

**COUNTY OF
ROCKINGHAM, NEW HAMPSHIRE**

Annual Financial Statements

For the Year Ended December 31, 2010

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities in the Statement of Net Assets	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund	14
Proprietary Funds:	
Statement of Net Assets	15
Statement of Revenues, Expenses, and Changes in Fund Net Assets	16
Statement of Cash Flows	17
Fiduciary Funds:	
Statement of Fiduciary Net Assets	18
Notes to the Financial Statements	19

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of Funding Progress	43
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SUPPLEMENTARY INFORMATION:

Combining Balance Sheet – Nonmajor Governmental Funds	44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	45
Combining Statement of Net Assets – Proprietary Funds	46
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	47
Combining Statement of Cash Flows – Proprietary Funds	48
Combining Statement of Fiduciary Net Assets	49



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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
County of Rockingham, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of County of Rockingham, New Hampshire, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County of Rockingham'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 statement presentation. We believe that our audit provides a reasonable basis for our 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 County of Rockingham, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis appearing on the following pages, and the supplementary information appearing on page 43 are not required parts of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management

Additional Offices:

Andover, MA • Greenfield, MA • Ellsworth, ME • Manchester, NH

regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In addition, the supplementary information appearing on pages 44 - 49, is presented for purposes of additional analysis and is not a required part of the basic financial statements of County of Rockingham. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 11, 2011 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Melanson, Heath + Company P.C.

Nashua, New Hampshire
July 11, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County of Rockingham's financial management offers readers of these financial statements this narrative, overview, and analysis of the financial activities of the County of Rockingham (County) for the year ended December 31, 2010. This discussion and analysis is designed to assist the readers in focusing on the significant financial issues and activities of the County and to identify any significant change in financial position. Readers are encouraged to review the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

A. FINANCIAL HIGHLIGHTS – GOVERNMENT WIDE

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$ 55,253,386 (net assets).
- The County's total net assets reflect an increase of \$ 3,710,105 and its long-term liabilities continue to decrease as debt is paid off.

B. FINANCIAL HIGHLIGHTS – FUND STATEMENTS

- As of the close of the year, the County's reported combined ending fund balances of \$ 27,932,600 were an increase of \$ 4,641,836 in comparison with the prior year, as restated. The increase is partially due to favorable results for actual expenditures when compared to actual revenues. While revenues were incurred as expected, expenses were underspent notably with regards to categorical assistance, \$ 2.1 million less than expected, health expenses \$ 1.1 million less than expected, and contracted therapy services, \$ 600 thousand less than expected.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$ 20,146,778 or 28% of total General Fund (budgeted) appropriations.
- The County's total debt decreased by \$ 1,442,542 during the current year.
- The County retains an Aa2 bond rating for its long-term borrowing and maintained its MIG-1 rating on its short-term borrowing. This bond rating is a clear indication of the sound financial condition of the County.

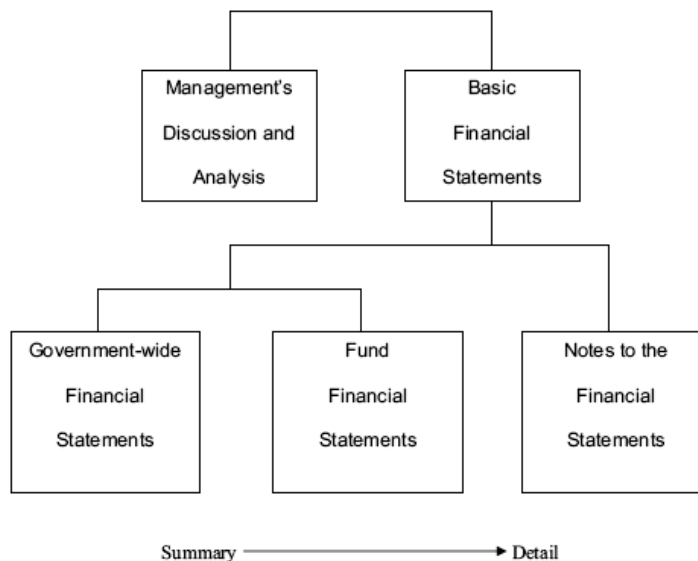
C. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure 1).

The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

- The statements presented on pages 8 and 9 are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.
- The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. They provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: (1) the governmental fund statements, (2) the budgetary comparison statements, (3) the proprietary fund statements, and (4) the fiduciary fund statements.
- The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes, is the required supplemental information that further explains and support the information in the financial statements.

Required Components of Annual Financial Report
Figure 1



D. ANALYSIS OF NET ASSETS

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

Table 1

	<u>NET ASSETS</u>	
	Governmental <u>Activities</u>	
	<u>2010</u>	<u>2009 *</u>
Current and other assets	\$ 42,166,318	\$ 39,776,333
Capital assets	<u>31,875,468</u>	<u>32,756,234</u>
Total assets	74,041,786	72,532,567
Long-term liabilities	3,630,687	9,104,067
Other liabilities	<u>15,157,713</u>	<u>11,885,219</u>
Total liabilities	18,788,400	20,989,286
Net assets:		
Invested in capital assets, net	27,877,625	27,315,849
Restricted	748,652	760,944
Unrestricted	<u>26,627,109</u>	<u>23,466,488</u>
Total net assets	<u>\$ 55,253,386</u>	<u>\$ 51,543,281</u>

* = As restated

Table 2

	<u>CHANGES IN NET ASSETS</u>	
	Governmental <u>Activities</u>	
	<u>2010</u>	<u>2009 *</u>
Revenues:		
Program revenues:		
Charges for services	\$ 26,249,315	\$ 25,114,690
Operating grants and contributions	395,013	152,378
General revenues:		
Taxes	42,234,044	41,779,570
Grants and contributions not restricted to specific programs	1,014,718	516,998
Interest	73,797	133,391
Miscellaneous	<u>44,308</u>	<u>134,438</u>
Total revenues	70,011,195	67,831,465

* = As restated

(continued)

(continued)

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009*</u>
Expenses:		
Administration	6,266,110	6,103,188
Law enforcement	15,441,155	14,950,088
Human care and services	37,455,140	39,746,425
Other	6,950,562	6,354,058
Debt interest	188,123	234,591
Total expenses	<u>66,301,090</u>	<u>67,388,350</u>
Change in net assets	3,710,105	443,115
Net assets - beginning of year (as restated)	<u>51,543,281</u>	<u>51,100,166</u>
Net assets - end of year	<u>\$ 55,253,386</u>	<u>\$ 51,543,281</u>

* = As restated

E. COUNTY GOVERNMENT 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, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the County.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund appropriations. At December 31, 2010, unreserved fund balance represents 28% of total General Fund (budgeted) appropriations, while total fund balance represents 34% of that same amount.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At December 31, 2010 the County reported \$ 31.9 million in capital assets, net of depreciation, which includes construction in progress of \$ 1,108,211. These assets include land, buildings and improvements, machinery, equipment and furnishings, and vehicles.

Long-term debt. At December 31, 2010 the County had \$ 4.0 million in outstanding long-term debt. \$ 1.1 million originates from a general obligation

bond maturing in 2012. The remaining \$ 2.9 million is for capital leases, including an energy management project completed in 2004.

