

**COUNTY OF  
ROCKINGHAM, NEW HAMPSHIRE**

**Independent Auditors' Reports Pursuant  
to Governmental Auditing Standards  
and The Single Audit Act Amendments of 1996**

**For the Year Ended December 31, 2009**

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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

To the Board of Commissioners  
County of Rockingham, New Hampshire

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Rockingham, New Hampshire, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 16, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 09-1 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 or other matters that are required to be reported under *Government Auditing Standards*.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, 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.

*Melanson, Heath + Company P.C.*

Nashua, New Hampshire  
June 16, 2010



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REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners  
County of Rockingham, New Hampshire

**Compliance**

We have audited the County of Rockingham, New Hampshire's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2009. The County's major federal programs are identified in the summary of auditors' 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's management. Our responsibility is to express an opinion on the County'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'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 of the County compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2009.

### **Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Rockingham, New Hampshire as of and for the year ended December 31, 2009, and have issued our report thereon dated June 16, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, 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.

*Melanson, Heath + Company P.C.*

Nashua, New Hampshire  
December 14, 2011

County of Rockingham, New Hampshire  
Schedule of Federal Expenditures of Federal Awards  
For the Year Ended December 31, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	State Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<u>Office of Community Planning and Development</u>			
Passed through the State of New Hampshire			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-408-CDPF	\$ <u>307,464</u>
Total U.S. Department of Housing and Urban Development			307,464
<u>U.S. Department of Justice</u>			
Passed through the State of New Hampshire			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government	16.804	2009-SB-B9-2449	104,213
<u>Bureau of Justice Assistance</u>			
Bulletproof Vest Partnership Program	16.607	NA	3,225
Passed through the State of New Hampshire			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0495	11,515
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0637	36,650
<u>Violence Against Women Office</u>			
Passed through the State of New Hampshire			
Violence Against Women Formula Grants	16.588	2009W082	<u>30,000</u>
Total U.S. Department of Justice			185,603
<u>U.S. Department of Transportation</u>			
<u>National Highway Traffic Safety Administration</u>			
Passed through the State of New Hampshire			
State and Community Highway Safety	20.600	315-09A-027	3,435
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	308-09A-101	<u>1,417</u>
Total U.S. Department of Transportation			4,852
<u>U.S. Department of Homeland Security</u>			
Passed through the State of New Hampshire			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1812-DR-NH	8,000
Homeland Security Grant Program	97.067	NA	<u>9,080</u>
Total U.S. Department of Homeland Security			<u>17,080</u>
Total Federal Expenditures			<u>\$ 514,999</u>

See Independent Auditors' Report on Compliance with OMB A-133.

This schedule has been prepared on the modified accrual basis of accounting.



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2009

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Type of auditors' report issued on compliance for major programs:

Community Development Block Grants Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

## SECTION II - FINANCIAL STATEMENT FINDINGS

### Finding #

### Finding/Noncompliance

9-1

#### **Implement Internal Control Improvements (Significant Deficiency)**

#### **Establish an Enterprise Risk Management Process and Formalize Internal Controls**

Enterprise risk management is a process affected by an entity's Board of Directors, management, and other personnel, applied in strategy-setting and across the organization. It is designed to identify where an organization may be vulnerable to errors and/or irregularities. A complete risk management process involves written descriptions of specific risk areas identified by those charged with governance (management and board of directors) and a description of how the organization intends on responding to these risks. This process should evaluate risks in relation to achieving the following broad organizational objectives:

Strategic - high-level goals, aligned with and supporting the Organization's mission.

Operations - effective, efficient use of resources.

Reporting - reliability of reporting.

Compliance - compliance with applicable laws and regulations.

We recommend that the governing board of the County establish a formal enterprise risk management process, including the four areas identified above, and formalize internal controls in response to risks identified.

The following is a list of internal control areas that were identified during the audit as risk areas. These issues should be addressed:

- Establish a formal internal audit/monitoring function and regularly monitor operations throughout the year. The implementation of a monitoring function will reduce the risk that errors or irregularities will occur during the year and not be detected by management in a timely manner. This function should be performed by individual(s) not involved in processing transactions or overseeing the accounting function.

#### **County's Response:**

Thank you for your comment. We appreciate the value of a formal internal audit department much like what University of New Hampshire and the State of New Hampshire have. However, the majority of our revenue sources is generated from the taxpayers, so our goal is to retain qualified staff who regularly evaluate the objectives mentioned, establish good internal controls, complete ongoing audits of financial process and compliance and enforce policies and procedures that limit our risks. While we do not have the luxury of an independent internal audit function, we do evaluate the four areas identified above on an ongoing basis.

(continued)

(continued)  
**Finding #**

**Finding/Noncompliance**

- Consider revising the County's policy with respect to prior period adjustments. During the 2009 audit it was noted that several immaterial (both individually and in the aggregate) prior period adjustments were made as a result of County policy that requires restatement of all prior amounts, if certain criteria are met. In order to comply with the required policy, a large amount of Fiscal Office resources were utilized in order to generate the adjustments necessary to restate prior year balances, which reduced the amount of time available to perform other required year end closing procedures in a timely manner. Further, most of the adjustments made did not meet the definition of prior period adjustment under Generally Accepted Accounting Principles, as follows:

*An error in recognition, measurement, presentation, or disclosure in financial statements resulting from mathematical mistakes, mistakes in the application of GAAP, or oversight or misuse of facts that existed at the time the financial statements were prepared.*

**County's Response:**

We respectfully disagree with the assessment. There is a policy in place that evaluates fund balance adjustments on an ongoing basis in accordance with GAAP. Finance staff does not feel a large amount of time was utilized in the process that ensures the most accurate numbers are reported in the correct period and applicable laws are complied with (i.e., the County's transfer policy). While some of the adjustments may appear immaterial to the auditor, based on the \$ 500,000 threshold discussed in a previous meeting, anything over-expending a budget line by \$ 1,000 is considered material based on a law utilized by our Delegation. We respect the resolution to hold the departments accountable to their budget by maintaining a low limit. Oversights and/or errors at this low level do occur despite the best attempts, and we have procedures in place to address them.

- Improve segregation of duties with respect to individuals authorized on bank accounts. Specifically, the custody of, and signing authority on, County bank accounts should reside with the County Treasurer and/or Assistant Treasurer, and not be an individual that is otherwise involved in the financial operations/accounting function of the County.

**County's Response:**

A discussion regarding the bank accounts was had with the auditor to further their understanding of our banking that should have reduced if not eliminated this issue. Custody and signing authority on the bank accounts also resides with the individuals in the Sheriff's Office, Register of Deeds, Nursing Home and County Attorney to provide for specific functions required/permitted by law. The departments are responsible for establishing reconciling and reporting procedures that include independent reporting. Checks cannot be cut from the internal service

(continued)

(continued)  
**Finding #**

**Finding/Noncompliance**

accounts, and only the Treasurer's electronic signature is processed on A/P and payroll checks issued. Additionally, we no longer maintain pre-numbered check stock, and no one user has the ability to issue a check from start to finish based on established internal controls. Also, in order to issue wires, the bank requires one user to initiate the transaction, and another user to approve/execute the wire using passwords and separate codes. Afterwards, the bank transmits confirmation of the wire to various County staff. While there is no perfect solution, these current requirements provide ample control so there appears to be no need to expend further funds on an additional position.

