

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Financial Statements
For the Year Ended June 30, 2021

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S 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 year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County'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.

Auditor's Responsibility

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

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

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Greenfield, Massachusetts
Ellsworth, Maine

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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, 2021, 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, in fiscal year 2021 the County adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 65 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
May 18, 2023

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 for the fiscal year ended June 30, 2021. This discussion and analysis is designed for readers 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.

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 \$31,568,061 (net position).
- The County's total net position reflects an increase of \$1,856,477, which is primarily a result of expenses coming in significantly less than anticipated, offset by net pension liabilities.
- The County's general obligation bonds decreased by approximately \$1,587,000.
- Capital lease liabilities decreased by approximately \$37,000.
- The liability for compensated absences (including both funded and unfunded) increased by approximately \$47,000.
- The net OPEB liability for retiree health benefits decreased by approximately \$246,000. The significant decrease in the OPEB liability is partially due to the approximately \$28,000 increase in the OPEB liability for the County's health plan, but is more so a result from the approximately \$274,000 decrease in the proportionate share of net OPEB liability from the New Hampshire Retirement System.
- The net pension liability related to the New Hampshire Retirement System increased by approximately \$9,700,000. The increase in the net pension liability is due to several factors, two of them being the changes in actuarial assumptions and the fund's overall market performance in the past year.

FINANCIAL HIGHLIGHTS – FUND STATEMENTS

- As of the close of the year, the County reported combined ending fund balances of \$34,759,230 which was an increase of \$5,227,291 in comparison to the fiscal period ended June 30, 2020. The increase was primarily due to General Fund expenses coming in \$9,534,126 under budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,828,590, or 23.8% of total fiscal year 2022 General Fund (budgeted) appropriations, which is a noticeable increase compared to the prior year figure of 19.2%. The goal of the

County has been to maintain reserves equivalent to three months of budgeted appropriations.

- The County retains an Aa1 bond rating for its long-term borrowing and maintained its MIG-1 rating on its short-term borrowing. The consistent level of bond rating is a clear indication of the sound financial condition of the County.

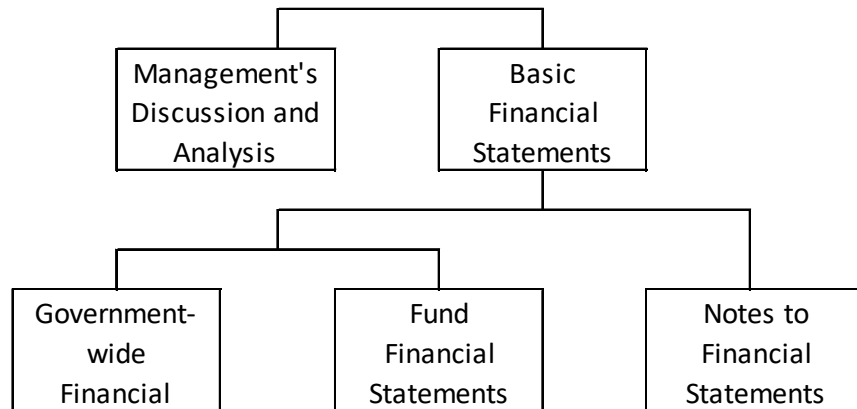
OVERVIEW OF THE FINANCIAL STATEMENTS

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 required and other 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 required and other supplementary information that further explains and supports the information in the financial statements.

Required Components of Annual Financial Report

Figure 1



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 a 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>June 30, 2020</u>	<u>June 30, 2021</u>
Assets		
Current and other assets	\$ 57,847,209	\$ 118,657,874
Capital assets	<u>38,371,572</u>	<u>35,600,245</u>
Total assets	96,218,781	154,258,119
Deferred Outflows of Resources	5,001,730	11,979,676
Liabilities		
Other liabilities	14,426,061	70,842,110
Long-term liabilities	<u>51,989,869</u>	<u>59,774,019</u>
Total liabilities	66,415,930	130,616,129
Deferred Inflows of Resources	5,092,997	4,053,605
Net Position		
Net investment in capital assets	37,724,583	37,052,348
Restricted	5,445,413	5,844,521
Unrestricted	<u>(13,458,412)</u>	<u>(11,328,808)</u>
Total net position	<u>\$ 29,711,584</u>	<u>\$ 31,568,061</u>

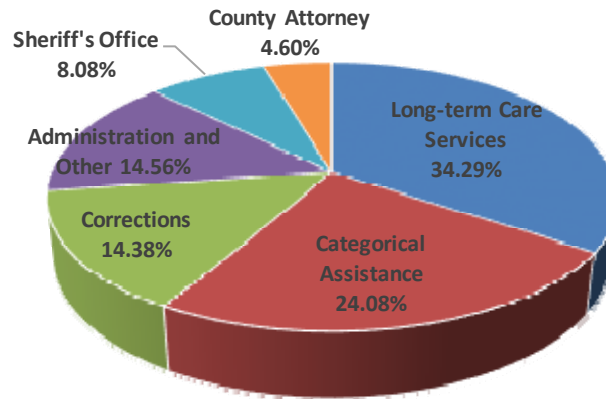
Table 2

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Revenues		
Program revenues:		
Charges for services:		
Long-term care services	\$ 26,732,859	\$ 22,281,790
Corrections	122,832	108,441
Administration and other	4,474,215	5,858,571
Sheriff's office	1,056,270	908,794
County attorney	<u>55,135</u>	<u>-</u>
Total charges for services	32,441,311	29,157,596
Operating grants and contributions	2,553,944	3,442,476
General revenues:		
Taxes	50,297,336	49,457,963
Investment income	344,576	113,878
Miscellaneous	<u>1,007,750</u>	<u>923,599</u>
Total revenues	86,644,917	83,095,512
Expenses		
Long-term care services	28,402,371	27,857,839
Categorical assistance	20,029,913	19,565,145
Corrections	11,423,557	11,685,357
Administration and other	10,017,723	11,831,930
Sheriff's office	6,035,127	6,561,414
County attorney	<u>3,462,025</u>	<u>3,737,350</u>
Total expenses	<u>79,370,716</u>	<u>81,239,035</u>
Change in net position	7,274,201	1,856,477
Net position - beginning of year	<u>22,437,383</u>	<u>29,711,584</u>
Net position - end of year	<u>\$ 29,711,584</u>	<u>\$ 31,568,061</u>

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 Year Ended June 30, 2021



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	June 30, 2020			June 30, 2021		
	Total Cost of Services	Revenues	Net Cost of Services	Total Cost of Services	Revenues	Net Cost of Services
Long-term Care Services	\$ 28,402,371	\$28,095,236	\$ 307,135	\$ 27,857,839	\$ 24,546,428 *	\$ 3,311,411
Categorical Assistance	20,029,913	-	20,029,913	19,565,145	-	19,565,145
Corrections	11,423,557	497,322	10,926,235	11,685,357	174,802	11,510,555
Administration and Other	10,017,723	4,487,850	5,529,873	11,831,930	6,339,542	5,492,388
Sheriff's Office	6,035,127	1,811,224	4,223,903	6,561,414	1,490,049	5,071,365
County Attorney	3,462,025	103,623	3,358,402	3,737,350	49,251	3,688,099
	<u>\$ 79,370,716</u>	<u>\$34,995,255</u>	<u>\$44,375,461</u>	<u>\$ 81,239,035</u>	<u>\$ 32,600,072</u>	<u>\$48,638,963</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.*

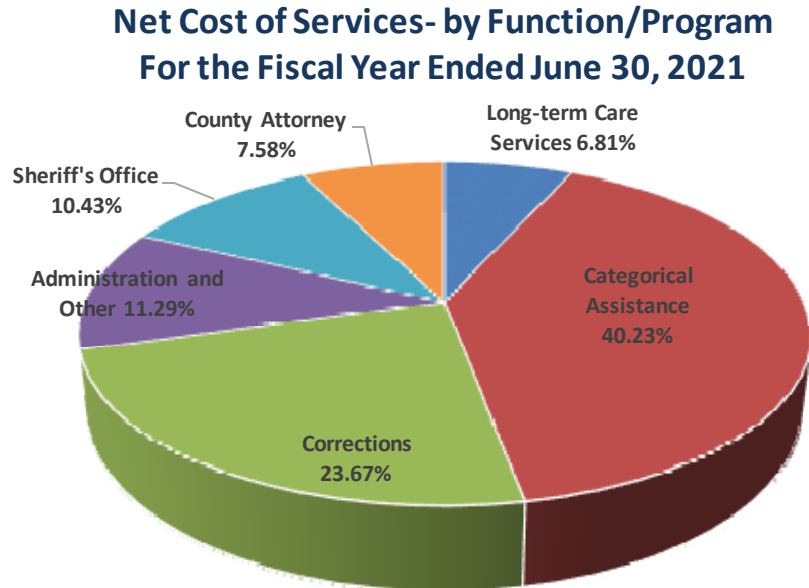
Table 4 - Comparative Net Cost of Services