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

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

- A temporary increase in Federal Medical Assistance Percentage (FMAP) for Medicaid expenditures to the State of New Hampshire results in a temporary decrease in expenditures totaling approximately \$ 1.88 million. This is approximately half the amount recorded in 2010. The temporary increase in FMAP is part of the American Recovery and Reinvestment Act of 2009 and is currently scheduled to end on June 30, 2011.
- Property taxes account for 56% of expected resources for 2011.
- The Nursing Home will recover the \$ 700,000 in lost Medicaid revenues incurred in 2010 through increases to the daily rate in 2011.
- The therapy services program that the Nursing Home instituted in 2010 is expected to continue to generate increased revenues that have slowed down the deficit. The increase in Therapy Services revenue is a major component of the anticipated \$ 1.4 million increase in Long Term Care revenue for 2011. The Nursing Home continues to institute cost saving measures during 2011 without affecting the quality of care.
- The increase to the cost of health insurance has been capped at 20% effective July 1, 2011 by a contract awarded in 2009. The cap will not be in place for 2012.

REQUESTS FOR INFORMATION

This financial report is intended to provide report users with a general overview of the County's finances at December 31, 2010. Questions about this report can be directed to the Finance Office at 119 North Road, Brentwood, New Hampshire, 03833. Additional information about the County of Rockingham can be found at www.co.rockingham.nh.us.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Current:	
Cash and short-term investments	\$ 36,387,951
Investments	71,146
Receivables:	
Accounts, net	1,130,888
Intergovernmental, net	3,479,917
Due from fiduciary funds	299,155
Prepaid expenses	63,221
Inventory	734,027
Other assets	13
Noncurrent:	
Capital Assets:	
Land	578,857
Construction in progress	1,108,211
Other assets, net of accumulated depreciation	<u>30,188,400</u>
TOTAL ASSETS	74,041,786
LIABILITIES	
Current:	
Accounts payable	1,046,652
Accrued payroll and related liabilities	1,625,078
Deferred revenues	10,666
Intergovernmental payables	7,399,507
Incurred but not reported claims liability	1,255,300
Accrued interest payable	26,440
Current portion of long-term liabilities:	
Bonds payable	555,000
Capital lease payable	372,873
Compensated absences	2,866,197
Noncurrent:	
Bonds payable, net of current portion	550,000
Capital lease payable, net of current portion	2,519,970
Compensated absences, net of current portion	188,978
Net OPEB obligation	<u>371,739</u>
TOTAL LIABILITIES	18,788,400
NET ASSETS	
Invested in capital assets, net of related debt	27,877,625
Restricted for:	
Grants and other statutory restrictions	719,253
Permanent funds:	
Nonexpendable	26,565
Expendable	2,834
Unrestricted	<u>26,627,109</u>
TOTAL NET ASSETS	\$ <u>55,253,386</u>

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 1,777,063	\$ -	\$ -	\$ -	\$ (1,777,063)
Commissioners	164,476	-	-	-	(164,476)
Treasurer	13,945	-	-	-	(13,945)
County attorney	3,185,174	223,566	30,000	-	(2,931,608)
Medical examiner	42,552	-	-	-	(42,552)
Deeds	1,198,712	3,138,180	-	-	1,939,468
Sheriff/dispatch/radio	5,041,557	1,047,443	365,013	-	(3,629,101)
Delegation	82,639	-	-	-	(82,639)
Finance	1,006,327	-	-	-	(1,006,327)
Maintenance	4,181,476	27,975	-	-	(4,153,501)
Human services	304,163	16,073	-	-	(288,090)
Public assistance	9,803,335	-	-	-	(9,803,335)
Human resources	466,800	-	-	-	(466,800)
Corrections	10,399,598	238,787	-	-	(10,160,811)
Nursing home	25,705,765	20,160,600	-	-	(5,545,165)
Assisted living	1,599,325	1,380,354	-	-	(218,971)
Information technology	350,447	16,337	-	-	(334,110)
Extension service	502,613	-	-	-	(502,613)
Non-county specials	287,000	-	-	-	(287,000)
Interest	188,123	-	-	-	(188,123)
Total Governmental Activities	<u>\$ 66,301,090</u>	<u>\$ 26,249,315</u>	<u>\$ 395,013</u>	<u>\$ -</u>	(39,656,762)
General Revenues:					
					42,234,044
					1,014,718
					73,797
					44,308
Total general revenues					<u>43,366,867</u>
Change in Net Assets					3,710,105
Net Assets:					
					51,543,281
					<u>\$ 55,253,386</u>

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2010

ASSETS	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and short-term investments	\$ 31,851,798	\$ 61,704	\$ 240,428	\$ 32,153,930
Investments	-	-	71,146	71,146
Receivables:				
Accounts, net	1,128,914	-	-	1,128,914
Intergovernmental, net	3,417,178	-	-	3,417,178
Due from other funds	1,103,486	3,399,085	491,018	4,993,589
Prepaid expenses	63,221	-	-	63,221
Inventory	734,027	-	-	734,027
Other assets	13	-	-	13
TOTAL ASSETS	\$ <u>38,298,637</u>	\$ <u>3,460,789</u>	\$ <u>802,592</u>	\$ <u>42,562,018</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 933,623	\$ 63,358	\$ -	\$ 996,981
Accrued payroll and related liabilities	1,625,078	-	-	1,625,078
Deferred revenues	2,933	-	-	2,933
Intergovernmental payables	7,399,507	-	-	7,399,507
Due to other funds	<u>3,929,641</u>	<u>621,338</u>	<u>53,940</u>	<u>4,604,919</u>
TOTAL LIABILITIES	13,890,782	684,696	53,940	14,629,418
Fund Balances:				
Reserved for:				
Special purposes	3,324,000	-	-	3,324,000
Encumbrances and continuing appropriations	139,829	72,700	-	212,529
Prepaid expenses	63,221	-	-	63,221
Inventory	734,027	-	-	734,027
Perpetual (unexpendable) permanent funds	-	-	26,565	26,565
Unreserved:				
Undesignated, reported in:				
General fund	20,146,778	-	-	20,146,778
Special revenue funds	-	-	719,253	719,253
Capital project funds	-	2,703,393	-	2,703,393
Permanent funds	<u>-</u>	<u>-</u>	<u>2,834</u>	<u>2,834</u>
TOTAL FUND BALANCES	<u>24,407,855</u>	<u>2,776,093</u>	<u>748,652</u>	<u>27,932,600</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>38,298,637</u>	\$ <u>3,460,789</u>	\$ <u>802,592</u>	\$ <u>42,562,018</u>

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET ASSETS

DECEMBER 31, 2010

TOTAL GOVERNMENTAL FUND BALANCES	\$ 27,932,600
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	31,875,468
<ul style="list-style-type: none">• 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 Assets.	1,622,901
<ul style="list-style-type: none">• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(26,440)
<ul style="list-style-type: none">• Long-term liabilities, including bonds payable, capital lease payable, compensated absences, and net OPEB obligation are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(6,151,143)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 55,253,386</u></u>