- Revise procedures for warrant preparation and approval. During the 2009 audit, we noted that departmental bill schedules are presented to the Commissioners for approval. Once approval has been obtained, the bills are entered into the payables system, from which the check run is generated. This process creates a situation where checks/disbursements could be generated from unapproved items that have been entered into the payables system. We recommend that instead of approving departmental bill schedules, the Commissioners review and approve the final check run, or "warrant" against supporting documentation, including vendor invoices and receipts that have been approved by department heads. This will reduce the risk that unapproved disbursements are generated.

**County's Response:**

The process described above is not employed by the County as discussed with the auditor. As documented in the internal control policies, A/P is required to be entered into the system by individual departments up to a week before the Commissioner approval is sought. Additionally, the resulting automated report and the department warrants, along with the supporting documentation, are submitted to the Commissioners for approval at their public meeting.

- Improve year end closing procedures. During the 2009 audit, we noted balance sheet accounts, including certain bank accounts that had not been reconciled for several months. The County should consider reducing the number of bank accounts in order to simplify month and year end closing procedures. Further, balance sheet accounts should be reconciled on at least a monthly basis in order to avoid delays at year end.

**County's Response:**

Bank accounts and balance sheet accounts are required to be reconciled monthly, with a few on a quarterly basis. All but one cash account was reconciled monthly in 2009 and reconciled timely. Reconciliations begin when the statements are received and worked on until completed. All departments recognize the need for timely

(continued)

(continued)  
**Finding #**

**Finding/Noncompliance**

reconciliations, and strive to comply. The bank accounts are only authorized if there is a documented need. We are available to discuss the need of all the accounts with the auditor. A better understanding would likely eliminate the need to report the issue.

- Reduce risk associated with credit cards and petty cash. During the audit, it came to our attention that in excess of \$ 1.5 million of expenditures had been incurred using the County's credit cards. In addition, we noted expenditures paid with petty cash that should have gone through the County's regular disbursement process. Even with the existence of compensating controls, the use of credit cards and petty cash are considered high risk areas, especially with the high volume of activity, high dollar limits on credit cards, and actual dollar amounts that were expended during 2009. We recommend that credit cards and petty cash be limited to only transactions that are required by the vendor to be paid in this manner.

**County's Response:**

Minor petty cash accounts are maintained throughout the County departments. All expenditures utilizing petty cash are fully accounted for and go through the County disbursement process. As the petty cash is depleted, requests for reimbursement are submitted. In order to be replenished, the reimbursement requires full support and Commissioner authorization.

The County utilizes the credit cards to provide for timely payments and discounts. Additionally, the points generated are a source of funding for appropriated items that would otherwise demand taxpayer dollars. Both the petty cash and credit card program are deemed to be programs maintained for the good of the County.

We understand that the existence of the significant deficiencies noted above may already be known to management and may represent a conscious decision by management or those charged with governance to accept the risk associated with the deficiencies because of cost or other considerations. Management is responsible for making decisions concerning costs to be incurred and related benefits. The auditor's responsibility to communicate significant deficiencies and material weaknesses exists regardless of management's decisions. We encourage the County to implement the recommendations noted above.

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None.

**SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS**

There were no findings in the prior year.

**COUNTY OF  
ROCKINGHAM, NEW HAMPSHIRE**

**Annual Financial Statements**

**For the Year Ended December 31, 2009**

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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, 2009, 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, 2009, 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 42 is not a required part 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 43 - 48, 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 June 16, 2010 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  
June 16, 2010

## **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, 2009. This discussion and analysis is designed to 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 \$ 50,854,171 (net assets).
- The County's total net assets reflect a reduction of \$ 245,995 and its long-term liabilities continue to decrease as debt is paid off.

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

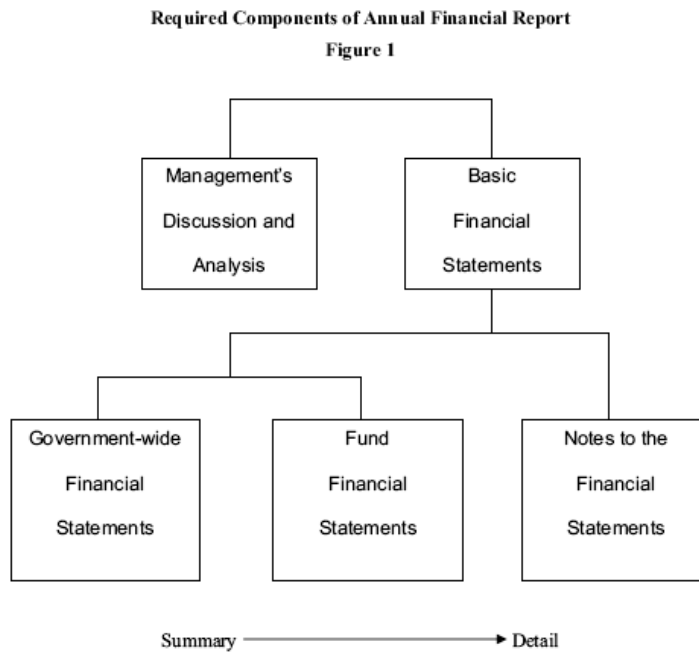
- As of the close of the year, the County's reported combined ending fund balances of \$ 22,560,062 were an increase of \$ 1,619,712 in comparison with the prior year, as restated. The increase is due to a rare transfer from the health fund of almost \$ 2 million as a result of health fund elimination.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$ 17,233,107, or 24% of total General Fund (budgeted) appropriations.
- The County's total debt decreased by \$ 1,469,735 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.



## 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**

	<b><u>NET ASSETS</u></b>	
	Governmental <u>Activities</u>	
	<u>2009</u>	<u>2008</u> *
Current and other assets	\$ 39,800,173	\$ 39,270,152
Capital assets	<u>32,756,234</u>	<u>33,790,587</u>
Total assets	72,556,407	73,060,739
Long-term liabilities	9,104,067	10,710,614
Other liabilities	<u>12,598,169</u>	<u>11,249,959</u>
Total liabilities	21,702,236	21,960,573
Net assets:		
Invested in capital assets, net	27,315,849	26,880,466
Restricted	760,944	734,177
Unrestricted	<u>22,777,378</u>	<u>23,485,523</u>
Total net assets	<u>\$ 50,854,171</u>	<u>\$ 51,100,166</u>

\* = As restated

**Table 2**

	<b><u>CHANGES IN NET ASSETS</u></b>	
	Governmental <u>Activities</u>	
	<u>2009</u>	<u>2008</u> *
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 25,096,939	\$ 23,899,192
Operating grants and contributions	669,376	241,561
General revenues:		
Taxes	41,779,570	40,038,075
Other	<u>267,829</u>	<u>608,370</u>
<b>Total revenues</b>	67,813,714	64,787,198

\* = As restated

(continued)

(continued)

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008*</u>
<b>Expenses:</b>		
Administration	6,125,574	6,057,728
Law enforcement	15,055,272	14,745,430
Human care and services	40,269,193	40,909,577
Other	6,375,079	5,887,550
Debt interest	234,591	278,715
<b>Total expenses</b>	<u>68,059,709</u>	<u>67,879,000</u>
Change in net assets	(245,995)	(3,091,802)
Net assets - beginning of year (as restated)	51,100,166	54,191,968
Net assets - end of year	<u>\$ 50,854,171</u>	<u>\$ 51,100,166</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, 2009, unreserved fund balance represents 24% of total General Fund (budgeted) appropriations, while total fund balance represents 25% of that same amount.