<u>Function / Program</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	Change in Net Cost of Services
	Net Cost of Services	Net Cost of Services	
Long-term Care Services	\$ 307,135	\$ 3,311,411	\$ 3,004,276 *
Categorical Assistance	20,029,913	19,565,145	(464,768)
Corrections	10,926,235	11,510,555	584,320
Administration and Other	5,529,873	5,492,388	(37,485)
Sheriff's Office	4,223,903	5,071,365	847,462
County Attorney	3,358,402	3,688,099	329,697
	<u>\$44,375,461</u>	<u>\$48,638,963</u>	<u>\$ 4,263,502</u>

*Increase in the net cost of services for Long-term Care Services was primarily due to a \$4.4 million decline in revenues from private pay, Medicare, and Medicaid.

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 2021 Net Cost of Services from Table 4. The primary source of funding for net costs is property tax revenues.



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 the County'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, 2021, unassigned fund balance represents 24.3% of total General Fund (budgeted) fiscal year 2021 appropriations, while total fund balance represents 34.8% of that same amount.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At June 30, 2021, the County reported approximately \$35.6 million in capital assets, net of depreciation, which includes construction in progress of approximately \$1.1 million. These assets include construction in progress, land, buildings and improvements, machinery, equipment and furnishings, and vehicles.

Long-Term Debt

At June 30, 2021, the County had approximately \$60 million in outstanding long-term debt, comprised of \$7.7 million in general obligation bonds, \$2.7 million in compensated absences, \$4.0 million in net OPEB liability, \$45.2 million in net pension liability, and approximately \$208,000 in capital leases payable.

Additional information on capital assets and long-term debt can be found in the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property taxes accounted for 58% of expected resources for the fiscal year ended June 30, 2021, and also account for 57% of revenues in the fiscal year 2022 budget. Other sources of funding, notably assigned fund balance, comprised a significantly similar portion of the 2021 budget in comparison to fiscal year 2020.
- Categorical Assistance expenses continue to be the largest net County expenditure, followed by Corrections, and comprise 23% of fiscal year 2021 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.
- The COVID-19 epidemic has negatively impacted the County in many ways, notably with staffing shortages and reduced Nursing Home revenues. While a multitude of Federal

assistance and award programs (e.g., the Families First Coronavirus Response Act, or “FFCRA”, and the CARES Act) have helped reduce fiscal year 2021 revenue shortfalls, Nursing Home revenues will reflect a sharper decline in fiscal year 2022. The County was awarded, as part of the American Rescue Plan Act (“ARPA”), just over \$60 million in State and Local Fiscal Recovery Funds (“SLFRF”). One-half of the allocation was received in May 2021 and the other half was received in June 2022. These funds will be utilized for a multitude of ARPA projects in accordance with parameters established by the United States Treasury in its Final Rule. All transactions for ARPA/SLFRF projects will be recorded in the County’s Contingent Grants Fund, a special revenue fund that is separately presented in Governmental Funds.

- Effective July 1, 2020, the County instituted a new Special Revenue Fund for Contingent Grants. This new fund records the fully contingent portion of grants and Federal awards, and assists in providing more efficient accounting of the multitude of Federal and State grants and awards that have been made available in response to the COVID-19 epidemic.

REQUESTS FOR INFORMATION

This financial report is intended to provide the users with a general overview of the County of Rockingham, New Hampshire’s finances at June 30, 2021. 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.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Current:	
Cash and short-term investments	\$ 111,686,330
Restricted cash	1,351,268
Investments	81,752
Receivables:	
Accounts, net	955,276
Due from other governments, net	3,077,059
Due from external parties	310,933
Prepaid expenditures	536,235
Inventory	<u>659,021</u>
Total Current Assets	118,657,874
Noncurrent:	
Capital Assets:	
Land	578,857
Construction in progress	1,131,604
Other capital assets, net of accumulated depreciation	<u>33,889,784</u>
Total Noncurrent Assets	<u>35,600,245</u>
Total Assets	154,258,119
Deferred Outflows of Resources	
Pension related	11,586,583
OPEB related	<u>393,093</u>
Total Deferred Outflows of Resources	11,979,676
Liabilities	
Current:	
Accounts payable	1,037,590
Accrued payroll and related liabilities	1,051,366
Due to other governments	4,335,292
Due to external parties	6,115,334
Incurred but not reported claims liability	919,535
Accrued interest payable	105,916
Unearned revenue	57,277,077
Current portion of noncurrent liabilities:	
Bonds payable	1,602,834
Capital leases payable	144,794
Compensated absences liability	<u>479,152</u>
Total Current Liabilities	73,068,890
Noncurrent:	
Bonds payable, net of current portion	6,074,603
Capital leases payable, net of current portion	62,889
Compensated absences liability, net of current portion	2,172,462
Net pension liability	45,223,350
Net OPEB liability	<u>4,013,935</u>
Total Noncurrent Liabilities	<u>57,547,239</u>
Total Liabilities	130,616,129
Deferred Inflows of Resources	
Pension related	3,746,486
OPEB related	301,697
Revenues collected in advance	<u>5,422</u>
Total Deferred Inflows of Resources	4,053,605
Net Position	
Net investment in capital assets	37,052,348
Restricted for:	
Long-term care (RSA 24:13)	457,754
LCHIP surcharges (RSA 478:17-g)	704,102
Capital projects	4,060,272
Special revenue funds	589,259
Permanent funds	33,134
Unrestricted	<u>(11,328,808)</u>
Total Net Position	\$ <u>31,568,061</u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Statement of Activities
For the Year Ended June 30, 2021