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 42,234,044	\$ -	\$ -	\$ 42,234,044
Charges for services	26,136,251	-	182,065	26,318,316
Intergovernmental	1,340,732	-	-	1,340,732
Investment income	60,711	3,100	3,230	67,041
Miscellaneous	<u>42,940</u>	<u>1,368</u>	<u>-</u>	<u>44,308</u>
Total Revenues	69,814,678	4,468	185,295	70,004,441
Expenditures:				
Current:				
General government	1,777,063	-	-	1,777,063
Commissioners	157,407	-	-	157,407
Treasurer	13,926	-	-	13,926
County attorney	3,080,298	-	26,560	3,106,858
Medical examiner	42,552	-	-	42,552
Deeds	1,169,889	-	-	1,169,889
Sheriff/dispatch/radio	4,959,887	-	5,843	4,965,730
Delegation	77,148	-	-	77,148
Finance	992,150	-	-	992,150
Maintenance	3,984,370	-	-	3,984,370
Human services	286,067	-	-	286,067
Public assistance	9,803,335	-	-	9,803,335
Human resources	453,249	-	-	453,249
Corrections	9,822,854	-	-	9,822,854
Nursing home	24,041,801	-	-	24,041,801
Assisted living	1,367,173	-	-	1,367,173
Information technology	348,140	-	-	348,140
Extension service	474,745	-	-	474,745
Non-county specials	287,000	-	-	287,000
Capital outlay	42,829	883,595	-	926,424
Debt service:				
Principal	1,220,000	-	217,592	1,437,592
Interest	<u>68,694</u>	<u>-</u>	<u>141,239</u>	<u>209,933</u>
Total Expenditures	<u>64,470,577</u>	<u>883,595</u>	<u>391,234</u>	<u>65,745,406</u>
Excess (deficiency) of revenues over expenditures	5,344,101	(879,127)	(205,939)	4,259,035
Other Financing Sources (Uses):				
Proceeds of capital lease	143,931	-	-	143,931
Transfers in	406,028	500,000	371,390	1,277,418
Transfers out	<u>(871,390)</u>	<u>-</u>	<u>(167,158)</u>	<u>(1,038,548)</u>
Total Other Financing Sources (Uses)	<u>(321,431)</u>	<u>500,000</u>	<u>204,232</u>	<u>382,801</u>
Change in fund balance	5,022,670	(379,127)	(1,707)	4,641,836
Fund Equity, at Beginning of Year, as restated	<u>19,385,185</u>	<u>3,155,220</u>	<u>750,359</u>	<u>23,290,764</u>
Fund Equity, at End of Year	<u>\$ 24,407,855</u>	<u>\$ 2,776,093</u>	<u>\$ 748,652</u>	<u>\$ 27,932,600</u>

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

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

FOR THE YEAR ENDED DECEMBER 31, 2010

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,641,836																		
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay purchases</td> <td style="text-align: right;">1,252,038</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(2,132,802)</td> </tr> </table> • The issuance of long-term debt (e.g., bonds and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of debt</td> <td style="text-align: right;">(143,931)</td> </tr> <tr> <td>Repayments of debt - bonds</td> <td style="text-align: right;">1,220,000</td> </tr> <tr> <td>Repayments of debt - capital leases</td> <td style="text-align: right;">366,473</td> </tr> </table> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">21,808</td> </tr> </table> • Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td>Compensated absences - change in unfunded liability</td> <td style="text-align: right;">(3,788)</td> </tr> <tr> <td>Net OPEB obligation</td> <td style="text-align: right;">(120,191)</td> </tr> </table> • Internal service funds are used by management to account for certain activities. The net activity of internal service funds is reported with Governmental Activities. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;"><u>(1,391,338)</u></td> </tr> </table> 		Capital outlay purchases	1,252,038	Depreciation	(2,132,802)	Issuance of debt	(143,931)	Repayments of debt - bonds	1,220,000	Repayments of debt - capital leases	366,473		21,808	Compensated absences - change in unfunded liability	(3,788)	Net OPEB obligation	(120,191)		<u>(1,391,338)</u>
Capital outlay purchases	1,252,038																		
Depreciation	(2,132,802)																		
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Compensated absences - change in unfunded liability	(3,788)																		
Net OPEB obligation	(120,191)																		
	<u>(1,391,338)</u>																		
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>3,710,105</u>																		

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES,
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues and other sources:				
Taxes	\$ 42,232,608	\$ 42,232,608	\$ 42,234,044	\$ 1,436
Charges for services:				
County attorney	207,332	207,332	241,437	34,105
Deeds	2,180,000	2,180,000	3,017,624	837,624
Sheriff/dispatch/radio	1,186,515	1,186,515	1,079,939	(106,576)
Maintenance	-	-	3,009	3,009
Information technology	-	-	16,337	16,337
Property management	21,520	21,520	24,966	3,446
Human services	5,244	5,244	16,073	10,829
Corrections	220,000	220,000	207,837	(12,163)
Long term care services:				
Nursing home	19,629,103	19,629,103	20,148,725	519,622
Assisted living	1,454,680	1,454,680	1,380,304	(74,376)
Intergovernmental	2,240,189	2,240,189	1,340,732	(899,457)
Investment income	100,000	100,000	60,711	(39,289)
Miscellaneous	17,100	17,100	42,940	25,840
Other financing sources:				
Transfers in	180,988	180,988	406,028	225,040
Use of fund balance	3,100,000	3,100,000	3,100,000	-
Total Revenues and Other Sources	72,775,279	72,775,279	73,320,706	545,427
Expenditures and other uses:				
Current:				
General government	3,108,441	3,111,817	1,782,564	1,329,253
Commissioners	185,322	185,322	157,407	27,915
Treasurer	14,317	14,317	13,926	391
County attorney	3,117,671	3,117,671	3,080,628	37,043
Medical examiner	43,102	43,102	42,552	550
Deeds	1,382,388	1,382,388	1,260,854	121,534
Sheriff/dispatch/radio	5,480,725	5,532,000	4,874,821	657,179
Delegation	88,978	88,978	77,148	11,830
Finance	994,024	990,326	929,600	60,726
Maintenance	4,630,645	4,282,639	3,926,742	355,897
Human services	237,224	237,224	286,067	(48,843)
Public assistance	11,910,565	11,910,565	9,803,335	2,107,230
Human resources	452,484	469,744	453,249	16,495
Corrections	10,444,189	10,441,388	9,808,632	632,756
Nursing home	26,128,719	26,037,460	24,037,316	2,000,144
Assisted living	1,574,477	1,570,442	1,367,173	203,269
Information technology	339,093	341,893	328,788	13,105
Extension service	500,214	503,912	474,745	29,167
Non-county specials	287,000	287,000	287,000	-
Capital outlay	67,000	67,000	42,829	24,171
Debt service	1,288,701	1,288,701	1,288,694	7
Other financing uses:				
Transfers out	500,000	871,390	871,390	-
Total Expenditures and Other Uses	72,775,279	72,775,279	65,195,460	7,579,819
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 8,125,246	\$ 8,125,246

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	<u>Governmental Activities Internal Service Funds</u>
<u>ASSETS</u>	
Current:	
Cash and short-term investments	\$ 4,234,021
Receivables:	
Accounts	1,974
Intergovernmental	62,739
Due from other funds	<u>1,020,620</u>
Total current assets	<u>5,319,354</u>
TOTAL ASSETS	5,319,354
<u>LIABILITIES</u>	
Current:	
Accounts payable	49,671
Due to other funds	1,110,137
Deferred revenue	7,733
Incurred but not reported claims liability	1,255,300
Current portion of long-term liabilities:	
Compensated absences	<u>890,005</u>
Total current liabilities	<u>3,312,846</u>
Noncurrent:	
Compensated absences, net of current portion	<u>383,607</u>
Total noncurrent liabilities	<u>383,607</u>
TOTAL LIABILITIES	3,696,453
<u>NET ASSETS</u>	
Unrestricted	<u>1,622,901</u>
TOTAL NET ASSETS	\$ <u><u>1,622,901</u></u>