#### **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** At December 31, 2009 the County reported \$ 32.7 million in capital assets, net of depreciation, which includes construction in progress of \$ 954,402. These assets include land, buildings and improvements, machinery, equipment and furnishings, and vehicles.

**Long-term debt.** At December 31, 2009 the County had \$ 5.4 million in outstanding long-term debt. \$ 1.6 million originates from a general obligation

bond maturing in 2012. An additional \$ 665,000 is for a general obligation bond maturing in 2010. The final \$ 3.1 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 for Medicaid expenditures to the State of New Hampshire results in a temporary decrease in expenditures totaling approximately \$ 3.75 million. The reduction in expenditures contributes to a .5% decrease in 2010 appropriations.
- Property taxes account for 58% of expected resources for 2010.
- The Nursing Home instituted a new therapy services program, generating revenues that offset the Medicaid losses.

#### **REQUESTS FOR INFORMATION**

This financial report is intended to provide report users with a general overview of the County's finances at December 31, 2009. 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](http://www.co.rockingham.nh.us).

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

STATEMENT OF NET ASSETS

DECEMBER 31, 2009

	Governmental Activities
<b>ASSETS</b>	
Current:	
Cash and short-term investments	\$ 33,537,633
Investments	69,300
Receivables, net	
Intergovernmental	3,723,589
Other	944,433
Due from fiduciary funds	323,741
Prepaid expenses	379,745
Inventory	821,569
Other assets	163
Noncurrent:	
Capital Assets:	
Land	578,857
Construction in progress	954,402
Other assets, net of accumulated depreciation	<u>31,222,975</u>
<b>TOTAL ASSETS</b>	<b>72,556,407</b>
<b>LIABILITIES</b>	
Current:	
Accounts payable	1,190,236
Accrued payroll and related liabilities	1,622,205
Deferred revenues	112,064
Intergovernmental payables	8,515,406
Incurred but not reported claims liability	1,110,009
Accrued interest payable	48,249
Current portion of long-term liabilities:	
Bonds payable	1,220,000
Capital lease payable	316,794
Compensated absences	3,229,613
Noncurrent:	
Bonds payable, net of current portion	1,105,000
Capital lease payable, net of current portion	2,798,591
Compensated absences, net of current portion	182,521
OPEB liability	<u>251,548</u>
<b>TOTAL LIABILITIES</b>	<b>21,702,236</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	27,315,849
Restricted for:	
Grants and other statutory restrictions	732,863
Permanent funds:	
Nonexpendable	25,433
Expendable	2,648
Unrestricted	<u>22,777,378</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>50,854,171</u></b>

See notes to the financial statements.



COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General government	\$ 1,347,924	\$ -	\$ 516,998	\$ -	\$ (830,926)
Commissioners	175,099	-	-	-	(175,099)
Treasurer	13,082	-	-	-	(13,082)
County attorney	2,886,399	251,091	-	-	(2,635,308)
Medical examiner	40,091	-	-	-	(40,091)
Deeds	1,308,749	3,179,814	-	-	1,871,065
Sheriff/dispatch/radio	4,894,443	1,123,810	152,378	-	(3,618,255)
Delegation	73,006	-	-	-	(73,006)
Finance	877,558	-	-	-	(877,558)
Maintenance	4,238,953	20,329	-	-	(4,218,624)
Human services	934,828	402,365	-	-	(532,463)
Public assistance	13,636,987	-	-	-	(13,636,987)
Human resources	425,609	-	-	-	(425,609)
Corrections	10,160,829	331,861	-	-	(9,828,968)
Nursing home	24,107,531	18,504,223	-	-	(5,603,308)
Assisted living	1,549,756	1,266,772	-	-	(282,984)
Information technology	322,267	16,674	-	-	(305,593)
Extension service	549,507	-	-	-	(549,507)
Non-county specials	282,500	-	-	-	(282,500)
Interest	234,591	-	-	-	(234,591)
Total Governmental Activities	\$ <u>68,059,709</u>	\$ <u>25,096,939</u>	\$ <u>669,376</u>	\$ <u>-</u>	(42,293,394)
<b>General Revenues:</b>					
					41,779,570
					133,391
					134,438
Total general revenues					<u>42,047,399</u>
Change in Net Assets					(245,995)
<b>Net Assets:</b>					
					<u>51,100,166</u>
					\$ <u>50,854,171</u>

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2009

<b>ASSETS</b>	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and short-term investments	\$ 24,565,097	\$ 2,863,910	\$ 294,511	\$ 27,723,518
Investments	-	-	69,300	69,300
Receivables:				
Intergovernmental, net	3,618,052	-	-	3,618,052
Other, net	943,781	-	-	943,781
Due from other funds	3,968,724	1,025,566	486,595	5,480,885
Prepaid expenses	377,528	-	-	377,528
Inventory	821,569	-	-	821,569
Other assets	163	-	-	163
<b>TOTAL ASSETS</b>	<b>\$ 34,294,914</b>	<b>\$ 3,889,476</b>	<b>\$ 850,406</b>	<b>\$ 39,034,796</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,095,064	\$ 36,060	\$ -	\$ 1,131,124
Accrued payroll and related liabilities	1,622,205	-	-	1,622,205
Deferred revenues	103,823	-	-	103,823
Intergovernmental payables	8,515,406	-	-	8,515,406
Due to other funds	3,533,770	698,196	89,462	4,321,428
Incurred but not reported claims liability	780,748	-	-	780,748
<b>TOTAL LIABILITIES</b>	<b>15,651,016</b>	<b>734,256</b>	<b>89,462</b>	<b>16,474,734</b>
Fund Balances:				
Reserved for:				
Encumbrances and continuing appropriations	211,694	129,894	-	341,588
Inventory	821,569	-	-	821,569
Perpetual (unexpendable) permanent funds	-	-	25,433	25,433
Prepaid expenses	377,528	-	-	377,528
Unreserved:				
Undesignated, reported in:				
General fund	17,233,107	-	-	17,233,107
Special revenue funds	-	-	732,863	732,863
Capital project funds	-	3,025,326	-	3,025,326
Permanent funds	-	-	2,648	2,648
<b>TOTAL FUND BALANCES</b>	<b>18,643,898</b>	<b>3,155,220</b>	<b>760,944</b>	<b>22,560,062</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 34,294,914</b>	<b>\$ 3,889,476</b>	<b>\$ 850,406</b>	<b>\$ 39,034,796</b>

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, 2009

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	\$ 22,560,062
<ul style="list-style-type: none"><li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</li></ul>	32,756,234
<ul style="list-style-type: none"><li>• 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.</li></ul>	3,055,832
<ul style="list-style-type: none"><li>• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	(48,249)
<ul style="list-style-type: none"><li>• Long-term liabilities, including bonds payable, capital lease payable, compensated absences, and OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.</li></ul>	<u>(7,469,708)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 50,854,171</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, 2009