	<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>
Governmental Activities				
Long-term Care Services:				
Nursing home	\$ 25,958,092	\$ 21,071,845	\$ 2,264,638	\$ (2,621,609)
Assisted living	1,899,747	1,209,945	-	(689,802)
Categorical assistance	19,565,145	-	-	(19,565,145)
Corrections	11,685,357	108,441	66,361	(11,510,555)
Administration and Other:				
Maintenance	4,416,948	59,355	-	(4,357,593)
Deeds	1,241,591	5,788,889	-	4,547,298
Finance	1,175,116	-	-	(1,175,116)
General government	1,981,159	-	480,971	(1,500,188)
Human resources	759,315	-	-	(759,315)
Information technology	672,456	10,327	-	(662,129)
Statutory organizations	500,054	-	-	(500,054)
Non-county specials	233,000	-	-	(233,000)
Commissioners	254,949	-	-	(254,949)
Delegation	144,622	-	-	(144,622)
Medical examiner	79,789	-	-	(79,789)
Treasurer	13,959	-	-	(13,959)
Interest	358,972	-	-	(358,972)
Sheriff's office	6,561,414	908,794	581,255	(5,071,365)
County attorney	3,737,350	-	49,251	(3,688,099)
Total Governmental Activities	\$ <u>81,239,035</u>	\$ <u>29,157,596</u>	\$ <u>3,442,476</u>	(48,638,963)
General Revenues				
				49,457,963
				113,878
				923,599
Total General Revenues				<u>50,495,440</u>
Change in Net Position				1,856,477
Net Position				
				<u>29,711,584</u>
End of year				\$ <u><u>31,568,061</u></u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Capital Projects Fund	Contingent Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 92,457,464	\$ 4,393,327	\$ -	\$ 41,043	\$ 96,891,834
Restricted cash	1,161,856	-	-	189,412	1,351,268
Investments	-	-	-	81,752	81,752
Receivables:					
Accounts, net	685,186	-	14,000	50	699,236
Due from other governments, net	2,436,042	-	531,773	-	2,967,815
Due from other funds	3,258,893	-	58,698,223	359,561	62,316,677
Due from custodial funds	310,933	-	-	-	310,933
Prepaid expenditures	440,457	-	-	-	440,457
Inventory	659,021	-	-	-	659,021
Total Assets	\$ 101,409,852	\$ 4,393,327	\$ 59,243,996	\$ 671,818	\$ 165,718,993
Liabilities					
Accounts payable	\$ 869,424	\$ 16,228	\$ 65,276	\$ 623	\$ 951,551
Accrued payroll and related liabilities	1,024,931	-	3,973	-	1,028,904
Due to other governments	4,335,292	-	-	-	4,335,292
Due to other funds	59,265,257	39,876	1,897,670	48,802	61,251,605
Due to custodial funds	6,115,334	-	-	-	6,115,334
Unearned revenue	-	-	57,277,077	-	57,277,077
Total Liabilities	71,610,238	56,104	59,243,996	49,425	130,959,763
Fund Balances					
Nonspendable:					
Prepaid expenditures	440,457	-	-	-	440,457
Inventory	659,021	-	-	-	659,021
Nonexpendable permanent funds	-	-	-	33,134	33,134
Total Nonspendable	1,099,478	-	-	33,134	1,132,612
Restricted:					
Long-term care (RSA 24:13)	457,754	-	-	-	457,754
LCHIP surcharges (RSA 478:17-g)	704,102	-	-	-	704,102
Capital projects	-	4,060,272	-	-	4,060,272
Special revenue funds	-	-	-	589,259	589,259
Total Restricted	1,161,856	4,060,272	-	589,259	5,811,387
Assigned:					
Subsequent year budget	6,419,409	-	-	-	6,419,409
Encumbrances	290,281	276,951	-	-	567,232
Total Assigned	6,709,690	276,951	-	-	6,986,641
Unassigned	20,828,590	-	-	-	20,828,590
Total Fund Balances	29,799,614	4,337,223	-	622,393	34,759,230
Total Liabilities and Fund Balances	\$ 101,409,852	\$ 4,393,327	\$ 59,243,996	\$ 671,818	\$ 165,718,993

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, 2021

Total governmental fund balances	\$ 34,759,230
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	35,600,245
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.	12,289,651
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(105,916)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(7,677,437)
Capital leases payable	(207,683)
Compensated absences (unfunded)	(1,784,238)
Net pension liability and related deferred outflows/inflows of resources	(37,383,253)
Net OPEB liability and related deferred outflows/inflows of resources	<u>(3,922,538)</u>
Net position of governmental activities	\$ <u>31,568,061</u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Capital Projects Fund	Contingent Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 49,457,963	\$ -	\$ -	\$ -	\$ 49,457,963
Charges for services	28,895,307	-	-	262,289	29,157,596
Intergovernmental	1,411,485	-	2,030,991	-	3,442,476
Investment income	77,979	8,323	-	1,327	87,629
Miscellaneous	814,577	1,747	-	-	816,324
Total Revenues	<u>80,657,311</u>	<u>10,070</u>	<u>2,030,991</u>	<u>263,616</u>	<u>82,961,988</u>
Expenditures					
Long-term Care Services:					
Nursing home	23,200,762	-	618,671	-	23,819,433
Assisted living	1,700,682	-	-	-	1,700,682
Categorical assistance	19,565,145	-	-	-	19,565,145
Corrections	10,139,964	-	-	2,103	10,142,067
Administration and Other:					
Maintenance	4,020,593	-	-	-	4,020,593
Deeds	1,189,502	-	-	-	1,189,502
Finance	1,121,138	-	-	-	1,121,138
General government	658,202	-	1,322,957	-	1,981,159
Human resources	699,658	-	-	-	699,658
Information technology	639,403	-	-	-	639,403
Statutory organizations	500,054	-	-	-	500,054
Non-county specials	233,000	-	-	-	233,000
Commissioners	230,041	-	-	-	230,041
Delegation	138,655	-	-	-	138,655
Medical examiner	79,789	-	-	-	79,789
Treasurer	13,959	-	-	-	13,959
Sheriff's office	6,188,790	-	89,363	27,553	6,305,706
County attorney	3,559,757	-	-	-	3,559,757
Capital outlay	10,372	117,676	-	-	128,048
Debt service:					
Principal	1,480,000	-	-	-	1,480,000
Interest	375,422	-	-	-	375,422
Total Expenditures	<u>75,744,888</u>	<u>117,676</u>	<u>2,030,991</u>	<u>29,656</u>	<u>77,923,211</u>
Excess (deficiency) of revenues over expenditures	4,912,423	(107,606)	-	233,960	5,038,777
Other Financing Sources (Uses)					
Proceeds of capital lease	188,514	-	-	-	188,514
Transfers:					
Deeds and other	128,419	-	-	(128,419)	-
Capital projects	(583,015)	583,015	-	-	-
Total Other Financing Sources (Uses)	<u>(266,082)</u>	<u>583,015</u>	<u>-</u>	<u>(128,419)</u>	<u>188,514</u>
Change in Fund Balances	4,646,341	475,409	-	105,541	5,227,291
Fund Balances, at Beginning of Year	<u>25,153,273</u>	<u>3,861,814</u>	<u>-</u>	<u>516,852</u>	<u>29,531,939</u>
Fund Balances, at End of Year	\$ <u>29,799,614</u>	\$ <u>4,337,223</u>	\$ <u>-</u>	\$ <u>622,393</u>	\$ <u>34,759,230</u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net changes in fund balances - total governmental funds \$ 5,227,291

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	480,025
Depreciation	(3,251,679)

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:

Repayments of bonds	1,480,000
Amortization of bond premium	107,007
Proceeds of capital lease	(188,514)
Repayments of capital lease	225,250

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	16,717
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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	(47,587)
Change in net pension liability and related deferred outflows and inflows	(2,046,398)
Change in net OPEB liability and related deferred outflows and inflows	307,390

Internal service funds are used by management to account for certain activities. The net activity of internal service funds is reported with governmental activities.	<u>(453,025)</u>
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Change in net position - governmental activities	<u>\$ 1,856,477</u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

General Fund

Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	From Prior Years' Budget	Approved Transfers	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	\$ 6,116,011	\$ 302,398	\$ -	\$ 6,418,409	\$ -	\$ (6,418,409)
Revenues (Inflows)						
Taxes	49,457,963	-	-	49,457,963	49,457,963	-
Charges for services:						
Long-term Care Services:						
Nursing home	22,590,086	-	-	22,590,086	21,063,343	(1,526,743)
Assisted living	1,575,489	-	-	1,575,489	1,209,945	(365,544)
Corrections	86,002	-	-	86,002	35,225	(50,777)
Administration and Other:						
Deeds	2,927,000	-	-	2,927,000	5,615,911	2,688,911
Information technology	15,000	-	-	15,000	10,327	(4,673)
Maintenance	103,600	-	-	103,600	59,355	(44,245)
Sheriff	1,412,935	-	-	1,412,935	901,201	(511,734)
Intergovernmental	450,000	-	-	450,000	1,411,485	961,485
Investment income	200,000	-	-	200,000	77,979	(122,021)
Miscellaneous	391,504	-	-	391,504	814,577	423,073
Transfers from other funds	43,400	-	-	43,400	128,419	85,019
Amounts Available for Appropriation	<u>85,368,990</u>	<u>302,398</u>	<u>-</u>	<u>85,671,388</u>	<u>80,785,730</u>	<u>(4,885,658)</u>
Charges to Appropriations (Outflows)						
Long-term Care Services:						
Nursing home	27,806,614	6,989	400,000	28,213,603	23,186,679	5,026,924
Assisted living	1,785,610	-	-	1,785,610	1,701,560	84,050
Categorical assistance	19,971,061	-	-	19,971,061	19,565,145	405,916
Corrections	11,950,203	5,911	-	11,956,114	10,139,964	1,816,150
Administration and Other:						
Maintenance	4,693,626	142,705	(100,000)	4,736,331	3,993,950	742,381
Deeds	1,218,020	91,203	-	1,309,223	1,189,502	119,721
Finance	1,205,157	24,338	-	1,229,495	1,121,138	108,357
General government	793,548	-	-	793,548	658,202	135,346
Human resources	789,380	-	-	789,380	699,658	89,722
Information technology	705,746	-	-	705,746	639,403	66,343
Grants	115,000	-	(90,000)	25,000	-	25,000
Statutory organizations	410,054	-	90,000	500,054	500,054	-
Non-county specials	240,000	-	-	240,000	233,000	7,000
Commissioners	236,790	-	-	236,790	230,041	6,749
Delegation	324,752	-	-	324,752	138,655	186,097
Medical examiner	62,104	-	23,500	85,604	79,789	5,815
Treasurer	18,864	-	-	18,864	13,959	4,905
Sheriff's office	6,534,047	31,252	-	6,565,299	6,037,997	527,302
County attorney	3,744,977	-	(23,500)	3,721,477	3,559,757	161,720
Capital outlay	508,015	-	(483,015)	25,000	10,372	14,628
Debt service:						
Principal	1,480,000	-	-	1,480,000	1,480,000	-
Interest	375,422	-	-	375,422	375,422	-
Transfers to other funds	400,000	-	183,015	583,015	583,015	-
Total Charges to Appropriations	<u>85,368,990</u>	<u>302,398</u>	<u>-</u>	<u>85,671,388</u>	<u>76,137,262</u>	<u>9,534,126</u>
Ending Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 4,648,468	\$ 4,648,468