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:	
Employee and employer contributions	\$ <u>1,550,200</u>
Total Operating Revenues	1,550,200
Operating Expenses:	
Employee benefits	<u>2,749,314</u>
Total Operating Expenses	<u>2,749,314</u>
Operating Income (Loss)	(1,199,114)
Nonoperating Revenues (Expenses):	
Investment income	6,756
Miscellaneous	<u>39,890</u>
Total Nonoperating Revenues (Expenses), Net	<u>46,646</u>
Income (Loss) Before Transfers	(1,152,468)
Transfers:	
Transfers in	971,578
Transfers out	<u>(1,210,448)</u>
Change in Net Assets	(1,391,338)
Net Assets at Beginning of Year, as restated	<u>3,014,239</u>
Net Assets at End of Year	<u><u>\$ 1,622,901</u></u>

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<u>Cash Flows From Operating Activities:</u>	
Receipts from interfund service provided	\$ 1,549,576
Payments of employee benefits and expenses	<u>(2,191,246)</u>
Net Cash Used For Operating Activities	(641,670)
<u>Cash Flows From Noncapital Financing Activities:</u>	
Net change in due to/from other funds	(746,200)
Transfers out	(238,870)
Other	<u>39,890</u>
Net Cash Used For Noncapital Financing Activities	(945,180)
<u>Cash Flows From Investing Activities:</u>	
Investment income	<u>6,756</u>
Net Cash Provided By Investing Activities	<u>6,756</u>
Net Change in Cash and Short-Term Investments	(1,580,094)
Cash and Short-Term Investments, Beginning of Year	<u>5,814,115</u>
Cash and Short-Term Investments, End of Year	<u><u>\$ 4,234,021</u></u>
<u>Reconciliation of Operating Income to Net Cash Used For Operating Activities:</u>	
Operating income (loss)	\$ (1,199,114)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(116)
Other assets/prepaid expenses	2,217
Accounts payable	(9,441)
Incurred but not reported claims liability	926,039
Deferred revenue	(508)
Compensated absences liability	<u>(360,747)</u>
Net Cash Used For Operating Activities	<u><u>\$ (641,670)</u></u>

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and short-term investments	\$ <u>509,139</u>
Total Assets	509,139
 <u>LIABILITIES</u>	
Accounts payable	2,294
Due to other funds	299,153
Due to residents	<u>207,692</u>
Total Liabilities	<u>\$ 509,139</u>

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Notes to the Financial Statements

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as well as the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they

are collectible within the current period and available to pay current liabilities. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Generally, all other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service, claims and judgment expenditures are recorded only when payment is due.

The County may report deferred revenue on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period or when resources are received by the government before it has a legal claim to them (such as grant monies). In subsequent periods, when both revenue recognition criteria are met, or when the county has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The County reports the following major governmental funds:

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

Non-major governmental funds provide for **special revenue, debt service and permanent fund** activity.

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

Fiduciary funds are generally used to account for assets that the government holds on behalf of others. The County currently has the following individual agency funds: (1) **Inmate Funds** - To account for various funds held by the County for individuals incarcerated at the County Corrections Facility, (2) **Trust Funds** - To account for funds designated for subsequent year's expenditures of the Long-Term Care facilities as appropriated and (3) **Residents Funds** - To account for funds held by the county for individuals living in the Long-Term Care facility.

D. Cash and Short-Term Investments

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

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income. Proprietary Fund investment income is comprised of \$ 6,756 in interest for the year.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

E. Investments

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

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

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

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

Investments, if any, are stated at fair value, in accordance with GASB Statement #31, "Accounting and Financial Reporting for Certain Invest-

ments and for External Investment Pools". The fair value of investments is determined annually and is based on current market prices. Fair value fluctuates with interest rates and increasing rates could cause fair value to decline below original cost. County Management believes that liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

F. Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed. Any residual balances outstanding between the funds are reported in the government-wide financial statements as internal balances. However, the government-wide statement of activities eliminates transfers reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

G. Inventory

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

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of three years, except for the Nursing Home cost reporting purposes, where assets are capitalized at \$ 500 and more with a useful life of at least three years.

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

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

Additionally, the infrastructure assets owned and maintained by the County include only utility tunnels, drainage systems, water and sewer systems and dams and are included in the cost of the building and improvements

the infrastructure is most identified with. Condition assessments are performed regularly and the results are used to budget annually the amount necessary to maintain and preserve the infrastructure.

The County has a sizeable amount of capital asset projects in process at December 31, 2010 totaling \$ 1,108,211. The projects in process are included in the reporting of \$ 31,875,468 net Capital Assets in the related statements. Once a project is completed it is reported in the asset category (see note 8).

Property, plant and equipment is 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

I. Compensated Absences

County employees are sometimes entitled to certain compensated absences based, in part, on their length of employment. In accordance with GASB Statement #16, "Accounting for Compensated Absences", compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a liability of the fund that will pay it. The total liability at December 31, 2010 is \$ 3,055,175.

The County established a Compensated Absences Fund; a proprietary fund that has provided funding for known separations and long term absences. The funded portion of the liability reported in this fund at December 31, 2010 is \$ 1,273,612. Since its creation, the fund has increased its amount of funding available to provide for the growing liability. The fund accounts for all funded liabilities and expenditures. Any expense ineligible for fund use based on County policy is accounted for through the General Fund. Any liability for which no funding is currently available is reported in the government wide statement of net assets long term liabilities.

The calculation of compensated absences can include vacation, sick time, earned time and holiday pay that is 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.

J. 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 obliga-

tions are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets.

K. Fund Equity

For governmental funds, the unreserved fund balances represent the amount that may be available for budgeting future operations; the reserved fund balances represent the amounts that have been legally identified for specific purposes and are not appropriated for expenditure; and the designated fund balances represent tentative plans for future use of financial resources. The County has set and exceeded a financial management goal of attaining an undesignated Fund Balance of at least 12% of budgeted appropriations.

L. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Governmental revenues and expenditures are controlled by a formal integrated budgetary system which is substantially consistent with both generally accepted accounting principles (GAAP) and applicable State finance-related laws and regulations which govern the County's operations. The County budget is formally acted upon at the County Convention. During the year, appropriations may be transferred between line items, but total expenditures may not exceed the total approved budget (with the exception of emergency items, which require approval by the New Hampshire Department of Revenue Administration under RSA 32). At year end, all unencumbered annual appropriations lapse. Other appropriations, which have a longer than annual authority may carry over at year end if the governing body intends to continue or complete the special purpose for which the funds were established. State legislation also requires balanced budgets. For the County year ended December 31, 2010, \$ 3,100,000 of the beginning general fund unreserved fund balance was used to reduce taxes.

B. Encumbrances

Encumbrance accounting is utilized in the governmental funds to account for commitments relating to unperformed contracts for goods and services.

Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities of the governmental fund, but are carried forward to supplement appropriations of the succeeding year. Encumbrances outstanding at year-end in the General Fund are detailed by function as follows:

General government	\$ 5,500
Registry of Deeds	91,625
Finance office	9,450
Maintenance	3,859
County attorney	330
Corrections	4,226
Long term care	<u>24,839</u>
Total Encumbrances	<u>\$ 139,829</u>

C. Budgetary Basis

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

D. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 69,814,678	\$ 64,470,577
Other financing sources/uses (GAAP basis)	<u>549,959</u>	<u>871,390</u>
Subtotal (GAAP Basis)	70,364,637	65,341,967

(continued)

(continued)

<u>General Fund</u>	Revenues and Other <u>Financing Sources</u>	Expenditures and Other <u>Financing Uses</u>
Reverse beginning of year appropriation carryforwards from expenditures	-	(142,405)
Add end of year appropriation carryforwards to expenditures	-	139,829
Reverse proceeds of capital lease	(143,931)	(143,931)
Recognize use of fund balance as funding source	<u>3,100,000</u>	<u>-</u>
Budgetary basis	<u>\$ 73,320,706</u>	<u>\$ 65,195,460</u>

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. RSA 29:1 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus." The County does not have a deposit policy for custodial credit risk.