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 41,779,570	\$ -	\$ -	\$ 41,779,570
Charges for services	24,957,581	-	139,358	25,096,939
Intergovernmental	669,376	-	-	669,376
Investment income	66,638	16,678	4,750	88,066
Miscellaneous	<u>36,529</u>	<u>48,066</u>	<u>42,972</u>	<u>127,567</u>
Total Revenues	67,509,694	64,744	187,080	67,761,518
<b>Expenditures:</b>				
Current:				
General government	1,347,924	-	-	1,347,924
Commissioners	167,413	-	-	167,413
Treasurer	13,066	-	-	13,066
County attorney	2,899,680	-	8,576	2,908,256
Medical examiner	40,091	-	-	40,091
Deeds	1,280,451	-	-	1,280,451
Sheriff/dispatch/radio	4,986,797	-	-	4,986,797
Delegation	69,010	-	-	69,010
Finance	873,516	-	-	873,516
Maintenance	3,933,487	-	-	3,933,487
Human services	934,229	-	-	934,229
Public assistance	13,636,987	-	-	13,636,987
Human resources	421,979	-	-	421,979
Corrections	9,619,921	-	-	9,619,921
Nursing home	22,882,071	-	-	22,882,071
Assisted living	1,383,127	-	-	1,383,127
Information technology	314,344	-	-	314,344
Extension service	530,241	-	-	530,241
Non-county specials	282,500	-	-	282,500
Capital outlay	72,215	919,014	-	991,229
Debt service:				
Principal	1,220,000	-	196,010	1,416,010
Interest	<u>105,850</u>	<u>-</u>	<u>150,686</u>	<u>256,536</u>
Total Expenditures	<u>67,014,899</u>	<u>919,014</u>	<u>355,272</u>	<u>68,289,185</u>
Excess (deficiency) of revenues over expenditures	494,795	(854,270)	(168,192)	(527,667)
<b>Other Financing Sources (Uses):</b>				
Proceeds of capital lease	107,392	-	-	107,392
Transfers in	2,203,859	1,335,700	358,831	3,898,390
Transfers out	<u>(1,694,531)</u>	<u>-</u>	<u>(163,872)</u>	<u>(1,858,403)</u>
Total Other Financing Sources (Uses)	<u>616,720</u>	<u>1,335,700</u>	<u>194,959</u>	<u>2,147,379</u>
Change in fund balance	1,111,515	481,430	26,767	1,619,712
Fund Equity, at Beginning of Year, as restated	<u>17,532,383</u>	<u>2,673,790</u>	<u>734,177</u>	<u>20,940,350</u>
Fund Equity, at End of Year	<u>\$ 18,643,898</u>	<u>\$ 3,155,220</u>	<u>\$ 760,944</u>	<u>\$ 22,560,062</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, 2009

<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 1,619,712</b>																		
<ul style="list-style-type: none"> <li>• 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, net</td> <td style="text-align: right;">1,139,534</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(2,173,888)</td> </tr> </table> </li> <li>• 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;">(107,392)</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;">357,128</td> </tr> </table> </li> <li>• 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;">21,945</td> </tr> </table> </li> <li>• 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;">519,708</td> </tr> <tr> <td>OPEB liability</td> <td style="text-align: right;">(251,548)</td> </tr> </table> </li> <li>• 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>(2,591,194)</u></td> </tr> </table> </li> </ul>		Capital outlay purchases, net	1,139,534	Depreciation	(2,173,888)	Issuance of debt	(107,392)	Repayments of debt - bonds	1,220,000	Repayments of debt - capital leases	357,128		21,945	Compensated absences - change in unfunded liability	519,708	OPEB liability	(251,548)		<u>(2,591,194)</u>
Capital outlay purchases, net	1,139,534																		
Depreciation	(2,173,888)																		
Issuance of debt	(107,392)																		
Repayments of debt - bonds	1,220,000																		
Repayments of debt - capital leases	357,128																		
	21,945																		
Compensated absences - change in unfunded liability	519,708																		
OPEB liability	(251,548)																		
	<u>(2,591,194)</u>																		
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>(245,995)</u></b>																		

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, 2009

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>Revenues and other sources:</b>				
Taxes	\$ 41,779,570	\$ 41,779,570	\$ 41,779,570	\$ -
Charges for services:				
County attorney	227,878	227,878	239,091	11,213
Deeds	2,850,000	2,850,000	3,052,456	202,456
Sheriff/dispatch/radio	1,252,073	1,252,073	1,123,810	(128,263)
Maintenance	-	-	2,091	2,091
Information technology	17,000	17,000	16,674	(326)
Property management	21,520	21,520	18,238	(3,282)
Human services	826,528	826,528	402,365	(424,163)
Corrections	253,340	253,340	331,861	78,521
Long term care services:				
Nursing home	17,984,053	17,984,053	18,504,223	520,170
Assisted living	1,325,730	1,325,730	1,266,772	(58,958)
Intergovernmental	1,217,339	1,217,339	669,376	(547,963)
Investment income	400,000	400,000	66,638	(333,362)
Other revenues	-	-	36,529	36,529
Other financing sources:				
Transfers in	88,489	88,489	2,203,859	2,115,370
Use of fund balance	4,900,000	4,900,000	4,900,000	-
<b>Total Revenues</b>	<b>73,143,520</b>	<b>73,143,520</b>	<b>74,613,553</b>	<b>1,470,033</b>
<b>Expenditures and other uses:</b>				
Current:				
General government	2,696,504	2,680,504	1,347,924	1,332,580
Commissioners	180,410	180,410	167,413	12,997
Treasurer	13,804	13,804	12,550	1,254
County attorney	2,996,070	2,996,070	2,899,680	96,390
Medical examiner	45,601	45,601	40,091	5,510
Deeds	1,395,566	1,395,566	1,253,696	141,870
Sheriff/dispatch/radio	4,853,218	4,853,218	4,881,104	(27,886)
Delegation	87,279	87,279	69,010	18,269
Finance	979,464	981,464	940,553	40,911
Maintenance	4,434,078	4,072,194	3,938,725	133,469
Human services	1,062,018	1,062,018	934,229	127,789
Public assistance	15,831,120	15,273,620	13,636,987	1,636,633
Human resources	421,980	435,980	421,979	14,001
Corrections	9,815,861	9,885,861	9,621,788	264,073
Nursing home	23,917,450	23,427,450	22,865,301	562,149
Assisted living	1,425,272	1,425,272	1,383,127	42,145
Information technology	341,011	344,064	333,696	10,368
Extension service	563,463	563,463	521,735	41,728
Non-county specials	282,500	282,500	282,500	-
Capital outlay	475,000	1,811,331	1,766,746	44,585
Debt service	1,325,851	1,325,851	1,325,851	-
<b>Total Expenditures</b>	<b>73,143,520</b>	<b>73,143,520</b>	<b>68,644,685</b>	<b>4,498,835</b>
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 5,968,868	\$ 5,968,868

See notes to the financial statements.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