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Proprietary Funds
Statement of Net Position
June 30, 2021

	Internal Service <u>Funds</u>
Assets	
Current Assets:	
Cash and short-term investments	\$ 14,794,496
Receivables:	
Accounts	256,040
Due from other governments	109,244
Due from other funds	302,872
Prepaid expenses	<u>95,777</u>
Total Current Assets	<u>15,558,429</u>
Total Assets	15,558,429
Liabilities	
Current Liabilities:	
Accounts payable	86,039
Accrued payroll	22,462
Due to other funds	1,367,944
Incurred but not reported claims liability	919,535
Current portion of noncurrent liabilities:	
Compensated absences liability	<u>479,152</u>
Total Current Liabilities	2,875,132
Noncurrent Liabilities:	
Compensated absences liability, net of current portion	<u>388,224</u>
Total Noncurrent Liabilities	<u>388,224</u>
Total Liabilities	3,263,356
Deferred Inflows of Resources	
Revenues collected in advance	5,422
Net Position	
Unrestricted	<u>12,289,651</u>
Total Net Position	<u>\$ 12,289,651</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 Net Position
For the Year Ended June 30, 2021

	<u>Internal Service Funds</u>
Operating Revenues	
Employee and employer contributions	\$ <u>9,236,655</u>
Total Operating Revenues	9,236,655
Operating Expenses	
Employee benefits	<u>9,571,932</u>
Total Operating Expenses	<u>9,571,932</u>
Operating Income (Loss)	(335,277)
Nonoperating Revenues (Expenses)	
Investment income	26,249
Miscellaneous expenses	<u>(143,997)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(117,748)</u>
Change in Net Position	(453,025)
Net Position, Beginning of Year	<u>12,742,676</u>
Net Position, End of Year	<u>\$ <u>12,289,651</u></u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2021

	Internal Service <u>Funds</u>
Cash Flows From Operating Activities	
Receipts from users	\$ 9,021,827
Payments to providers	(9,650,681)
Other receipts (payments)	<u>(143,997)</u>
Net Cash Used For Operating Activities	(772,851)
 Cash Flows From Noncapital Financing Activities	
Net change in due to/from other funds	<u>1,089,496</u>
Net Cash Provided By Noncapital Financing Activities	1,089,496
 Cash Flows From Investing Activities	
Investment income	<u>26,249</u>
Net Cash Provided By Investing Activities	<u>26,249</u>
 Net Change in Cash and Short-Term Investments	342,894
Cash and Short-Term Investments, Beginning of Year	<u>14,451,602</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>14,794,496</u></u>
 Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities	
Operating loss	\$ (335,277)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Nonoperating expenses	(143,997)
Changes in assets and liabilities:	
Accounts receivable	(154,790)
Due from other governments	(55,682)
Prepaid expenses	(1,444)
Accounts payable	1,194
Accrued payroll	22,462
Incurred but not reported claims liability	(6,635)
Compensated absences liability	(94,326)
Revenues collected in advance	<u>(4,356)</u>
Net Cash Used For Operating Activities	\$ <u><u>(772,851)</u></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, 2021

	<u>Custodial Funds</u>
Assets	
Cash and short-term investments	\$ 527,148
Accounts receivable	476
Due from primary government	<u>6,115,334</u>
Total Assets	6,642,958
Liabilities	
Accounts payable	3,708
Due to primary government	310,933
Due to State of New Hampshire	<u>6,115,259</u>
Total Liabilities	6,429,900
Net Position	
Restricted for individuals and other governments	<u>213,058</u>
Total Net Position	<u>\$ 213,058</u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
Additions	
Taxes collected for State of New Hampshire	\$ 58,220,009
Funds collected for residents, inmates, and others	<u>1,315,973</u>
Total Additions	59,535,982
Deductions	
Payments of fees to State of New Hampshire	58,220,009
Other payments on behalf of residents, inmates, and others	<u>1,323,400</u>
Total Deductions	<u>59,543,409</u>
Change in Net Position	(7,427)
Restricted Net Position	
Beginning of Year	<u>220,485</u>
End of Year	<u><u>\$ 213,058</u></u>

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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the County of Rockingham, New Hampshire (the County) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant 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 GASB 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 primary government is "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.

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 *Contingent Grants Fund* accounts for the County's state and federal grant programs.
- 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*.

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The County reports the following fiduciary funds:

- *Registry of Deeds Tax Fund* accounts for taxes and fees collected by the County's Registry of Deeds on behalf of the State of New Hampshire.
- *Inmate Fund* is used to account 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.

The infrastructure assets owned and maintained by the County include 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, 2021 totaling \$1,131,604, 51% of which is comprised of long term care services facility improvements and security upgrades. The projects in process are included in the reporting of \$35,600,245 net capital assets in the related statements. Once a project is completed, it is reported in the asset category (see Note 7).

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

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

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 for 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 Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

Fund Equity

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

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The 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 balance represents the amount that may be available for budgeting future operations. The General Fund is the only fund that reports a positive unassigned fund balance. 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.

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

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates 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 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 fiscal year ended June 30, 2021, \$6,418,409 of beginning General Fund unassigned fund balance was budgeted for use in reducing taxes, with none 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 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)	\$ 80,657,311	\$ 75,744,888
Other financing sources/uses (GAAP Basis)	<u>316,933</u>	<u>583,015</u>
Subtotal (GAAP Basis)	80,974,244	76,327,903
Adjustment for inventory budgeted on the cash basis	-	(2,127)
Reverse unbudgeted capital lease	<u>(188,514)</u>	<u>(188,514)</u>
Budgetary Basis	\$ <u>80,785,730</u>	\$ <u>76,137,262</u>

Deficit Net Position

The Compensated Absences Internal Service Fund reflects a deficit net position of \$(114,681) as of June 30, 2021. It is anticipated that this deficit will be eliminated through future transfers from other funds.

3. Deposits and Investments

State statutes (RSA 29:1 II) place certain limitations on the nature of deposits and investments available to the County. Deposits may be made in the New Hampshire Deposit Investment Pool (NHPDIP), established pursuant to RSA 383:22, in New Hampshire banks or banks outside the State if such banks pledge and deliver to a third-party custodial bank with various collateralized security.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. 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, 2021, the County’s bank balance was fully insured and collateralized.

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>81,752</u>	N/A	\$ <u>81,752</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total investments	\$ <u>81,752</u>		\$ <u>81,752</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</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 had a custodial credit risk exposure at June 30, 2021 of \$81,752 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

Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County places no limit on the amount that may be invested in any one issuer. The County does not have formal investment policies related to concentration of credit risk exposure. At June 30, 2021, no investments in any one issuer represented 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.

At June 30, 2021, none of the County's investments were exposed to 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 an asset or a liability. 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 at June 30, 2021 were categorized as Level 1.