As of December 31, 2010, \$ 17,713 of the County's bank balance of \$ 37,698,616 was exposed to custodial credit risk as uninsured and uncollateralized.

4. Investments

A. Credit Risk

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>Aaa</u>	<u>Aa</u>	<u>Not Rated</u>
Mutual funds	\$ <u>71,146</u>	N/A	\$ <u>71,146</u>	\$ -	\$ -	\$ -
Total investments	\$ <u>71,146</u>		\$ <u>71,146</u>	\$ -	\$ -	\$ -

B. Custodial Credit Risk

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

Of the County's investment of \$ 71,146, the government has a custodial credit risk exposure of \$ 71,146 because the related securities are uninsured, unregistered and held by the County's brokerage firm, which is also the counterparty to these securities. The County manages this custodial credit risk with SIPC and excess SIPC.

C. Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer. At December 31, 2010, no investments in any one issuer (other than Federal agency securities) represent 5% or more of total investments.

D. Foreign Currency Risk

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

5. Accounts Receivable, Net

Accounts receivable consist of the following at December 31, 2010:

	General Fund	Internal Service Fund	Total
Nursing Home	\$ 972,387	\$ -	\$ 972,387
Assisted living	25,906	-	25,906
Phone commissions	42,355	-	42,355
Civil services	32,486	-	32,486
Health premiums	28,146	-	28,146
Outside detail	7,946	-	7,946
Deeds	4,704	-	4,704
Other	43,371	1,974	45,345
Total	<u>1,157,301</u>	<u>1,974</u>	<u>1,159,275</u>
Less: allowance for doubtful accounts	<u>(28,387)</u>	<u>-</u>	<u>(28,387)</u>
Total intergovernmental receivables, net	<u>\$ 1,128,914</u>	<u>\$ 1,974</u>	<u>\$ 1,130,888</u>

6. Intergovernmental Receivables, Net

Intergovernmental receivables consist of the following at December 31, 2010:

	General Fund	Internal Service Fund	Total
State of New Hampshire	\$ 2,821,821	\$ 62,739	\$ 2,884,560
Medicare	760,381	-	760,381
Other	19,741	-	19,741
Total	<u>3,601,943</u>	<u>62,739</u>	<u>3,664,682</u>
Less: allowance for doubtful accounts	<u>(184,765)</u>	<u>-</u>	<u>(184,765)</u>
Total intergovernmental receivables, net	<u>\$ 3,417,178</u>	<u>\$ 62,739</u>	<u>\$ 3,479,917</u>

7. Interfund Fund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the December 31, 2010 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,103,486	\$ 3,929,641
Special Revenue Funds:		
Expendable Trust	-	24,193
Nursing Home Special Account	3,428	12,193
Assisted Living Donations	2,986	-
Inmate Commissary	106,432	-
Inmate Chapel	6,782	-
Debt Service	371,390	-
Capital Project Fund	3,399,085	621,338
Internal Service Funds:		
Health	-	971,578
Dental	11,537	429
Workers' Compensation	999,453	8,894
Compensated Absences	9,630	129,236
Permanent Trust Fund	-	17,554
Agency Funds:		
Inmates	-	285,850
Nursing Home Residents	-	5,863
Assisted Living Security Deposits	-	7,440
Total	<u>\$ 6,014,209</u>	<u>\$ 6,014,209</u>

8. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 53,450	\$ 760	\$ -	\$ 54,210
Machinery, equipment, and furnishings	10,625	240	(26)	10,839
Vehicles	1,463	98	(167)	1,394
Total capital assets, being depreciated	<u>65,538</u>	<u>1,098</u>	<u>(193)</u>	<u>66,443</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,440)	(1,664)	-	(26,104)
Machinery, equipment, and furnishings	(8,730)	(323)	26	(9,027)
Vehicles	(1,145)	(146)	167	(1,124)
Total accumulated depreciation	<u>(34,315)</u>	<u>(2,133)</u>	<u>193</u>	<u>(36,255)</u>
Total capital assets, being depreciated, net	31,223	(1,035)	-	30,188
Capital assets, not being depreciated:				
Land	579	-	-	579
Construction in progress	954	154	-	1,108
Total capital assets, not being depreciated	<u>1,533</u>	<u>154</u>	<u>-</u>	<u>1,687</u>
Governmental activities capital assets, net	<u>\$ 32,756</u>	<u>\$ (881)</u>	<u>\$ -</u>	<u>\$ 31,875</u>

Depreciation expense was charged to functions of the County as follows (in thousands):

Governmental Activities:	
Commissioners	\$ 1,962
Treasurer	15
County attorney	9,993
Deeds	16,418
Sheriff/dispatch/radio	139,167
Delegation	604
Finance	2,347
Maintenance	262,683
Human services	7,419
Human resources	7,803
Corrections	485,972
Nursing home	1,007,927
Assisted living	156,084
Information technology	11,367
Extension service	<u>23,041</u>
Total depreciation expense - governmental activities	\$ <u><u>2,132,802</u></u>

9. Accounts Payable

Accounts payable represent additional 2010 expenditures paid after December 31, 2010.

10. Intergovernmental Payables

Intergovernmental payables consist of the following at December 31, 2010:

	<u>General Fund</u>
State of New Hampshire	\$ 7,306,853 *
County of Strafford	87,457
Other	5,197
Total	\$ <u><u>7,399,507</u></u>

* = Includes approximately \$ 2.1 million of transfer taxes and \$ 4.9 million related to human services liabilities.

11. Deferred Revenue

Governmental funds report deferred revenue in connection with revenues that are not considered to be available to liquidate liabilities of the current period.

12. Anticipation Notes Payable

The following summarizes activity of notes payable during fiscal year 2010:

	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Tax anticipation	\$ <u>-</u>	\$ <u>17,000,000</u>	\$ <u>(17,000,000)</u>	\$ <u>-</u>

13. Long-Term Debt

A. Changes in General Long-Term Liabilities

During the year ended December 31, 2010, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 1/1/10	Additions	Reductions	Total Balance 12/31/10	Less Current Portion	Equals Long-Term Portion 12/31/10
<u>Governmental Activities</u>						
Bonds payable	\$ 2,325	\$ -	\$ (1,220)	\$ 1,105	\$ (555)	\$ 550
Other:						
Capital leases payable	3,115	144	(366)	2,893	(373)	2,520
Compensated absences	3,412	-	(357)	3,055	(2,866)	189
Net OPEB obligation	<u>252</u>	<u>259</u>	<u>(139)</u>	<u>372</u>	<u>-</u>	<u>372</u>
Totals	<u>\$ 9,104</u>	<u>\$ 403</u>	<u>\$ (2,082)</u>	<u>\$ 7,425</u>	<u>\$ (3,794)</u>	<u>\$ 3,631</u>

B. General Obligation Bonds

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

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 12/31/10
2005 - \$ 3,887,000 Improvement Bond	6/15/12	3.25% - 5.00%	\$ <u>1,105,000</u>