DECEMBER 31, 2009

	Governmental <u>Activities</u> Internal Service <u>Funds</u>
<b><u>ASSETS</u></b>	
Current:	
Cash and short-term investments	\$ 5,814,115
Receivables:	
Intergovernmental	105,537
Other	652
Due from other funds	2,030,685
Prepaid expenses	<u>2,217</u>
Total current assets	<u>7,953,206</u>
<b>TOTAL ASSETS</b>	<b>7,953,206</b>
<b><u>LIABILITIES</u></b>	
Current:	
Accounts payable	59,112
Due to other funds	2,866,401
Deferred revenue	8,241
Incurred but not reported claims liability	329,261
Current portion of long-term liabilities:	
Compensated absences	<u>563,586</u>
Total current liabilities	<u>3,826,601</u>
Noncurrent:	
Compensated absences, net of current portion	<u>1,070,773</u>
Total noncurrent liabilities	<u>1,070,773</u>
<b>TOTAL LIABILITIES</b>	<b>4,897,374</b>
<b><u>NET ASSETS</u></b>	
Unrestricted	<u>3,055,832</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u><u>3,055,832</u></u></b>

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, 2009

	Governmental Activities <u>Internal Service Fund</u>
<b>Operating Revenues:</b>	
Employee and employer contributions	\$ <u>7,863,388</u>
Total Operating Revenues	7,863,388
<b>Operating Expenses:</b>	
Employee benefits	<u>8,467,581</u>
Total Operating Expenses	<u>8,467,581</u>
Operating Income (Loss)	(604,193)
<b>Nonoperating Revenues (Expenses):</b>	
Investment income	45,325
Miscellaneous	<u>7,661</u>
Total Nonoperating Revenues (Expenses), Net	<u>52,986</u>
Income (Loss) Before Transfers	(551,207)
<b>Transfers:</b>	
Transfers out	<u>(2,039,987)</u>
Change in Net Assets	(2,591,194)
Net Assets at Beginning of Year, as restated	<u>5,647,026</u>
Net Assets at End of Year	<u>\$ <u>3,055,832</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, 2009

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b><u>Cash Flows From Operating Activities:</u></b>	
Receipts from interfund service provided	\$ 7,936,552
Payments of employee benefits and expenses	<u>(9,927,328)</u>
Net Cash Used For Operating Activities	(1,990,776)
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>	
Net change in due to/from other funds	1,416,928
Transfers out	(2,039,987)
Other	<u>7,661</u>
Net Cash Used For Noncapital Financing Activities	(615,398)
<b><u>Cash Flows From Investing Activities:</u></b>	
Investment income	45,325
Proceeds from investments	<u>1,199,062</u>
Net Cash Provided By Investing Activities	<u>1,244,387</u>
Net Change in Cash and Short-Term Investments	(1,361,787)
Cash and Short-Term Investments, Beginning of Year	<u>7,175,902</u>
Cash and Short-Term Investments, End of Year	<u>\$ 5,814,115</u>
<b><u>Reconciliation of Operating Income to Net Cash Used For Operating Activities:</u></b>	
Operating income (loss)	\$ (604,193)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in assets and liabilities:	
Accounts receivable	73,164
Other assets/prepaid expenses	30,806
Accounts payable	(605,011)
Incurred but not reported claims liability	(943,830)
Deferred revenue	(73,062)
Compensated absences liability	<u>131,350</u>
Net Cash Used For Operating Activities	<u>\$ (1,990,776)</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, 2009

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash and short-term investments	\$ <u>496,733</u>
Total Assets	496,733
 <b><u>LIABILITIES</u></b>	
Accounts payable	216
Due to other funds	323,741
Due to residents	<u>172,776</u>
Total Liabilities	<u>\$ <u>496,733</u></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 \$ 45,325 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 small amount of capital asset projects in process at December 31, 2009 totaling \$ 954,402. The projects in process are included in the reporting of \$ 32,756,234 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, 2009 is \$ 3,412,134.

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, 2009 is \$ 1,634,359. 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. 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, 2009, \$ 4,900,000 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:

Sheriff/dispatch/radio	\$ 1,699
Registry of Deeds	660
Finance office	72,000
Maintenance	16,494
Information technology	19,352
Corrections	18,447
Long Term Care	<u>13,753</u>
Total Encumbrances	<u>\$ 142,405</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)	\$ 67,509,694	\$ 67,014,899
Other financing sources/uses (GAAP basis)	<u>2,311,251</u>	<u>1,694,531</u>
Subtotal (GAAP Basis)	69,820,945	68,709,430

(continued)

(continued)

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Reverse beginning of year appropriation carryforwards from expenditures	-	(99,758)
Add end of year appropriation carryforwards to expenditures	-	142,405
Reverse proceeds of capital lease	(107,392)	(107,392)
Recognize use of fund balance as funding source	<u>4,900,000</u>	<u>-</u>
Budgetary basis	<u>\$ 74,613,553</u>	<u>\$ 68,644,685</u>

### 3. Cash and Short-Term Investments

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

As of December 31, 2009, \$ 9,250 of the County's bank balance of \$ 35,445,862 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>69,300</u>	N/A	\$ <u>69,300</u>	\$ -	\$ -	\$ -
Total investments	\$ <u>69,300</u>		\$ <u>69,300</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 \$ 69,300, the government has a custodial credit risk exposure of \$ 69,300 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, 2009, 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, 2009:

	General Fund	Internal Service Fund	Total
Nursing home	\$ 749,340	\$ -	\$ 749,340
Assisted living	85,963	-	85,963
Health premiums	73,006	-	73,006
Civil services	23,936	-	23,936
Outside detail	22,110	-	22,110
Deeds	4,781	-	4,781
Other	52,388	652	53,040
Total	<u>1,011,524</u>	<u>652</u>	<u>1,012,176</u>
Less: allowance for doubtful accounts	<u>(67,743)</u>	<u>-</u>	<u>(67,743)</u>
Total accounts receivable, net	<u>\$ 943,781</u>	<u>\$ 652</u>	<u>\$ 944,433</u>

## 6. Intergovernmental Receivables, Net

Intergovernmental receivables consist of the following at December 31, 2009:

	General <u>Fund</u>	Internal Service <u>Fund</u>	<u>Total</u>
State of New Hampshire	\$ 3,621,391	\$ 105,537	\$ 3,726,928
Medicare	543,261	-	543,261
NH Community Development Authority	189,885	-	189,885
Federal grants	11,879	-	11,879
Other	27,518	-	27,518
Total	<u>4,393,934</u>	<u>105,537</u>	<u>4,499,471</u>
Less: allowance for doubtful accounts	<u>(775,882)</u>	<u>-</u>	<u>(775,882)</u>
Total intergovernmental receivables, net	<u>\$ 3,618,052</u>	<u>\$ 105,537</u>	<u>\$ 3,723,589</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, 2009 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 3,968,724	\$ 3,533,770
Special Revenue Funds:		
Drug Task Force	50	-
Expendable Trust	-	23,665
Nursing Home Special Account	3,259	10,743
Assisted Living Donations	8,881	-
Inmate Commissary	106,851	-
Inmate Chapel	5,945	-
Deeds Equipment	2,678	37,500
W.F. Sturtevant Memorial	100	-
Debt Service	358,831	-
Capital Project Fund	1,025,566	698,196
Internal Service Funds:		
Health	-	2,167,691
Dental	13,859	132
Workers Compensation	502,089	51,224
Compensated Absences	1,514,737	647,354
Permanent Trust Fund	-	17,554
Agency Funds:		
Inmates	-	312,676
Nursing Home Residents	-	1,133
Assisted Living Security Deposits	-	9,932
Total	<u>\$ 7,511,570</u>	<u>\$ 7,511,570</u>