4. Restricted Cash

Restricted cash represents cash and short-term investments where use is limited by legal requirements. Within governmental funds at June 30, 2021, the General Fund restricted cash amount of \$1,161,856 was comprised of a \$457,754 non-lapsing reserve account to fund long-term care services (established in accordance with RSA 24:13) and \$704,102 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 \$189,412 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. Due from Other Governments, Net

Due from other governments at June 30, 2021 consisted primarily of amounts due from the State of New Hampshire for Nursing Home receivables.

6. Interfund 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 composition of interfund balances as of June 30, 2021 was as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 3,569,826	\$ 65,380,591
Capital Projects Fund	-	39,876
Contingent Grants Fund	58,698,223	1,897,670
Special Revenue Funds:		
Drug Task Force	-	3,205
Expendable Trust	-	28,043
Nursing Home Special Account	180	-
Assisted Living Donations	9,541	-
Inmate Commissary	334,524	-
Inmate Chapel	14,890	-
Deeds Equipment	426	-
Permanent Fund	-	17,554
Internal Service Funds:		
Health	53,988	571,875
Dental	40,053	56,167
Workers' Compensation	85,450	62,765
Compensated Absences	123,381	677,137
Custodial Funds:		
Registry of Deeds	6,115,259	-
Inmates	75	306,097
Nursing Home Residents	-	4,836
Total	<u>\$ 69,045,816</u>	<u>\$ 69,045,816</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 on the following page 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	\$ 128,419	\$ 583,015
Capital Projects Fund	583,015	-
Special Revenue Funds:		
Nursing Home Special Account	-	6,165
Inmate Commissary	-	32,254
Deeds Equipment	-	90,000
Total	<u>\$ 711,434</u>	<u>\$ 711,434</u>

7. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows (in thousands):

	<u>Beginning</u>		<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
	<u>Balance</u>				<u>Balance</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 72,938	\$ 8	\$ -	\$ 72,946	
Machinery, equipment, and furnishings	14,425	72	(20)	14,477	
Vehicles	<u>1,837</u>	<u>203</u>	<u>(166)</u>	<u>1,874</u>	
Total capital assets, being depreciated	89,200	283	(186)	89,297	
Less accumulated depreciation for:					
Buildings and improvements	(41,650)	(2,295)	-	(43,945)	
Machinery, equipment, and furnishings	(9,265)	(721)	20	(9,966)	
Vehicles	<u>(1,427)</u>	<u>(235)</u>	<u>166</u>	<u>(1,496)</u>	
Total accumulated depreciation	<u>(52,342)</u>	<u>(3,251)</u>	<u>186</u>	<u>(55,407)</u>	
Total capital assets, being depreciated, net	36,858	(2,968)	-	33,890	
Capital assets, not being depreciated:					
Land	579	-	-	579	
Construction in progress	<u>935</u>	<u>197</u>	<u>-</u>	<u>1,132</u>	
Total capital assets, not being depreciated	<u>1,514</u>	<u>197</u>	<u>-</u>	<u>1,711</u>	
Capital assets, net	<u>\$ 38,372</u>	<u>\$ (2,771)</u>	<u>\$ -</u>	<u>\$ 35,601</u>	

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

Long-term Care Services:	
Nursing home	\$ 1,530,971
Assisted living	149,806
Corrections	717,134
Administration and Other:	
Maintenance	451,022
Deeds	9,305
Finance	213
Human resources	17,333
Information technology	26,503
Commissioners	13,972
Delegation	486
Sheriff's office	<u>334,934</u>
Total depreciation expense	\$ <u><u>3,251,679</u></u>

8. 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 pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

9. Due to Other Governments

Due to other governments at June 30, 2021 consists primarily of amounts due to the State of New Hampshire Department of Health and Human Services.

10. Unearned Revenue

Unearned revenue in the Contingent Grants Fund represents funds received by the County from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

11. Long-Term Liabilities

Changes in General Long-Term Liabilities

During the year ended June 30, 2021, 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>
Bonds payable:						
Public offerings	\$ 2,400	\$ -	\$ (780)	\$ 1,620	\$ (800)	\$ 820
Direct placements	6,035	-	(700)	5,335	(700)	4,635
Unamortized bond premium	<u>829</u>	<u>-</u>	<u>(107)</u>	<u>722</u>	<u>(103)</u>	<u>619</u>
Subtotal	9,264	-	(1,587)	7,677	(1,603)	6,074
Other:						
Capital leases payable	244	189	(225)	208	(145)	63
Compensated absences liability	2,698	-	(46)	2,652	(479)	2,173
Net pension liability	35,522	9,701	-	45,223	-	45,223
Net OPEB liability	<u>4,260</u>	<u>-</u>	<u>(246)</u>	<u>4,014</u>	<u>-</u>	<u>4,014</u>
Total	<u>\$ 51,988</u>	<u>\$ 9,890</u>	<u>\$ (2,104)</u>	<u>\$ 59,774</u>	<u>\$ (2,227)</u>	<u>\$ 57,547</u>

General Obligation Bonds

The County issues general obligation debt instruments (including direct placements) 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 outstanding at June 30, 2021 were as follows:

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/21</u>
Public offerings:			
General Obligation Municipal Purpose Loan of 2013 Bonds	5/15/2023	3.00%	\$ 1,620,000
Direct placements:			
General Obligation Bonds 01/10/2018	8/15/2028	5.10%	1,820,000
General Obligation Bonds 01/09/2019	2/15/2029	4.1 - 5.1%	<u>3,515,200</u>
Total direct placements			<u>5,335,200</u>
Total general obligation bonds			<u>\$ 6,955,200</u>

Future Debt Service

The annual payments to retire all general obligation bonds outstanding as of June 30, 2021 were as follows:

<u>Fiscal Year</u>	<u>Bonds - Public Offerings</u>		<u>Bonds - Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 800,000	\$ 48,600	\$ 700,000	\$ 267,722
2023	820,000	24,600	700,000	232,022
2024	-	-	699,750	196,322
2025	-	-	700,000	160,635
2026	-	-	700,000	124,935
2027-2029	-	-	1,835,450	160,605
Total	<u>\$ 1,620,000</u>	<u>\$ 73,200</u>	<u>\$ 5,335,200</u>	<u>\$ 1,142,241</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:

Vehicles, due in annual installments the next of which is \$85,404 including interest, through March 2022 at 2.54%	\$ 83,288
Vehicles, due in annual installments the next of which is \$64,179 including interest, through March 2023 at 2.15%	<u>124,395</u>
Total	<u>\$ 207,683</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 144,794	\$ 4,829	\$ 149,623
2023	<u>62,889</u>	<u>1,351</u>	<u>64,240</u>
Total	<u>\$ 207,683</u>	<u>\$ 6,180</u>	<u>\$ 213,863</u>

Vehicles financed by capital leases totaling \$489,546 are reported in capital assets net of \$181,669 of accumulated depreciation.

12. **Deferred Inflows of Resources**

Deferred inflows of resources represent the acquisition of net position by the County that is 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 pension and OPEB will be recognized as expense in future years and are more fully discussed in the corresponding pension and OPEB notes.

13. **Governmental Funds – 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, 2021:

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 summary of the County's fund balances at June 30, 2021:

	General Fund	Capital Projects Fund	Contingent Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid expenditures	\$ 440,457	\$ -	\$ -	\$ -	\$ 440,457
Inventory	659,021	-	-	-	659,021
Nonexpendable permanent funds	-	-	-	33,134	33,134
Total Nonspendable	1,099,478	-	-	33,134	1,132,612
Restricted:					
Long-term care (RSA 24:13)	457,754	-	-	-	457,754
LCHIP surcharges (RSA 478:17-g)	704,102	-	-	-	704,102
Capital projects	-	4,060,272	-	-	4,060,272
Special revenue funds	-	-	-	589,259	589,259
Total Restricted	1,161,856	4,060,272	-	589,259	5,811,387
Assigned:					
Subsequent year budget	6,419,409	-	-	-	6,419,409
Encumbrances	290,281	276,951	-	-	567,232
Total Assigned	6,709,690	276,951	-	-	6,986,641
Unassigned	20,828,590	-	-	-	20,828,590
Total Fund Balances	\$ 29,799,614	\$ 4,337,223	\$ -	\$ 622,393	\$ 34,759,230

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 provides 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 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and 11.55% for police and 11.80% for fire. The County makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.88% to 26.43% of covered compensation. The County’s contribution to NHRS for the fiscal year ended June 30, 2021 was \$3,094,715, 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, 2021, the County reported a liability of \$45,223,350 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the County’s proportion was 0.70704005%, which was a decrease of 0.03121632% from its previous year proportion.

