\$ 509,858</u>

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

SUPPLEMENTARY INFORMATION

PROPRIETARY FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2019

	<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>
<b>ASSETS</b>					
Current Assets:					
Cash and short-term investments	\$ 9,374,369	\$ 165,850	\$ 3,912,390	\$ 1,096,645	\$ 14,549,254
Receivables:					
Accounts	2,351	189	21,938	-	24,478
Due from other governments	1,663	-	70,113	-	71,776
Due from other funds	179,013	76,583	15,797	51,210	322,603
Prepaid expenses	<u>6,050</u>	<u>45,100</u>	<u>-</u>	<u>-</u>	<u>51,150</u>
Total Current Assets	<u>9,563,446</u>	<u>287,722</u>	<u>4,020,238</u>	<u>1,147,855</u>	<u>15,019,261</u>
<b>TOTAL ASSETS</b>	9,563,446	287,722	4,020,238	1,147,855	15,019,261
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
Current Liabilities:					
Accounts payable	31,584	28,631	13,108	9,466	82,789
Due to other funds	762,276	148,304	135,647	242,077	1,288,304
Incurred but not reported claims liability	185,004	11,674	653,382	-	850,060
Current portion of noncurrent liabilities:					
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,210</u>	<u>319,210</u>
Total Current Liabilities	978,864	188,609	802,137	570,753	2,540,363
Noncurrent Liabilities:					
Compensated absences, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,548</u>	<u>690,548</u>
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,548</u>	<u>690,548</u>
<b>Total Liabilities</b>	978,864	188,609	802,137	1,261,301	3,230,911
Deferred Inflows of Resources:					
Revenues collected in advance	<u>882</u>	<u>3,740</u>	<u>-</u>	<u>-</u>	<u>4,622</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	979,746	192,349	802,137	1,261,301	3,235,533
<b>NET POSITION</b>					
Unrestricted	<u>8,583,700</u>	<u>95,373</u>	<u>3,218,101</u>	<u>(113,446)</u>	<u>11,783,728</u>
<b>TOTAL NET POSITION</b>	\$ <u>8,583,700</u>	\$ <u>95,373</u>	\$ <u>3,218,101</u>	\$ <u>(113,446)</u>	\$ <u>11,783,728</u>

See Independent Auditors' Report.



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
 SUPPLEMENTARY INFORMATION  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 FOR THE 18 MONTHS ENDED JUNE 30, 2019

	<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>
<b>Operating Revenues:</b>					
Employee and employer contributions	\$ <u>11,571,704</u>	\$ <u>658,035</u>	\$ <u>684,085</u>	\$ <u>647,345</u>	\$ <u>13,561,169</u>
Total Operating Revenues	11,571,704	658,035	684,085	647,345	13,561,169
<b>Operating Expenses:</b>					
Employee benefits	<u>9,980,689</u>	<u>807,465</u>	<u>856,495</u>	<u>657,617</u>	<u>12,302,266</u>
Total Operating Expenses	<u>9,980,689</u>	<u>807,465</u>	<u>856,495</u>	<u>657,617</u>	<u>12,302,266</u>
Operating Income (Loss)	1,591,015	(149,430)	(172,410)	(10,272)	1,258,903
<b>Nonoperating Revenues (Expenses):</b>					
Investment income	80,079	1,285	55,561	13,346	150,271
Miscellaneous	<u>(155,424)</u>	<u>-</u>	<u>(40,741)</u>	<u>-</u>	<u>(196,165)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(75,345)</u>	<u>1,285</u>	<u>14,820</u>	<u>13,346</u>	<u>(45,894)</u>
Change in Net Position	1,515,670	(148,145)	(157,590)	3,074	1,213,009
Net Position at Beginning of Year	<u>7,068,030</u>	<u>243,518</u>	<u>3,375,691</u>	<u>(116,520)</u>	<u>10,570,719</u>
Net Position at End of Year	<u>\$ 8,583,700</u>	<u>\$ 95,373</u>	<u>\$ 3,218,101</u>	<u>\$ (113,446)</u>	<u>\$ 11,783,728</u>