## 8. Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 52,813	\$ 637	\$ -	\$ 53,450
Machinery, equipment, and furnishings	10,642	70	(87)	10,625
Vehicles	<u>1,611</u>	<u>107</u>	<u>(255)</u>	<u>1,463</u>
Total capital assets, being depreciated	65,066	814	(342)	65,538
Less accumulated depreciation for:				
Buildings and improvements	(22,772)	(1,668)	-	(24,440)
Machinery, equipment, and furnishings	(8,470)	(346)	86	(8,730)
Vehicles	<u>(1,240)</u>	<u>(160)</u>	<u>255</u>	<u>(1,145)</u>
Total accumulated depreciation	<u>(32,482)</u>	<u>(2,174)</u>	<u>341</u>	<u>(34,315)</u>
Total capital assets, being depreciated, net	32,584	(1,360)	(1)	31,223
Capital assets, not being depreciated:				
Land	579	-	-	579
Construction in progress	<u>628</u>	<u>326</u>	<u>-</u>	<u>954</u>
Total capital assets, not being depreciated	<u>1,207</u>	<u>326</u>	<u>-</u>	<u>1,533</u>
Governmental activities capital assets, net	<u>\$ 33,791</u>	<u>\$ (1,034)</u>	<u>\$ (1)</u>	<u>\$ 32,756</u>

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

<b>Governmental Activities:</b>	
Commissioners	\$ 5,169
Treasurer	15
County attorney	6,831
Deeds	20,703
Sheriff/dispatch/radio	147,998
Delegation	604
Finance	3,584
Maintenance	288,328
Human services	7,419
Human resources	7,803
Corrections	492,316
Nursing home	1,001,360
Assisted living	155,956
Information technology	12,761
Extension service	<u>23,041</u>
Total depreciation expense - governmental activities	<u>\$ 2,173,888</u>

**9. Accounts Payable and Accrued Expenses**

Accounts payable represent additional 2009 expenditures paid after December 31, 2009.

**10. Intergovernmental Payables**

Intergovernmental payables consist of the following at December 31, 2009:

	<u>General Fund</u>
State of New Hampshire	\$ 8,475,647 *
Town of Raymond	30,000
Other	<u>9,759</u>
Total	<u>\$ 8,515,406</u>

\* = Includes approximately \$ 2.0 million of transfer taxes and \$ 4.5 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 2009:

	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Tax anticipation	\$ <u>-</u>	\$ <u>15,000,000</u>	\$ <u>(15,000,000)</u>	\$ <u>-</u>

**13. Long-Term Debt**

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

During the year ended December 31, 2009, the following changes occurred in long-term liabilities (in thousands):

	Total			Total			Equals
	Balance	Additions	Reductions	Balance	Less	Long-Term	
	1/1/09			12/31/09	Current	Portion	12/31/09
<u>Governmental Activities</u>							
Bonds payable	\$ 3,545	\$ -	\$ (1,220)	\$ 2,325	\$ (1,220)	\$ 1,105	
Other:							
Capital leases payable	3,365	107	(357)	3,115	(317)	2,798	
Compensated absences	3,800	-	(388)	3,412	(3,229)	183	
OPEB liability	-	252	-	252	-	252	
Totals	\$ <u>10,710</u>	\$ <u>359</u>	\$ <u>(1,965)</u>	\$ <u>9,104</u>	\$ <u>(4,766)</u>	\$ <u>4,338</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	Interest	Amount
	Maturities	Rate(s) %	Outstanding
	Through		as of
			12/31/09
2003 - \$ 4,685,000 Improvement Bond	4/15/10	2.00% - 4.00%	\$ 665,000
2005 - \$ 3,887,000 Improvement Bond	6/15/12	3.25% - 5.00%	<u>1,660,000</u>
			\$ <u>2,325,000</u>

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2009 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,220,000	\$ 68,694	\$ 1,288,694
2011	555,000	38,600	593,600
2012	<u>550,000</u>	<u>13,750</u>	<u>563,750</u>
Total	\$ <u>2,325,000</u>	\$ <u>121,044</u>	\$ <u>2,446,044</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%	\$ 2,930,254
Equipment, due in monthly installments the next of which is \$ 5,085 including interest, through October 2011 at 3%	108,725
Equipment, due in annual installments the next of which is \$ 37,592 including interest, through June, 2011 at 5.10%	69,800
Equipment, due in semi-annual intallments the next of which is \$ 6,687 including interest, through June, 2010 at 2.445%	<u>6,606</u>
Totals	<u>\$ 3,115,385</u>

Annual debt service requirements to maturity for general obligation debt, including interest are as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 316,794	\$ 147,340	\$ 464,134
2011	326,569	133,267	459,836
2012	265,237	119,151	384,388
2013	291,475	106,367	397,842
2014	319,449	92,318	411,767
2015 and thereafter	<u>1,595,861</u>	<u>200,456</u>	<u>1,796,317</u>
Totals	<u>\$ 3,115,385</u>	<u>\$ 798,899</u>	<u>\$ 3,914,284</u>

#### 14. Operating Leases

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

<u>Year Ended December 31</u>	<u>Office Space</u>	<u>Equipment Rental</u>	<u>Total</u>
2010	\$ 192,806	\$ 16,263	\$ 209,069
2011	97,847	9,950	107,797
2012	<u>-</u>	<u>4,082</u>	<u>4,082</u>
Totals	<u>\$ 290,653</u>	<u>\$ 30,295</u>	<u>\$ 320,948</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, 2009:

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. \$ 69,289 in continuing appropriations for the human services department are reported at December 31, 2009.

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.

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

## **17. Commitments and Contingencies**

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

Grants – Amounts received are subject to later year’s review and adjustments by grantor agencies, principally the federal and state governments. At such time, any disallowed claims, including amounts already collected, may constitute a liability of the County and the applicable funds. At December 31, 2009 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. Premium 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

(continued)

(continued)

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

Will be 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 2009 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, 2009, 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)	\$ 251,548
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost	251,548
Contributions made	-
Increase in net OPEB obligation	251,548
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 251,548

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>
2009	\$ 251,548	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)	\$ 2,083,220
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 2,083,220
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ N/A
UAAL as a percentage of covered payroll	N/A

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 deter-

mined 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 advanced 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 13.66% (Group II) and 9.16% (Group I) at December 31, 2009. Effective July 1, 2009, the County contributes 70% of the employer cost for police employed by the County and the State contributes the remaining 30% 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, 2009, 2008, 2007, and 2006 were \$ 2,261,544, \$ 2,129,089, \$ 1,791,643, and \$ 1,574,349, respectively, which were equal to the required contributions for each year.

## **20. Self Insurance**

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

### 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.

### Health Insurance

The County contracts with an insurance carrier for excess liability coverage and an insurance consultant for claims processing. Under the terms of its insurance coverage, the County is liable for claims up to \$ 100,000 per individual. The claims liability represents an estimate of claims incurred but unpaid at year end, based on past historical costs and claims paid subsequent to year end.

### Dental Insurance

The County does not contract with an insurance carrier for excess liability coverage. Under the terms of its dental insurance coverage, the County is liable for all dental claims up to an annual maximum of \$ 1,000 per covered

individual. Any claim amounts exceeding \$ 1,000 maximum, are the responsibility of the covered plan participants. The claims liability represents an estimate of claims incurred but unpaid at year end, based on past historical costs and claims paid subsequent to year end.