For the year ended June 30, 2021, the County recognized pension expense of \$5,140,911. 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	\$ 1,221,269	\$ 485,569
Net difference between projected and actual earnings on investments	2,797,113	-
Changes of assumptions	4,473,486	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	3,260,917
Contributions subsequent to the measurement date	<u>3,094,715</u>	<u>-</u>
Totals	<u>\$ 11,586,583</u>	<u>\$ 3,746,486</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase (decrease) in expense as follows:

<u>Year Ended June 30:</u>	
2022	\$ (168,748)
2023	1,209,693
2024	1,890,107
2025	<u>1,814,330</u>
Total	\$ <u>4,745,382</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.0% per year
Salary increases	5.60% average, including inflation
Wage inflation	2.75% per year (2.25% for Teachers)
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 - June 30, 2019.

Actuarial assumptions reflect benefit changes resulting from CH 340 laws of 2019 (HB616), which grants a one-time 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiary of such member. The COLA will take effect on the retired member’s first anniversary date of retirement occurring after July 1, 2020.

Target Allocation

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected

future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation Percentage	Weighted Average Long-Term Expected Real Rate of Return
Large Cap Equities	22.50 %	3.71%
Small/Mid Cap Equities	7.50	4.15%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	3.96%
Emerging Int'l Equities	7.00	6.20%
Total international equities	20.00	
Core Bonds	9.00	0.42%
Global Multi-Sector Fixed Income	10.00	1.66%
Absolute Return Fixed Income	6.00	0.92%
Total fixed income	25.00	
Private Equity	10.00	7.71%
Private Debt	5.00	4.81%
Total alternative investments	15.00	
Real Estate	10.00	2.95%
Total	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County’s proportionate share of the net pension liability calculated using the 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>
\$ 58,545,833	\$ 45,223,350	\$ 34,337,117

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the NHRS’ separately issued 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 GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 establishes standards for recognizing and measuring assets, liabilities, deferred outflows/inflows of resources, and expenditures related to other post-employment benefits (OPEB) liabilities and identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

County OPEB Plan

The following disclosures for the County’s OPEB Plan are based on a measurement date of June 30, 2021.

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	24
Active employees	<u>374</u>
Total participants covered by OPEB plan	<u>398</u>

Funding Policy

The County's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to the measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.20%
Discount rate	2.16%, net of investment expenses, including inflation
Healthcare cost trend rates	7.00% for 2019, decreasing to 0.45% per year to 5.20%, then grading down to the ultimate trend rate of 4.00% utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical trend rate is reached in 2075.
Retirees' share of benefit related costs	100%
Participation rate	40%
Pre-Retirement Mortality	PubG-2010 headcount-weighted Employee General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.
Post-Retirement Mortality	<u>Healthy Retirees</u> : 101% of PubG-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount-weighted Retiree General Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019. <u>Surviving Spouses</u> : PubG-2010 Contingent Survivor General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019. <u>Disabled Retirees</u> : PubG-2010 Disabled General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

The discount rate was based on the index provided by Bond Buyer 20-Bond General Obligation Index based on the 20-year AA municipal bond rate as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from the County will be in accordance with the plan's funding policy. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be insufficient to make all projected benefit payments of current members. Therefore, the 2.16% municipal bond rate was applied to all periods to determine the total OPEB liability.

Total OPEB Liability

The County's total OPEB liability of \$1,572,933 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

Changes in the Total OPEB Liability

The following summarizes the changes to the total OPEB liability for the past fiscal year:

Beginning of year balance	\$ 1,545,128
Service cost	87,678
Interest	34,854
Benefit payments	(111,438)
Changes of assumptions	<u>16,711</u>
End of year balance	<u>\$ 1,572,933</u>

Changes of assumptions reflect a change in the discount rate from 2.21% to 2.16%.

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>
\$ 1,705,675	\$ 1,572,933	\$ 1,453,442

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:

	Current Healthcare Cost	
<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
\$1,394,513	\$1,572,933	\$1,785,536

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the County recognized OPEB expense of \$75,930. At June 30, 2021, 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	\$ 113,662	\$ 2,888
Difference between expected and actual experience	<u>-</u>	<u>258,089</u>
Total	<u>\$ 113,662</u>	<u>\$ 260,977</u>

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

<u>Year Ended June 30:</u>	
2022	\$ (46,602)
2023	(46,560)
2024	(45,137)
2025	(9,872)
2026	<u>856</u>
Total	<u>\$ (147,315)</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 OPEB plan is closed to new entrants. 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 0.29% of gross payroll for Group I employees, 1.81% of gross payroll for Group I teachers, and 3.66% 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

Actuarial assumptions are the same in the New Hampshire Retirement System footnote.

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, 2020 was \$2,441,002 representing 0.55767684%.

For the year ended June 30, 2021, the County recognized an OPEB expense related to the NHRS Medical Subsidy of \$(17,286). At June 30, 2021, 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	\$ -	\$ 7,073
Net difference between projected and actual investment earnings	9,133	
Change in proportion	-	33,647
Change in assumptions	15,695	-
Contributions subsequent to the measurement date	<u>254,603</u>	<u>-</u>
Total	<u>\$ 279,431</u>	<u>\$ 40,720</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, 2022.

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

<u>Year Ended June 30:</u>	
2022	\$ (24,333)
2023	2,704
2024	3,223
2025	<u>2,514</u>
Total	<u>\$ (15,892)</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>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 2,650,673	\$ 2,441,002	\$ 2,258,966

Health Care Cost Trend Rate

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

Consolidation of Total/Net 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, 2021:

	<u>Total/Net OPEB Liability</u>	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred Inflows of Resources</u>	<u>Total OPEB Expense</u>
County OPEB Plan	\$ 1,572,933	\$ 113,662	\$ 260,977	\$ 75,930
NHRS Medical Subsidy Plan	<u>2,441,002</u>	<u>279,431</u>	<u>40,720</u>	<u>(17,286)</u>
Total	<u>\$ 4,013,935</u>	<u>\$ 393,093</u>	<u>\$ 301,697</u>	<u>\$ 58,644</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 three unions, Sheriff’s Supervisors, Correctional Officers, and Long-term Care), 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 the \$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 workers’ 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, 2021 were as follows:

	<u>Health</u>	<u>Dental</u>	<u>Workers’ Compensation</u>	<u>Total</u>
Claims liability, beginning of year	\$ 191,195	\$ 10,310	\$ 724,665	\$ 926,170
Claims incurred/recognized	7,917,720	474,826	610,601	9,003,147
Claims paid	<u>(7,868,921)</u>	<u>(470,776)</u>	<u>(670,085)</u>	<u>(9,009,782)</u>
Claims liability, end of year	<u>\$ 239,994</u>	<u>\$ 14,360</u>	<u>\$ 665,181</u>	<u>\$ 919,535</u>

17. Operating Leases

The County leases office space and equipment annually. At June 30, 2021, the County’s operating lease with required future minimum rental payments related to a facility lease. Future minimum rental payments related to this lease totaled \$158,750, with the entire amount to be recognized in fiscal year 2022.

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. Change in Accounting Principle

During fiscal year 2021, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This required moving certain items previously recorded through a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund.

20. Commitments and Contingencies

COVID-19

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

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. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. At June 30, 2021, 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 had \$290,281, and the Capital Projects Fund had \$276,951, in encumbrances that will be honored in the next fiscal year.

21. Subsequent Events

Management has evaluated subsequent events through May 18, 2023, which is the date the financial statements were available to be issued.

