

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, 2011

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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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 30, 2012. 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 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.

Additional Offices:

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of the 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.

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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, 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
August 30, 2012



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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, 2011. 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's 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, 2011.

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, 2011, and have issued our report thereon dated August 30, 2012. 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, 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
August 30, 2012

County of Rockingham, New Hampshire
Schedule of Federal Expenditures of Federal Awards
For the Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	State Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
<u>Forest Service</u>			
Cooperative Forestry Assistance	10.664	NA	\$ <u>140,000</u>
Total U.S. Department of Agriculture			140,000
<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	09-408-CDED	9,270
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	10-408-CDPF	<u>191,000</u>
Total U.S. Department of Housing and Urban Development			200,270
<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	123,668
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government	16.803	2009-SU-B9-0019	97,200
<u>Bureau of Justice Assistance</u>			
Bulletproof Vest Partnership Program	16.607	NA	704
Passed through the State of New Hampshire			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0097	35,777
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1129	6,657
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3194	945
<u>Violence Against Women Office</u>			
Passed through the State of New Hampshire			
Violence Against Women Formula Grants	16.588	2011VW11	<u>30,000</u>
Total U.S. Department of Justice			294,951

(continued)

(continued)

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	State Identifying Number	Federal Expenditures
<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	315-10A-042	4,911
State and Community Highway Safety	20.600	315-12A-039	4,956
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	308-10A-096	<u>1,454</u>
Total U.S. Department of Transportation			11,321
<u>U.S. Department of Energy</u>			
Energy Efficiency and Conservation Block Grant Program, Recovery Act	81.128	NA	<u>1,966,700</u>
Total U.S. Department of Energy			1,966,700
<u>U.S. Department of Homeland Security</u>			
Homeland Security Grant Program	97.067	NA	55,539
Homeland Security Grant Program	97.067	NA	<u>9,720</u>
Total U.S. Department of Homeland Security			<u>65,259</u>
Total Federal Expenditures			<u>\$ 2,678,501</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, 2011

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:

Energy Efficiency and Conservation Block Grant Program, Recovery Act 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>
81.128	Energy Efficiency and Conservation Block Grant Program, Recovery Act

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

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

<u>Finding #</u>	<u>Program</u>	<u>Finding/Noncompliance</u>
10-2	Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government 16.804	<u>Prepare Reports Using a Consistent Basis of Accounting</u> <u>Current Year Status:</u> This issue has been resolved.
10-3	Edward Byrne Memorial Justice Assistance Grant Program 16.738 Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government	<u>Properly Monitor Subrecipients</u> <u>Current Year Status:</u> This issue has been resolved.