Changes in the aggregate liability for claims for the year ended December 31, 2009 are as follows:

	<u>Workers Compensation</u>	<u>Health Coverage</u>	<u>Dental Coverage</u>	<u>Total</u>
Claims liability, beginning of year	\$ 477,033	\$ 777,013	\$ 18,955	\$ 1,273,001
Claims incurred/recognized in fiscal year 2009	151,252	5,335,170	396,204	5,882,626
Claims paid in fiscal year 2009	<u>(313,884)</u>	<u>(5,331,435)</u>	<u>(400,299)</u>	<u>(6,045,618)</u>
Claims liability, end of year	<u>\$ 314,401</u>	<u>\$ 780,748</u>	<u>** \$ 14,860</u>	<u>\$ 1,110,009</u>

\*\* = Claims liability at December 31, 2009 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 27 month period of October 1, 2008 to December 31, 2010 through section 5001 (f) of the American Recovery and Reinvestment Act of 2009.

During 2009 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 \$ 2.9



million during 2009 and materially reduced the County payments due the State. This will continue through December 31, 2010.

**23. Beginning Fund Balance Net Assets Restatement**

The beginning (January 1, 2009) fund balances of the County have been restated as follows:

Government-Wide Financial Statements:

	Governmental <u>Activities</u>
As previously reported	\$ 51,807,519
Accrual adjustments	(8,201)
HHS expenditures that were not reported	(884,292)
Revenue recognition adjustment	<u>185,140</u>
As restated	<u>\$ 51,100,166</u>

Fund Basis Financial Statements:

	General <u>Fund</u>	Internal Service <u>Fund</u>
As previously reported	\$ 17,969,576	\$ 5,647,002
Accrual adjustments	(8,225)	24
HHS expenditures that were not reported	(884,292)	-
Revenue recognition adjustments	<u>455,324</u>	<u>-</u>
As restated	<u>\$ 17,532,383</u>	<u>\$ 5,647,026</u>

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

**December 31, 2009**  
**(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	\$ -	\$ 2,083	\$ 2,083	0.0%	n/a	n/a

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2009

	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
<b>ASSETS</b>											
Cash and short-term investments	\$ 26,188	\$ -	\$ 73,748	\$ -	\$ -	\$ -	\$ 189,530	\$ 5,045	\$ -	\$ -	\$ 294,511
Investments	-	26,313	-	-	-	-	-	-	-	42,987	69,300
Due from other funds	50	-	3,259	8,881	106,851	5,945	2,678	100	358,831	-	486,595
<b>TOTAL ASSETS</b>	<b>\$ 26,238</b>	<b>\$ 26,313</b>	<b>\$ 77,007</b>	<b>\$ 8,881</b>	<b>\$ 106,851</b>	<b>\$ 5,945</b>	<b>\$ 192,208</b>	<b>\$ 5,145</b>	<b>\$ 358,831</b>	<b>\$ 42,987</b>	<b>\$ 850,406</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Due to other funds	\$ -	\$ 23,665	\$ 10,743	\$ -	\$ -	\$ -	\$ 37,500	\$ -	\$ -	\$ 17,554	\$ 89,462
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>23,665</b>	<b>10,743</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,500</b>	<b>-</b>	<b>-</b>	<b>17,554</b>	<b>89,462</b>
Fund Balances:											
Reserved for:											
Perpetual (unexpendable) permanent funds	-	-	-	-	-	-	-	-	-	25,433	25,433
Unreserved:											
Undesignated, reported in:											
Special revenue funds	26,238	-	66,264	8,881	106,851	5,945	154,708	5,145	358,831	-	732,863
Permanent funds	-	2,648	-	-	-	-	-	-	-	-	2,648
<b>TOTAL FUND BALANCES</b>	<b>26,238</b>	<b>2,648</b>	<b>66,264</b>	<b>8,881</b>	<b>106,851</b>	<b>5,945</b>	<b>154,708</b>	<b>5,145</b>	<b>358,831</b>	<b>25,433</b>	<b>760,944</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 26,238</b>	<b>\$ 26,313</b>	<b>\$ 77,007</b>	<b>\$ 8,881</b>	<b>\$ 106,851</b>	<b>\$ 5,945</b>	<b>\$ 192,208</b>	<b>\$ 5,145</b>	<b>\$ 358,831</b>	<b>\$ 42,987</b>	<b>\$ 850,406</b>

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, 2009

	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
<b>Revenues:</b>											
Charges for services	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,358	\$ -	\$ -	\$ -	\$ 139,358
Investment income	-	493	135	-	370	46	3,071	24	-	611	4,750
Miscellaneous	-	-	9,773	3,575	28,295	1,329	-	-	-	-	42,972
Total Revenues	12,000	493	9,908	3,575	28,665	1,375	130,429	24	-	611	187,080
<b>Expenditures:</b>											
Current:											
County attorney	8,576	-	-	-	-	-	-	-	-	-	8,576
Debt service:											
Principal	-	-	-	-	-	-	-	-	196,010	-	196,010
Interest	-	-	-	-	-	-	-	-	150,686	-	150,686
Total Expenditures	8,576	-	-	-	-	-	-	-	346,696	-	355,272
Excess (deficiency) of revenues over expenditures	3,424	493	9,908	3,575	28,665	1,375	130,429	24	(346,696)	611	(168,192)
<b>Other Financing Sources (Uses):</b>											
Transfers in	-	-	-	-	-	-	-	-	358,831	-	358,831
Transfers out	-	-	-	-	(13,872)	-	(150,000)	-	-	-	(163,872)
Total Other Financing Sources (Uses)	-	-	-	-	(13,872)	-	(150,000)	-	358,831	-	194,959
Change in fund balance	3,424	493	9,908	3,575	14,793	1,375	(19,571)	24	12,135	611	26,767
Fund Equity, at Beginning of Year	22,814	2,155	56,356	5,306	92,058	4,570	174,279	5,121	346,696	24,822	734,177
Fund Equity, at End of Year	\$ 26,238	\$ 2,648	\$ 66,264	\$ 8,881	\$ 106,851	\$ 5,945	\$ 154,708	\$ 5,145	\$ 358,831	\$ 25,433	\$ 760,944

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

PROPRIETARY FUNDS

COMBINING STATEMENT OF NET ASSETS

DECEMBER 31, 2009

	<u>Health Fund</u>	<u>Dental Fund</u>	<u>Workers' Compensation Fund</u>	<u>Compensated Absences Fund</u>	<u>Governmental Activities Total Internal Service Funds</u>
<b><u>ASSETS</u></b>					
Current:					
Cash and short-term investments	\$ 3,424,875	\$ 349,996	\$ 798,628	\$ 1,240,616	\$ 5,814,115
Receivables:					
Intergovernmental	-	-	105,537	-	105,537
Other	-	634	-	18	652
Due from other funds	-	13,859	502,089	1,514,737	2,030,685
Prepaid expenses	-	-	2,217	-	2,217
Total current assets	<u>3,424,875</u>	<u>364,489</u>	<u>1,408,471</u>	<u>2,755,371</u>	<u>7,953,206</u>
<b>TOTAL ASSETS</b>	3,424,875	364,489	1,408,471	2,755,371	7,953,206
<b><u>LIABILITIES</u></b>					
Current:					
Accounts payable	-	23,994	28,101	7,017	59,112
Due to other funds	2,167,691	132	51,224	647,354	2,866,401
Deferred revenue	-	7,193	-	1,048	8,241
Incurred but not reported claims liability	-	14,860	314,401	-	329,261
Current portion of long-term liabilities:					
Compensated absences	-	-	-	563,586	563,586
Total current liabilities	<u>2,167,691</u>	<u>46,179</u>	<u>393,726</u>	<u>1,219,005</u>	<u>3,826,601</u>
Noncurrent:					
Compensated absences, net of current portion	-	-	-	1,070,773	1,070,773
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,070,773</u>	<u>1,070,773</u>
<b>TOTAL LIABILITIES</b>	2,167,691	46,179	393,726	2,289,778	4,897,374
<b><u>NET ASSETS</u></b>					
Unrestricted	<u>1,257,184</u>	<u>318,310</u>	<u>1,014,745</u>	<u>465,593</u>	<u>3,055,832</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,257,184</u>	<u>\$ 318,310</u>	<u>\$ 1,014,745</u>	<u>\$ 465,593</u>	<u>\$ 3,055,832</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, 2009