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2010 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 555,000	\$ 38,600	\$ 593,600
2012	<u>550,000</u>	<u>13,750</u>	<u>563,750</u>
Total	<u>\$ 1,105,000</u>	<u>\$ 52,350</u>	<u>\$ 1,157,350</u>

C. Capital Lease Obligations

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

Following are the capital lease balances at year end:

Equipment, due in variable annual installments the next of which is \$ 346,696 including interest, through June, 2018 at 4.73%	\$ 2,712,661
Equipment, due in monthly installments the next of which is \$ 5,085 including interest, through October 2011 at 3%	50,161
Equipment, due in annual installments the next of which is \$ 37,592 including interest, through June, 2011 at 5.10%	35,768
Equipment, due in annual installments the next of which is \$ 34,681 including interest, through July, 2012 at 5.25%	64,258
Equipment, due in semi-annual intallments the next of which is \$ 14,997 including interest, through August 2012 at 0.0%	<u>29,995</u>
Totals	<u>\$ 2,892,843</u>

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

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 372,873	\$ 136,640	\$ 509,513
2012	313,185	120,881	434,066
2013	291,475	106,367	397,842
2014	319,449	92,318	411,767
2015	349,258	76,921	426,179
2016 and thereafter	<u>1,246,603</u>	<u>117,434</u>	<u>1,364,037</u>
Totals	<u>\$ 2,892,843</u>	<u>\$ 650,561</u>	<u>\$ 3,543,404</u>

14. Operating Leases

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

<u>Year Ended</u> <u>December 31</u>	<u>Office</u> <u>Space</u>	<u>Equipment</u> <u>Rental</u>	<u>Total</u>
2011	\$ 97,847	\$ 16,978	\$ 114,825
2012	-	11,111	11,111
2013	-	6,775	6,775
2014	-	4,448	4,448
Totals	<u>\$ 97,847</u>	<u>\$ 39,312</u>	<u>\$ 137,159</u>

15. Restricted Net Assets

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

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

16. Reserves of Fund Equity

“Reserves” of fund equity are established to segregate fund balances which are either not available for expenditure in the future or are legally set aside for a specific future use.

The following types of reserves are reported at December 31, 2010:

Reserved for Special Purposes - An account used to segregate that portion of fund balance reserved for the subsequent year budget.

Reserved for Encumbrances and Continuing Appropriations - An account used to segregate that portion of fund balance committed for expenditure of financial resources upon vendor performance. There are no continuing appropriations reported at December 31, 2010.

Reserved for Prepaid Expenses - An account used to segregate that portion of fund balance committed for prepaid expenses that is not spendable in form.

Reserved for Inventory - An account used to segregate that portion of fund balance committed for inventory that is not spendable in form.

Reserved for Perpetual Funds - Represents the principal of the nonexpendable trust fund investments. The balance cannot be spent for any purpose; however, it may be invested and the earnings may be spent.

17. **Commitments and Contingencies**

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

Grants – Amounts received are subject to later year's review and adjustments by grantor agencies, principally the federal and state governments. At such time, any disallowed claims, including amounts already collected, may constitute a liability of the County and the applicable funds. At December 31, 2010 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.

18. **Post-Employment Health Care and Life Insurance Benefits**

Other Post-Employment Benefits

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

A. Plan Description

The New Hampshire retirement system (Title VI, Medical Benefits Chapter 100-A:50) requires that political subdivisions in New Hampshire extend the same health insurance coverages to retirees as those offered to active employees, including spousal and family coverages. Premium rates must be rated on a group basis including both employees and retirees. Pre-

mium charges payable by employees and by retirees are at the discretion of the subdivision. As of December 31, 2009 (the actuarial valuation date), approximately 31 retirees and 508 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

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

Summary of Coverages Provided (Effective 1/1/2010)

County of Rockingham provides health coverages for employees and retirees in three entities. All plans are fully insured. Participation in the respective plans is optional. However, employees that opt out of the plan while active are still eligible for the respective retiree plans upon retirement.

Nonunion

Employees

1. Primex Harvard Pilgrim Network HMO
2. Primex Harvard Pilgrim Network PPO
This is a high deductible plan coordinated with a Health Savings Account

Retirees

Under 65

- a. Same options as employees.
- b. In addition, there may be out-of-state network issues for some of these retirees, and they are constrained to choose a PPO option, either a comparable PPO option or the HSA PPO option.

Over 65

Two plans supplementing Medicare health benefits are available

- a. 1st Seniority Freedom (MS)
- b. Medicare Enhance (ME)

Delta Dental is available to nonunion employees and retirees.

Local Government Center

Employees

1. Matthew Thornton Blue (HMO)
Includes vision care, dental care
2. Blue choice New Hampshire Three-Tier Plan, Point of Service (POS)
Includes vision care, dental care

Retirees

Under 65

Same options as employees.

Over 65

Medicare Supplement known as Medicomp III

Sheriff's Department

Employees

HMO Blue

Benefits, including dental care, paid from the NNEBT

Retirees

Covered beginning 7/1/2010 similarly to the Local Government Center.

C. Funding Policy

The contributions policy of the County is established by the County. The contributions are based upon a pay-as-you-go financing plan. For active employees the County pays approximately 85% of the required premium on a sliding scale; active participants pay the balance of the respective premium for their coverage. Retirees under age 65 may participate in these same coverage plans as active employees by paying the full amount of the required premium.

D. Annual OPEB Costs and Net OPEB Obligation

The County of Rockingham's fiscal 2010 annual OPEB expense is calculated based on the Annual Required Contribution of the Employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the Normal Cost (NC) per year and amortize any unfunded actuarial liability (UAAL), or funding excess, over a period of eighteen years. This calculation is performed using a closed amortization and level service. The following table shows the components of the County's annual OPEB cost for the year ending December 31, 2010, the amount actually contributed to the plan, and the change in the County's net OPEB obligation based on an actuarial valuation as of December 31, 2009.

Annual Required Contribution (ARC)	\$ 265,951
Interest on net OPEB obligation	7,289
Adjustment to ARC	<u>(14,403)</u>
Annual OPEB cost	258,837
Contributions made*	(69,323)
Imputed contribution for 2009	<u>(69,323)</u>
Increase in net OPEB obligation	120,191
Net OPEB obligation - beginning of year	<u>251,548</u>
Net OPEB obligation - end of year	<u>\$ 371,739</u>

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

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

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 258,837	26.8%	\$ 371,739
2009	\$ 251,548	0.0%	\$ 251,548

E. Funded Status and Funding Progress

The funded status of the plan as of December 31, 2009, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 2,184,214
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,184,214</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>\$ N/A</u>
UAAL as a percentage of covered payroll	<u>N/A</u>

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

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the County and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include

techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation the entry age normal cost method was used. The actuarial value of assets was not determined as the County has not advance funded its obligation. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), the anticipated long term investment return on the County's invested funds. Health care inflation is calculated based upon a secular trend of 6.11% grading to down to 3.5% over 28 years. In addition, health-care costs are projected to advance age by age at approximately 4%. UAAL is being amortized over an 18 year period.

19. Pension Plan

The County follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to the employees' retirement funds.

A. Plan Description

The County contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 4 Chenell Drive, Concord, New Hampshire 03301.