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

SUPPLEMENTARY INFORMATION

PROPRIETARY FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE 18 MONTHS ENDED JUNE 30, 2019

	Health Fund	Dental Fund	Workers' Compensation Fund	Compensated Absences Fund	Governmental Activities Total Internal Service Funds
<b>Cash Flows From Operating Activities:</b>					
Receipts from users	\$ 11,618,902	\$ 658,557	\$ 751,209	\$ 648,552	\$ 13,677,220
Payments to providers	(9,888,089)	(810,541)	(888,120)	(706,427)	(12,293,177)
Other receipts (payments)	<u>(155,424)</u>	<u>-</u>	<u>(40,741)</u>	<u>-</u>	<u>(196,165)</u>
Net Cash Provided By (Used In) Operating Activities	1,575,389	(151,984)	(177,652)	(57,875)	1,187,878
<b>Cash Flows From Noncapital Financing Activities:</b>					
Net change in due to/from other funds	<u>550,582</u>	<u>146,095</u>	<u>(445,238)</u>	<u>560,729</u>	<u>812,168</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	550,582	146,095	(445,238)	560,729	812,168
<b>Cash Flows From Investing Activities:</b>					
Investment income	<u>80,079</u>	<u>1,285</u>	<u>55,561</u>	<u>13,346</u>	<u>150,271</u>
Net Cash Provided By (Used In) Investing Activities	<u>80,079</u>	<u>1,285</u>	<u>55,561</u>	<u>13,346</u>	<u>150,271</u>
Net Change in Cash and Short-Term Investments	2,206,050	(4,604)	(567,329)	516,200	2,150,317
Cash and Short-Term Investments, Beginning of Year	<u>7,168,319</u>	<u>170,454</u>	<u>4,479,719</u>	<u>580,445</u>	<u>12,398,937</u>
Cash and Short-Term Investments, End of Year	\$ <u>9,374,369</u>	\$ <u>165,850</u>	\$ <u>3,912,390</u>	\$ <u>1,096,645</u>	\$ <u>14,549,254</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>					
Operating income (loss)	\$ 1,591,015	\$ (149,430)	\$ (172,410)	\$ (10,272)	\$ 1,258,903
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Nonoperating revenues (expenses)	(155,424)	-	(40,741)	-	(196,165)
Changes in assets and liabilities:					
Receivables	48,752	408	(3,757)	1,207	46,610
Due from other governments	(547)	-	70,881	-	70,334
Prepaid expenses	98,866	5,776	29,053	-	133,695
Accounts payable	(2,127)	(2,710)	3,803	8,387	7,353
Incurred but not reported claims liability	(4,139)	(6,142)	(64,481)	-	(74,762)
Compensated absences	-	-	-	(57,197)	(57,197)
Revenue collected in advance	<u>(1,007)</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>(893)</u>
Net Cash Provided By (Used In) Operating Activities	\$ <u>1,575,389</u>	\$ <u>(151,984)</u>	\$ <u>(177,652)</u>	\$ <u>(57,875)</u>	\$ <u>1,187,878</u>

See Independent Auditors' Report.

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
**SUPPLEMENTARY INFORMATION**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2019**

	<u>Inmate Fund</u>	<u>Nursing Home Residents Fund</u>	<u>Assisted Living Security Deposits</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash and short-term investments	\$ 178,590	\$ 65,159	\$ 73,441	\$ 317,190
Due from other funds	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>
Total Assets	<u>\$ 178,665</u>	<u>\$ 65,159</u>	<u>\$ 73,441</u>	<u>\$ 317,265</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 8,658	\$ -	\$ -	\$ 8,658
Due to other funds	151,408	1,667	4,899	157,974
Due to specific individuals	<u>18,599</u>	<u>63,492</u>	<u>68,542</u>	<u>150,633</u>
Total Liabilities	<u>\$ 178,665</u>	<u>\$ 65,159</u>	<u>\$ 73,441</u>	<u>\$ 317,265</u>

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