	Health Fund	Dental Fund	Workers' Compensation Fund	Unemployment Fund	Compensated Absences Fund	Governmental Activities Total Internal Service Fund
<b>Operating Revenues:</b>						
Employee and employer contributions	\$ <u>6,356,062</u>	\$ <u>397,059</u>	\$ <u>423,460</u>	\$ <u>2,129</u>	\$ <u>684,678</u>	\$ <u>7,863,388</u>
Total Operating Revenues	6,356,062	397,059	423,460	2,129	684,678	7,863,388
<b>Operating Expenses:</b>						
Employee benefits	<u>6,937,042</u>	<u>432,153</u>	<u>401,309</u>	<u>11,474</u>	<u>685,603</u>	<u>8,467,581</u>
Total Operating Expenses	<u>6,937,042</u>	<u>432,153</u>	<u>401,309</u>	<u>11,474</u>	<u>685,603</u>	<u>8,467,581</u>
Operating Income (Loss)	(580,980)	(35,094)	22,151	(9,345)	(925)	(604,193)
<b>Nonoperating Revenues (Expenses):</b>						
Investment income	17,929	1,389	9,412	343	16,252	45,325
Miscellaneous	<u>6,652</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>938</u>	<u>7,661</u>
Total Nonoperating Revenues (Expenses), Net	<u>24,581</u>	<u>1,460</u>	<u>9,412</u>	<u>343</u>	<u>17,190</u>	<u>52,986</u>
Income (Loss) Before Transfers	(556,399)	(33,634)	31,563	(9,002)	16,265	(551,207)
<b>Transfers:</b>						
Transfers out	<u>(1,997,872)</u>	<u>-</u>	<u>-</u>	<u>(42,115)</u>	<u>-</u>	<u>(2,039,987)</u>
Change in Net Assets	(2,554,271)	(33,634)	31,563	(51,117)	16,265	(2,591,194)
Net Assets at Beginning of Year, as restated	<u>3,811,455</u>	<u>351,944</u>	<u>983,182</u>	<u>51,117</u>	<u>449,328</u>	<u>5,647,026</u>
Net Assets at End of Year	\$ <u><u>1,257,184</u></u>	\$ <u><u>318,310</u></u>	\$ <u><u>1,014,745</u></u>	\$ <u><u>-</u></u>	\$ <u><u>465,593</u></u>	\$ <u><u>3,055,832</u></u>

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

						Governmental Activities <u>Total</u>
	Health Fund	Dental Fund	Workers' Compensation Fund	Unemployment Fund	Compensated Absences Fund	Internal Service Fund
<b><u>Cash Flows From Operating Activities:</u></b>						
Receipts from interfund service provided	\$ 6,431,206	\$ 397,009	\$ 417,789	\$ 2,129	\$ 688,419	\$ 7,936,552
Payments of employee benefits and expenses	<u>(8,363,918)</u>	<u>(420,755)</u>	<u>(576,970)</u>	<u>-</u>	<u>(565,685)</u>	<u>(9,927,328)</u>
Net Cash Provided By (Used For) Operating Activities	(1,932,712)	(23,746)	(159,181)	2,129	122,734	(1,990,776)
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>						
Net change in due to/from other funds	2,839,230	(10,787)	(454,459)	(11,474)	(945,582)	1,416,928
Transfers out	(1,997,872)	-	-	(42,115)	-	(2,039,987)
Other	<u>6,652</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>938</u>	<u>7,661</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	848,010	(10,716)	(454,459)	(53,589)	(944,644)	(615,398)
<b><u>Cash Flows From Investing Activities:</u></b>						
Investment income	17,929	1,389	9,412	343	16,252	45,325
Investment purchases (sales)	<u>391,457</u>	<u>8,544</u>	<u>391,288</u>	<u>1,951</u>	<u>405,822</u>	<u>1,199,062</u>
Net Cash Provided By Investing Activities	<u>409,386</u>	<u>9,933</u>	<u>400,700</u>	<u>2,294</u>	<u>422,074</u>	<u>1,244,387</u>
Net Change in Cash and Short-Term Investments	(675,316)	(24,529)	(212,940)	(49,166)	(399,836)	(1,361,787)
Cash and Short-Term Investments, Beginning of Year	<u>4,100,191</u>	<u>374,525</u>	<u>1,011,568</u>	<u>49,166</u>	<u>1,640,452</u>	<u>7,175,902</u>
Cash and Short-Term Investments, End of Year	<u>\$ 3,424,875</u>	<u>\$ 349,996</u>	<u>\$ 798,628</u>	<u>\$ -</u>	<u>\$ 1,240,616</u>	<u>\$ 5,814,115</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u></b>						
Operating income (loss)	\$ (580,980)	\$ (35,094)	\$ 22,151	\$ (9,345)	\$ (925)	\$ (604,193)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Changes in assets and liabilities:						
Accounts receivable	75,144	(51)	(5,670)	-	3,741	73,164
Other assets/prepaid expenses	21,549	-	(2,217)	11,474	-	30,806
Accounts payable	(595,913)	13,465	(10,812)	-	(11,751)	(605,011)
Incurred but not reported claims liability	(777,103)	(4,094)	(162,633)	-	-	(943,830)
Deferred revenue	(75,409)	2,028	-	-	319	(73,062)
Compensated absences liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,350</u>	<u>131,350</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (1,932,712)</u>	<u>\$ (23,746)</u>	<u>\$ (159,181)</u>	<u>\$ 2,129</u>	<u>\$ 122,734</u>	<u>\$ (1,990,776)</u>

See Independent Auditors' Report.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Inmates</u>	<u>Nursing Home Residents</u>	<u>Assisted Living Security Deposits</u>	<u>Total Agency Funds</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 345,507	\$ 86,749	\$ 64,477	\$ 496,733
Total Assets	345,507	86,749	64,477	496,733
<b><u>LIABILITIES</u></b>				
Accounts payable	216	-	-	216
Due to other funds	312,676	1,133	9,932	323,741
Due to residents	<u>32,615</u>	<u>85,616</u>	<u>54,545</u>	<u>172,776</u>
Total Liabilities	<u>\$ 345,507</u>	<u>\$ 86,749</u>	<u>\$ 64,477</u>	<u>\$ 496,733</u>

See Independent Auditors' Report.