B. Funding Policy

Covered public safety (Group II) and general employees (Group I) are required to contribute 9.3% or 5.0% of their covered salary, respectively, and the County is required to contribute at an actuarially determined rate. The County's contribution rates were 14.63% (Group II) and 9.16% (Group I) at December 31, 2010. Effective July 1, 2009, the County contributes 75% of the employer cost for police employed by the County and the State contributes the remaining 25% of the employer cost. The County contributes 100% of the employer cost for general employees of the County.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The County's contributions to the NHRS for the years

ending December 31, 2010, 2009, 2008, and 2007 were \$ 2,530,973, \$ 2,261,544, \$ 2,129,089, and \$ 1,791,643, respectively, which were equal to the required contributions for each year.

20. Self Insurance

The County self insures against claims for workers compensation and most employee health and dental coverage. Annual estimated requirements for claims are provided in the County’s annual operating budget. As of January 1, 2010, the County no longer self-insured against claims for employee health coverage.

Workers Compensation

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

Dental Insurance

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

Changes in the aggregate liability for claims for the year ended December 31, 2010 are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Coverage</u>	<u>Dental</u> <u>Coverage</u>	<u>Total</u>
Claims liability, beginning of year, as restated	\$ 314,401	\$ 420,782	** \$ 14,860	\$ 750,043
Claims incurred/recognized in fiscal year 2010	1,379,086	-	455,829	1,834,915
Claims paid in fiscal year 2010	<u>(450,460)</u>	<u>(420,782)</u>	<u>(458,416)</u>	<u>(1,329,658)</u>
Claims liability, end of year	<u>\$ 1,243,027</u>	<u>\$ -</u>	<u>\$ 12,273</u>	<u>\$ 1,255,300</u>

** = Claims liability at January 1, 2010 (as restated) is reported in the General Fund.

21. Risk Management

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

22. Federal Medical Assistance Percentage (FMAP)

Section 167:18-a of the New Hampshire State Statutes requires that the County reimburse the State of New Hampshire (State) 100% of the non-federal share of defined public assistance expenditures incurred by the State on a monthly basis. The federal share of payments to the State has been 50% for at least the past five years and is reimbursed to the State through FMAP payments. At times the FMAP reimbursement to the State, is temporarily increased as is the case for the 33 month period of October 1, 2008 to June 30, 2011 through section 5001 (f) of the American Recovery and Reinvestment Act of 2009 (ARRA).

During 2010 the State did receive an additional FMAP allowance quarterly in addition to the regular FMAP payment. As a result, the monthly amount due from the County was reduced. However, the State continued billing the County the normal 50% monthly and later abated the amounts paid by the County by providing a check for each quarter of the year. The abatement totaled \$ 3.6 million during 2010 and materially reduced the County payments due the State. The FMAP allowances as a result of ARRA were extended by the United States Congress through June 30, 2011.

23. Beginning Fund Balance and Net Assets Restatement

The beginning (January 1, 2010) fund balances of the County have been restated as follows:

Government-Wide Financial Statements:

	Governmental <u>Activities</u>
As previously reported	\$ 50,854,171
Accrual adjustments	702,365
Revenue recognition adjustment	<u>(13,255)</u>
As restated	<u>\$ 51,543,281</u>

Fund Basis Financial Statements:

	General <u>Fund</u>	Internal Service <u>Fund</u>	Nonmajor Governmental <u>Funds</u>
As previously reported	\$ 18,643,898	\$ 3,055,832	\$ 760,944
Accrual adjustments	712,950	-	(10,585)
Revenue recognition adjustments	<u>28,337</u>	<u>(41,593)</u>	<u>-</u>
As restated	<u>\$ 19,385,185</u>	<u>\$ 3,014,239</u>	<u>\$ 750,359</u>

ROCKINGHAM COUNTY, NEW HAMPSHIRE
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010
(Unaudited)
(Amounts Expressed in thousands)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
12/31/09	\$ -	\$ 2,184	\$ 2,184	0.0%	n/a	n/a

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2010

	Drug Task Force	Expendable Trust	Nursing Home Special Account	Assisted Living Donations	Inmate Commissary	Inmate Chapel	Deeds Equipment	WF Sturtevant Memorial	Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS											
Cash and short-term investments	\$ 12,470	\$ -	\$ 71,582	\$ -	\$ -	\$ -	\$ 151,219	\$ 5,157	\$ -	\$ -	\$ 240,428
Investments	-	27,027	-	-	-	-	-	-	-	44,119	71,146
Due from other funds	-	-	3,428	2,986	106,432	6,782	-	-	371,390	-	491,018
TOTAL ASSETS	\$ 12,470	\$ 27,027	\$ 75,010	\$ 2,986	\$ 106,432	\$ 6,782	\$ 151,219	\$ 5,157	\$ 371,390	\$ 44,119	\$ 802,592
LIABILITIES AND FUND BALANCES											
Liabilities:											
Due to other funds	\$ -	\$ 24,193	\$ 12,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,554	\$ 53,940
TOTAL LIABILITIES	-	24,193	12,193	-	-	-	-	-	-	17,554	53,940
Fund Balances:											
Reserved for:											
Perpetual (unexpendable) permanent funds	-	-	-	-	-	-	-	-	-	26,565	26,565
Unreserved:											
Undesignated, reported in:											
Special revenue funds	12,470	-	62,817	2,986	106,432	6,782	151,219	5,157	371,390	-	719,253
Permanent funds	-	2,834	-	-	-	-	-	-	-	-	2,834
TOTAL FUND BALANCES	12,470	2,834	62,817	2,986	106,432	6,782	151,219	5,157	371,390	26,565	748,652
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,470	\$ 27,027	\$ 75,010	\$ 2,986	\$ 106,432	\$ 6,782	\$ 151,219	\$ 5,157	\$ 371,390	\$ 44,119	\$ 802,592

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED DECEMBER 31, 2010

	Drug Task Force	Expendable Trust	Nursing Home Special Account	Assisted Living Donations	Inmate Commissary	Inmate Chapel	Deeds Equipment	WF Sturtevant Memorial	Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:											
Charges for services	\$ 18,634	\$ -	\$ 11,874	\$ 50	\$ 30,001	\$ 950	\$ 120,556	\$ -	\$ -	\$ -	\$ 182,065
Investment income	<u>1</u>	<u>714</u>	<u>156</u>	<u>-</u>	<u>273</u>	<u>(13)</u>	<u>955</u>	<u>12</u>	<u>-</u>	<u>1,132</u>	<u>3,230</u>
Total Revenues	18,635	714	12,030	50	30,274	937	121,511	12	-	1,132	185,295
Expenditures:											
Current:											
County attorney	26,560	-	-	-	-	-	-	-	-	-	26,560
Sheriff/dispatch/radio	5,843	-	-	-	-	-	-	-	-	-	5,843
Debt service:											
Principal	-	-	-	-	-	-	-	-	217,592	-	217,592
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,239</u>	<u>-</u>	<u>141,239</u>
Total Expenditures	<u>32,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>358,831</u>	<u>-</u>	<u>391,234</u>
Excess (deficiency) of revenues over expenditures	(13,768)	714	12,030	50	30,274	937	121,511	12	(358,831)	1,132	(205,939)
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	-	-	-	-	371,390	-	371,390
Transfers out	<u>-</u>	<u>(528)</u>	<u>(4,892)</u>	<u>(5,945)</u>	<u>(30,693)</u>	<u>(100)</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,158)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(528)</u>	<u>(4,892)</u>	<u>(5,945)</u>	<u>(30,693)</u>	<u>(100)</u>	<u>(125,000)</u>	<u>-</u>	<u>371,390</u>	<u>-</u>	<u>204,232</u>
Change in fund balance	(13,768)	186	7,138	(5,895)	(419)	837	(3,489)	12	12,559	1,132	(1,707)
Fund Equity, at Beginning of Year, as restated	<u>26,238</u>	<u>2,648</u>	<u>55,679</u>	<u>8,881</u>	<u>106,851</u>	<u>5,945</u>	<u>154,708</u>	<u>5,145</u>	<u>358,831</u>	<u>25,433</u>	<u>750,359</u>
Fund Equity, at End of Year	<u>\$ 12,470</u>	<u>\$ 2,834</u>	<u>\$ 62,817</u>	<u>\$ 2,986</u>	<u>\$ 106,432</u>	<u>\$ 6,782</u>	<u>\$ 151,219</u>	<u>\$ 5,157</u>	<u>\$ 371,390</u>	<u>\$ 26,565</u>	<u>\$ 748,652</u>