Debt

Subsequent to June 30, 2021, the County incurred the following additional debt:

	<u>Amount</u>	True Interest <u>Cost</u>	Issue <u>Date</u>	Maturity <u>Date</u>
General obligation bond	\$ 23,143,800	2.36%	1/6/2022	2/15/2051

22. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement GASB No. 87, *Leases*, effective for the County beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management is in the process of evaluating the effect this standard will have on the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability
 (Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	June 30, 2020	0.70704005%	\$ 45,223,350	\$ 21,415,652	211.17%	58.72%
June 30, 2020	June 30, 2019	0.73825637%	\$ 35,522,347	\$ 21,626,333	164.26%	65.59%
June 30, 2019	June 30, 2018	0.74780112%	\$ 36,008,138	\$ 21,084,060	170.78%	64.73%
December 31, 2017	June 30, 2017	0.81614093%	\$ 40,137,752	\$ 21,432,783	187.27%	62.66%
December 31, 2016	June 30, 2016	0.89542291%	\$ 47,614,967	\$ 23,192,721	205.30%	58.30%
December 31, 2015	June 30, 2015	0.86913382%	\$ 34,430,972	\$ 22,090,187	155.87%	65.47%

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

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

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Pension Contributions
(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	June 30, 2020	\$ 3,094,715	\$ 3,094,715	\$ -	\$ 21,107,272	14.66%
June 30, 2020	June 30, 2019	\$ 3,141,190	\$ 3,141,190	\$ -	\$ 21,415,652	14.67%
June 30, 2019	June 30, 2018	\$ 4,775,242	\$ 4,775,242	\$ -	\$ 32,060,012 *	14.89%
December 31, 2017	June 30, 2017	\$ 3,077,529	\$ 3,077,529	\$ -	\$ 21,241,160	14.49%
December 31, 2016	June 30, 2016	\$ 3,019,682	\$ 3,019,682	\$ -	\$ 21,767,665	13.87%
December 31, 2015	June 30, 2015	\$ 3,036,667	\$ 3,036,667	\$ -	\$ 22,431,661	13.54%

*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 notes to financial statements for summary of significant actuarial method and assumptions.

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Proportionate Share and Contributions of the Net OPEB Liability
(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll as of the Measurement Date</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total OPEB Liability</u>
June 30, 2021	June 30, 2020	0.55767684%	\$2,441,002	\$ 21,415,652	11.40%	7.74%
June 30, 2020	June 30, 2019	0.61933629%	\$2,715,239	\$ 21,626,333	12.56%	7.75%
June 30, 2019	June 30, 2018	0.63992980%	\$2,929,891	\$ 21,084,060	13.90%	7.53%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</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, 2021	June 30, 2020	\$ 254,603	\$ 254,603	\$ -	\$ 21,107,272	1.21%
June 30, 2020	June 30, 2019	\$ 258,864	\$ 258,864	\$ -	\$ 21,415,652	1.21%
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.

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

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
(Unaudited)

County of Rockingham, New Hampshire OPEB Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability - beginning	\$ 1,545,128	\$ 1,740,535	\$ 1,692,476
Changes:			
Service cost	87,678	90,994	132,705
Interest	34,854	62,454	89,883
Benefit payments	(111,438)	(94,272)	(166,513)
Difference between actual and expected experience	-	(415,941)	-
Changes of assumptions	<u>16,711</u>	<u>161,358</u>	<u>(8,016)</u>
Net change in total OPEB liability	<u>27,805</u>	<u>(195,407)</u>	<u>48,059</u>
Total OPEB liability - ending	\$ <u>1,572,933</u>	\$ <u>1,545,128</u>	\$ <u>1,740,535</u>
Covered employee payroll	\$ 17,614,961	\$ 19,880,290	\$ 26,993,333 *
Total OPEB liability as a percentage of covered employee payroll	8.93%	7.77%	6.45%

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

There are no assets accumulated in a trust that meet the criteria in paragraph 4 of Statement 75 to pay OPEB related benefits.

Does not include New Hampshire Retirement System Medical Subsidy.

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

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

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds								Permanent Fund	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		
Assets										
Cash and short-term investments	\$ 35,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,220	\$ -	\$ 41,043
Restricted cash	-	-	98,911	-	-	-	90,501	-	-	189,412
Investments	-	31,064	-	-	-	-	-	-	50,688	81,752
Accounts receivable, net	-	-	50	-	-	-	-	-	-	50
Due from other funds	-	-	180	9,541	334,524	14,890	426	-	-	359,561
Total Assets	\$ 35,823	\$ 31,064	\$ 99,141	\$ 9,541	\$ 334,524	\$ 14,890	\$ 90,927	\$ 5,220	\$ 50,688	\$ 671,818
Liabilities										
Accounts payable	\$ 80	\$ -	\$ -	\$ -	\$ 543	\$ -	\$ -	\$ -	\$ -	\$ 623
Due to other funds	3,205	28,043	-	-	-	-	-	-	17,554	48,802
Total Liabilities	3,285	28,043	-	-	543	-	-	-	17,554	49,425
Fund Balances										
Nonspendable	-	-	-	-	-	-	-	-	33,134	33,134
Restricted	32,538	3,021	99,141	9,541	333,981	14,890	90,927	5,220	-	589,259
Total Fund Balances	32,538	3,021	99,141	9,541	333,981	14,890	90,927	5,220	33,134	622,393
Total Liabilities and Fund Balances	\$ 35,823	\$ 31,064	\$ 99,141	\$ 9,541	\$ 334,524	\$ 14,890	\$ 90,927	\$ 5,220	\$ 50,688	\$ 671,818

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Supplementary Information
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended June 30, 2021

	Special Revenue Funds								Total Nonmajor Governmental Funds	
	Drug Task <u>Force</u>	Expendable <u>Trust</u>	Nursing Home <u>Special Account</u>	Assisted Living <u>Donations</u>	Inmate <u>Commissary</u>	Inmate <u>Chapel</u>	Deeds <u>Equipment</u>	WF Sturtevant <u>Memorial</u>		Permanent <u>Fund</u>
Revenues										
Charges for services:										
Deeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,978	\$ -	\$ -	\$ 172,978
Sheriff	7,594	-	-	-	-	-	-	-	-	7,594
Corrections	-	-	-	-	72,715	501	-	-	-	73,216
Nursing home	-	-	8,501	-	-	-	-	-	-	8,501
Investment income	22	88	148	-	766	32	109	-	162	1,327
Total Revenues	7,616	88	8,649	-	73,481	533	173,087	-	162	263,616
Expenditures										
Current:										
Corrections	-	-	-	-	2,103	-	-	-	-	2,103
Sheriff	27,553	-	-	-	-	-	-	-	-	27,553
Total Expenditures	27,553	-	-	-	2,103	-	-	-	-	29,656
Excess (deficiency) of revenues over expenditures	(19,937)	88	8,649	-	71,378	533	173,087	-	162	233,960
Other Financing Sources (Uses)										
Transfers out	-	-	(6,165)	-	(32,254)	-	(90,000)	-	-	(128,419)
Change in Fund Balances	(19,937)	88	2,484	-	39,124	533	83,087	-	162	105,541
Fund Balances, at Beginning of Year	52,475	2,933	96,657	9,541	294,857	14,357	7,840	5,220	32,972	516,852
Fund Balances, at End of Year	\$ <u>32,538</u>	\$ <u>3,021</u>	\$ <u>99,141</u>	\$ <u>9,541</u>	\$ <u>333,981</u>	\$ <u>14,890</u>	\$ <u>90,927</u>	\$ <u>5,220</u>	\$ <u>33,134</u>	\$ <u>622,393</u>

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Supplementary Information
 Proprietary Funds
 Combining Statement of Net Position
 June 30, 2021

