

COUNTY OF ROCKINGHAM
SINGLE AUDIT REPORTS
YEAR ENDED DECEMBER 31, 2004

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YEAR ENDED DECEMBER 31, 2004

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ROBBIN R. GRILL, CPA, PC

The Concord Center, 10 Ferry Street, Suite 311, Concord, NH 03301

Independent Auditors Report Supplemental Information

Board of County Commissions
County of Rockingham, New Hampshire

We have audited the basic financial statements of the County of Rockingham, New Hampshire, for the year ended December 31, 2004, and have issued our report thereon dated March 24, 2005. These basic financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the County of Rockingham, New Hampshire taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the schedule has been subject to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole.

Robbin R. Grill, CPA, PC

June 15, 2005

ROCKINGHAM COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Federal</u>	Pass -		<u>Federal</u>
	<u>CFDA</u>	Through	<u>Award</u>	<u>Expenditures</u>
	<u>Number</u>	<u>Entity Id</u>	<u>Amount</u>	
Awards Passed through State of New Hampshire				
<u>U. S. Department of Housing and Urban Development</u>				
Renovation of Wentworth by the Sea	14.228	99-408-CDED	\$1,000,000	\$ 242
Build a Daycare	14.228	02-408-CDE02	341,000	15,105
Port City Air Equipment	14.228	02-408-CDED	380,000	5,053
REDC & SBAC Foss Manufacturing	14.228	02-408-CDED	1,000000	967,789
<u>Total Department of Housing and Urban Development</u>				<u>\$ 988,189</u>
<u>U. S. Department of Justice</u>				
Homeland Security – Part I	16.007		\$ 36,150	\$ 18,302
Homeland Security – Part II	16.007		23,163	\$ 22,347
Juvenile Offender Monitoring Team	16.523	01-JRBX033	16,031	7,770
D. V. Pros and Advocate	16.588	2003W082	43,000	43,000
<u>Total Department of Justice</u>				<u>\$ 91,419</u>
<u>U. S. Federal Emergency Management Agency</u>				
Emergency Management Performance Grant	83.552		\$ 16,000	8,000
Emergency Management Performance Grant	83.552		17,931	8,966
<u>Total Department of Emergency Management</u>				<u>\$ 16,966</u>
<u>Total Expenditures of Federal Awards</u>				<u>\$1,096,574</u>

Note 1: Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of County of Rockingham, New Hampshire and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

June 15, 2005

Board of County Commissioners
County of Rockingham, New Hampshire

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining information of County of Rockingham, New Hampshire as of and for the year ended December 31, 2004, which collectively comprise the County of Rockingham's basic financial statements and have issued our report thereon dated March 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Rockingham's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessary disclose all matters in the internal control that might be a reportable condition or material weaknesses. A reportable condition involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect County of Rockingham's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. A material weakness is a condition in which the design or operation of one of more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be reportable condition nor a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Rockingham's basic financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance. The results of our tests disclosed no instances on noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However this report is a matter of public record and its distribution is not limited.

We extend our thanks to the officials and employees of the County of Rockingham, New Hampshire for their assistance during the course of our audit.

A handwritten signature in black ink that reads "Robbin R. Grill, CPA, PC". The signature is written in a cursive style.

Robbin R. Grill, CPA, PC.



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *OMB CIRCULAR A-133*

June 15, 2005

Board of County Commissioners
County of Rockingham, New Hampshire

Compliance

We have audited the financial statements of the County of Rockingham, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The County of Rockingham major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations contracts and grants applicable to each of its major federal programs is the responsibility of the County of Rockingham's management. Our responsibility is to express an opinion on the County of Rockingham's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Rockingham's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Rockingham's compliance with those requirements.

In our opinion, the County of Rockingham complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the County of Rockingham is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to programs. In planning and performing our audit, We considered the County of Rockingham's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We extend our thanks to the officials and employees of the County of Rockingham for their assistance during the course of our audit.

A handwritten signature in black ink that reads "Robbin R. Grill, CPA, PC". The signature is written in a cursive style.

Robbin R. Grill, CPA, PC

COUNTY OF ROCKINGHAM

SCHEDULE OF QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2004

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Rockingham County.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instance of noncompliance material to the financial statements of the Rockingham County were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal awards programs.
5. The auditor's report on compliance for the major federal award programs for the Rockingham County expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for the Rockingham County are reported in Part C of this schedule.
7. The programs tested as major programs:

Department of Housing and Urban Development

Community Development Block Grants:

CFDA #14.228	Renovation of Wentworth by the Sea	\$	242
CFDA #14.228	Build a Daycare		15,105
CFDA #14.228	Port City Air Equipment		5,053
CFDA #14.228	REDC & SBAC Foss Manufacturing		967,789

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Rockingham County was determined to be a high risk auditee.

B Findings – Financial Statement Audit

REPORTABLE CONDITIONS

No reportable conditions were identified during the financial statement audit.

C Findings and Questioned Costs – Major Federal Award Programs Audit

No findings and/or questioned costs were found during the major federal award program audit.

Appendix on Internal Controls

This is an Appendix to the June 15, 2005 County of Rockingham's report on internal control and compliance on an audit performed in accordance with *OMB Circular A-133*. The following are items that came to our attention during the audit regarding the design and operations of internal controls and compliance with laws, regulations and other provisions of contracts and grants:

04-1 Grant Approval

Criteria: Rockingham County must establish an adequate financial management system as part of the general conditions associated with the receipt of Federal grant funds.

Condition: Application for and approval of grants are not submitted to the Commissioners on a timely basis. In August and September, grants dating back to the beginning of the year had to be retroactively accepted and approved

Cause: Certain elected officials and department heads may at time get grants and apply for grants without following County policy of "prior to acceptance, the Commissions must approve all grants in a public meeting."

Effect: The financial management system is not entirely effective or efficient.

Recommendation: Applications for grants should be submitted to the Commissioners for approval prior to applying for or obtaining the grant. Appropriate accounting records should be forwarded to the Finance Office.

Management Response: We recognize the importance of accountability of public funds and internal controls are a top priority. We have had a policy in place requiring that departments obtain approval from the Commissioners to apply for grants and subsequently for accepting grants. We continue to remind departments of the procedures.