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

COMBINING STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	<u>Health Fund</u>	<u>Dental Fund</u>	<u>Workers' Compensation Fund</u>	<u>Compensated Absences Fund</u>	<u>Governmental Activities Total Internal Service Funds</u>
<u>ASSETS</u>					
Current:					
Cash and short-term investments	\$ 971,578	\$ 251,015	\$ 1,148,761	\$ 1,862,667	\$ 4,234,021
Receivables:					
Accounts	-	1,576	-	398	1,974
Intergovernmental	-	-	62,739	-	62,739
Due from other funds	-	11,537	999,453	9,630	1,020,620
Total current assets	<u>971,578</u>	<u>264,128</u>	<u>2,210,953</u>	<u>1,872,695</u>	<u>5,319,354</u>
TOTAL ASSETS	971,578	264,128	2,210,953	1,872,695	5,319,354
<u>LIABILITIES</u>					
Current:					
Accounts payable	-	13,979	32,495	3,197	49,671
Due to other funds	971,578	429	8,894	129,236	1,110,137
Deferred revenue	-	6,997	-	736	7,733
Incurred but not reported claims liability	-	12,273	1,243,027	-	1,255,300
Current portion of long-term liabilities:					
Compensated absences	-	-	-	890,005	890,005
Total current liabilities	<u>971,578</u>	<u>33,678</u>	<u>1,284,416</u>	<u>1,023,174</u>	<u>3,312,846</u>
Noncurrent:					
Compensated absences, net of current portion	-	-	-	383,607	383,607
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,607</u>	<u>383,607</u>
TOTAL LIABILITIES	971,578	33,678	1,284,416	1,406,781	3,696,453
<u>NET ASSETS</u>					
Unrestricted	<u>-</u>	<u>230,450</u>	<u>926,537</u>	<u>465,914</u>	<u>1,622,901</u>
TOTAL NET ASSETS	<u>\$ -</u>	<u>\$ 230,450</u>	<u>\$ 926,537</u>	<u>\$ 465,914</u>	<u>\$ 1,622,901</u>

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

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

FOR THE YEAR ENDED DECEMBER 31, 2010

	Health Fund	Dental Fund	Workers' Compensation Fund	Compensated Absences Fund	Governmental Activities Total Internal Service Fund
Operating Revenues:					
Employee and employer contributions	\$ -	\$ 406,705	\$ 568,990	\$ 574,505	\$ 1,550,200
Total Operating Revenues	-	406,705	568,990	574,505	1,550,200
Operating Expenses:					
Employee benefits	50,188	494,939	1,627,029	577,158	2,749,314
Total Operating Expenses	50,188	494,939	1,627,029	577,158	2,749,314
Operating Income (Loss)	(50,188)	(88,234)	(1,058,039)	(2,653)	(1,199,114)
Nonoperating Revenues (Expenses):					
Investment income	3,452	259	880	2,165	6,756
Miscellaneous	-	115	38,966	809	39,890
Total Nonoperating Revenues (Expenses), Net	3,452	374	39,846	2,974	46,646
Income (Loss) Before Transfers	(46,736)	(87,860)	(1,018,193)	321	(1,152,468)
Transfers:					
Transfers in	-	-	971,578	-	971,578
Transfers out	(1,210,448)	-	-	-	(1,210,448)
Change in Net Assets	(1,257,184)	(87,860)	(46,615)	321	(1,391,338)
Net Assets at Beginning of Year, as restated	1,257,184	318,310	973,152	465,593	3,014,239
Net Assets at End of Year	\$ -	\$ 230,450	\$ 926,537	\$ 465,914	\$ 1,622,901

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Health Fund	Dental Fund	Workers' Compensation Fund	Compensated Absences Fund	Governmental Activities <u>Total</u> Internal Service Fund
<u>Cash Flows From Operating Activities:</u>					
Receipts from interfund service provided	\$ -	\$ 405,568	\$ 570,195	\$ 573,813	\$ 1,549,576
Payments of employee benefits and expenses	(50,188)	(507,541)	(691,792)	(941,725)	(2,191,246)
Net Cash Used For Operating Activities	(50,188)	(101,973)	(121,597)	(367,912)	(641,670)
<u>Cash Flows From Noncapital Financing Activities:</u>					
Net change in due to/from other funds	(1,196,113)	2,618	(539,694)	986,989	(746,200)
Transfers out	(1,210,448)	-	971,578	-	(238,870)
Other	-	115	38,966	809	39,890
Net Cash Provided By (Used For) Noncapital Financing Activities	(2,406,561)	2,733	470,850	987,798	(945,180)
<u>Cash Flows From Investing Activities:</u>					
Investment income	3,452	259	880	2,165	6,756
Net Cash Provided By Investing Activities	3,452	259	880	2,165	6,756
Net Change in Cash and Short-Term Investments	(2,453,297)	(98,981)	350,133	622,051	(1,580,094)
Cash and Short-Term Investments, Beginning of Year	3,424,875	349,996	798,628	1,240,616	5,814,115
Cash and Short-Term Investments, End of Year	<u>\$ 971,578</u>	<u>\$ 251,015</u>	<u>\$ 1,148,761</u>	<u>\$ 1,862,667</u>	<u>\$ 4,234,021</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u>					
Operating income (loss)	\$ (50,188)	\$ (88,234)	\$ (1,058,039)	\$ (2,653)	\$ (1,199,114)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	(941)	1,205	(380)	(116)
Other assets/prepaid expenses	-	-	2,217	-	2,217
Accounts payable	-	(10,015)	4,394	(3,820)	(9,441)
Incurred but not reported claims liability	-	(2,587)	928,626	-	926,039
Deferred revenue	-	(196)	-	(312)	(508)
Compensated absences liability	-	-	-	(360,747)	(360,747)
Net Cash Used For Operating Activities	<u>\$ (50,188)</u>	<u>\$ (101,973)</u>	<u>\$ (121,597)</u>	<u>\$ (367,912)</u>	<u>\$ (641,670)</u>

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Inmates</u>	<u>Nursing Home Residents</u>	<u>Assisted Living Security Deposits</u>	<u>Total Agency Funds</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ <u>332,477</u>	\$ <u>103,833</u>	\$ <u>72,829</u>	\$ <u>509,139</u>
Total Assets	332,477	103,833	72,829	509,139
 <u>LIABILITIES</u>				
Accounts payable	-	35	2,259	2,294
Due to other funds	285,850	5,863	7,440	299,153
Due to residents	<u>46,627</u>	<u>97,935</u>	<u>63,130</u>	<u>207,692</u>
Total Liabilities	<u>\$ <u>332,477</u></u>	<u>\$ <u>103,833</u></u>	<u>\$ <u>72,829</u></u>	<u>\$ <u>509,139</u></u>

See Independent Auditors' Report.