	<u>Health</u> <u>Fund</u>	<u>Dental</u> <u>Fund</u>	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Compensated</u> <u>Absences</u> <u>Fund</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
Assets					
Current Assets:					
Cash and short-term investments	\$ 9,973,788	\$ 256,018	\$ 3,235,556	\$ 1,329,134	\$ 14,794,496
Receivables:					
Accounts	230,711	-	25,329	-	256,040
Due from other governments	805	-	108,439	-	109,244
Due from other funds	53,988	40,053	85,450	123,381	302,872
Prepaid expenses	<u>6,300</u>	<u>49,500</u>	<u>39,977</u>	<u>-</u>	<u>95,777</u>
Total Current Assets	<u>10,265,592</u>	<u>345,571</u>	<u>3,494,751</u>	<u>1,452,515</u>	<u>15,558,429</u>
Total Assets	10,265,592	345,571	3,494,751	1,452,515	15,558,429
Liabilities					
Current Liabilities:					
Accounts payable	42,549	23,016	19,395	1,079	86,039
Accrued payroll	-	-	858	21,604	22,462
Due to other funds	571,875	56,167	62,765	677,137	1,367,944
Incurred but not reported claims liability	239,994	14,360	665,181	-	919,535
Current portion of noncurrent liabilities:					
Compensated absences liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,152</u>	<u>479,152</u>
Total Current Liabilities	854,418	93,543	748,199	1,178,972	2,875,132
Noncurrent Liabilities:					
Compensated absences liability, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,224</u>	<u>388,224</u>
Total Liabilities	854,418	93,543	748,199	1,567,196	3,263,356
Deferred Inflows of Resources					
Revenues collected in advance	472	4,950	-	-	5,422
Net Position					
Unrestricted	<u>9,410,702</u>	<u>247,078</u>	<u>2,746,552</u>	<u>(114,681)</u>	<u>12,289,651</u>
Total Net Position	\$ <u>9,410,702</u>	\$ <u>247,078</u>	\$ <u>2,746,552</u>	\$ <u>(114,681)</u>	\$ <u>12,289,651</u>

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Supplementary Information
 Proprietary Funds
 Combining Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2021

	<u>Health Fund</u>	<u>Dental Fund</u>	<u>Workers' Compensation Fund</u>	<u>Compensated Absences Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenues					
Employee and employer contributions	\$ 7,890,981	\$ 496,956	\$ 296,167	\$ 552,551	\$ 9,236,655
Total Operating Revenues	7,890,981	496,956	296,167	552,551	9,236,655
Operating Expenses					
Employee benefits	<u>7,917,720</u>	<u>474,826</u>	<u>610,601</u>	<u>568,785</u>	<u>9,571,932</u>
Total Operating Expenses	<u>7,917,720</u>	<u>474,826</u>	<u>610,601</u>	<u>568,785</u>	<u>9,571,932</u>
Operating Income (Loss)	(26,739)	22,130	(314,434)	(16,234)	(335,277)
Nonoperating Revenues (Expenses)					
Investment income	17,336	254	7,022	1,637	26,249
Miscellaneous expenses	<u>(123,020)</u>	<u>-</u>	<u>(20,977)</u>	<u>-</u>	<u>(143,997)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(105,684)</u>	<u>254</u>	<u>(13,955)</u>	<u>1,637</u>	<u>(117,748)</u>
Change in Net Position	(132,423)	22,384	(328,389)	(14,597)	(453,025)
Net Position at Beginning of Year	<u>9,543,125</u>	<u>224,694</u>	<u>3,074,941</u>	<u>(100,084)</u>	<u>12,742,676</u>
Net Position at End of Year	\$ <u>9,410,702</u>	\$ <u>247,078</u>	\$ <u>2,746,552</u>	\$ <u>(114,681)</u>	\$ <u>12,289,651</u>

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Supplementary Information
 Proprietary Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2021

	Health Fund	Dental Fund	Workers' Compensation Fund	Compensated Absences Fund	Total Internal Service Funds
Cash Flows From Operating Activities					
Receipts from users	\$ 7,660,746	\$ 497,996	\$ 310,534	\$ 552,551	\$ 9,021,827
Payments to providers	(7,873,545)	(474,068)	(661,561)	(641,507)	(9,650,681)
Other	<u>(123,020)</u>	<u>-</u>	<u>(20,977)</u>	<u>-</u>	<u>(143,997)</u>
Net Cash Provided By (Used For) Operating Activities	(335,819)	23,928	(372,004)	(88,956)	(772,851)
Cash Flows From Noncapital Financing Activities					
Net change in due to/from other funds	<u>483,678</u>	<u>34,897</u>	<u>58,820</u>	<u>512,101</u>	<u>1,089,496</u>
Net Cash Provided By Noncapital Financing Activities	483,678	34,897	58,820	512,101	1,089,496
Cash Flows From Investing Activities					
Investment income	<u>17,336</u>	<u>254</u>	<u>7,022</u>	<u>1,637</u>	<u>26,249</u>
Net Cash Provided By Investing Activities	<u>17,336</u>	<u>254</u>	<u>7,022</u>	<u>1,637</u>	<u>26,249</u>
Net Change in Cash and Short-Term Investments	165,195	59,079	(306,162)	424,782	342,894
Cash and Short-Term Investments, Beginning of Year	<u>9,808,593</u>	<u>196,939</u>	<u>3,541,718</u>	<u>904,352</u>	<u>14,451,602</u>
Cash and Short-Term Investments, End of Year	<u>\$ 9,973,788</u>	<u>\$ 256,018</u>	<u>\$ 3,235,556</u>	<u>\$ 1,329,134</u>	<u>\$ 14,794,496</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities					
Operating income (loss)	\$ (26,739)	\$ 22,130	\$ (314,434)	\$ (16,234)	\$ (335,277)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Nonoperating expenses	(123,020)	-	(20,977)	-	(143,997)
Changes in assets and liabilities:					
Accounts receivable	(226,522)	649	71,083	-	(154,790)
Due from other governments	1,034	-	(56,716)	-	(55,682)
Prepaid expenses	(650)	(4,400)	3,606	-	(1,444)
Accounts payable	(3,974)	1,108	4,060	-	1,194
Accrued payroll	-	-	858	21,604	22,462
Incurred but not reported claims liability	48,799	4,050	(59,484)	-	(6,635)
Compensated absences liability	-	-	-	(94,326)	(94,326)
Revenues collected in advance	<u>(4,747)</u>	<u>391</u>	<u>-</u>	<u>-</u>	<u>(4,356)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (335,819)</u>	<u>\$ 23,928</u>	<u>\$ (372,004)</u>	<u>\$ (88,956)</u>	<u>\$ (772,851)</u>

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Supplementary Information
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2021

	Registry of Deeds Tax Fund	Inmate Fund	Nursing Home Residents Fund	Assisted Living Security Deposits	Total Custodial Funds
Assets					
Cash and short-term investments	\$ -	\$ 335,956	\$ 135,816	\$ 55,376	\$ 527,148
Accounts receivable	-	-	476	-	476
Due from primary government	<u>6,115,259</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>6,115,334</u>
Total Assets	6,115,259	336,031	136,292	55,376	6,642,958
 Liabilities					
Accounts payable	-	3,708	-	-	3,708
Due to primary government	-	306,097	4,836	-	310,933
Due to State of New Hampshire	<u>6,115,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,115,259</u>
Total Liabilities	6,115,259	309,805	4,836	-	6,429,900
 Net Position					
Restricted for individuals and other governments	\$ <u>-</u>	\$ <u>26,226</u>	\$ <u>131,456</u>	\$ <u>55,376</u>	\$ <u>213,058</u>

See Independent Auditor's Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Supplementary Information
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 June 30, 2021

	Registry of Deeds Tax <u>Fund</u>	Inmate <u>Fund</u>	Nursing Home Residents <u>Fund</u>	Assisted Living <u>Security Deposits</u>	Total Custodial <u>Funds</u>
Additions					
Taxes collected for State of New Hampshire	\$ 58,220,009	\$ -	\$ -	\$ -	\$ 58,220,009
Funds collected for resident, inmates, and others	<u>-</u>	<u>308,197</u>	<u>989,539</u>	<u>18,237</u>	<u>1,315,973</u>
Total Additions	58,220,009	308,197	989,539	18,237	59,535,982
Deductions					
Payments of fees to State of New Hampshire	58,220,009	-	-	-	58,220,009
Other payments on behalf of residents, inmates, and others	<u>-</u>	<u>305,355</u>	<u>993,824</u>	<u>24,221</u>	<u>1,323,400</u>
Total Deductions	<u>58,220,009</u>	<u>305,355</u>	<u>993,824</u>	<u>24,221</u>	<u>59,543,409</u>
Change in Net Position	-	2,842	(4,285)	(5,984)	(7,427)
Net Position					
Beginning of Year	<u>-</u>	<u>23,384</u>	<u>135,741</u>	<u>61,360</u>	<u>220,485</u>
End of Year	\$ <u>-</u>	\$ <u>26,226</u>	\$ <u>131,456</u>	\$ <u>55,376</u>	\$ <u>213,058</u>

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