



**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
County of Rockingham, New Hampshire

We have audited the accompanying general purpose financial statements of the County of Rockingham, New Hampshire as of and for the year ended December 31, 2005 as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the County of Rockingham, New Hampshire at December 31, 2005 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis and the Budgetary Comparison Schedule on pages 3 through 6 and 27 through 28 are not a required part of the basic financial statements but are 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 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.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying individual fund financial statements listed as supporting schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements and in our opinion, are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Robert L. Gill, CPA, PC". The signature is written in a cursive style with a large, stylized initial 'R'.

Concord, New Hampshire  
March 16, 2006

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## Rockingham County's Management's Discussion and Analysis for 2005

This report provides readers with a narrative overview and analysis of the financial activities of Rockingham County for the year ended December 31, 2005. 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. This is the third year in which the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis is required to provide comparisons with the previous year.

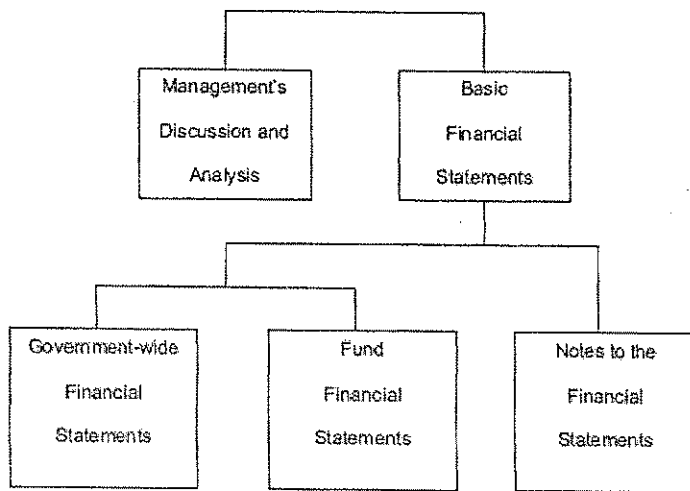
### Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to Rockingham 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 funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.
- The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes, is the required supplemental information that further explains and support the information in the financial statements.

Required Components of Annual Financial Report

Figure 1



Summary -----> Detail

### Financial Highlights -Government Wide

- The assets of Rockingham County exceeded its liabilities at the close of the fiscal year by \$50,166,287 (net assets).
- The government's total net assets increased by \$2,219,734 primarily due to increased assets in the General Fund.

### Financial Highlights-Fund Statements

- As of the close of the year, Rockingham County's reported combined ending fund balances of \$21,510,903, an increase of \$1,778,770 in comparison with the prior year as restated.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,740,731 or 23% percent of total general fund appropriations. The decrease of \$1,495,246 from the prior year was largely due to a transfer of funds to the Capital Projects Fund to provide for approved capital projects.
- The County's total debt increased by \$ 3,152,049 during the current year. On June 15, 2005 a seven year General Obligation Bond in the amount of \$3,887,000 was issued to complete county complex projects. The two majors projects included refurbishment of a wing in the Nursing Home to provide for Assisted Living expansion and Nursing Home updates.
- The County's bond rating was upgraded to Aa2 on its long-term borrowing and maintained its MIG-1 rating on its short-term borrowing.

### Government-Wide Financial Analysis

The County continues to prepare its government-wide financial statements in accordance with the GASB Statement 34 reporting model. Statement 34 dictates that when comparative numbers are accessible, they be included.

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. Net assets at year end were \$50,166,287 of which \$20,453,506 is unrestricted. Unrestricted net assets can be used to finance day-to-day operations of the County and reduce the effect of property taxes.

*table-1*

*Rockingham County Comparative Net Assets at December 31, 2004 and 2005*

	<u>Activities 2004</u>	<u>Activities 2005</u>	<u>% change</u>
Current and other assets	\$38,661,511	\$40,792,708	6%
Capital Assets	<u>33,089,071</u>	<u>36,194,402</u>	9%
Total Assets	<u>71,750,582</u>	<u>76,987,110</u>	7%
Long-term liabilities	11,550,113	14,828,095	28 %
Other Liabilities	<u>12,253,916</u>	<u>11,992,727</u>	- 2%
Total liabilities	<u>23,804,029</u>	<u>26,820,822</u>	13%
<b>Net Assets:</b>			
Invested in capital assets net of related debt	25,004,643	24,957,924	-.1%
Restricted	2,450,102	4,574,857	87%
Unrestricted	<u>20,491,808</u>	<u>20,453,506</u>	1%
Total net assets	\$ <u>47,946,553</u>	\$ <u>50,166,287</u>	-.1%

table-2

*Rockingham County Changes in Net Assets at December 31, 2004 and 2005*

	Activities 2004 <u>As Restated</u>	<u>Activities 2005</u>	<u>% change</u>
Revenues:			
Program Revenues			
Charges for Services	\$27,271,959	\$24,510,554	-10%
Grants and contributions	154,732	139,845	-10%
General Revenues			
Taxes	35,935,492	36,505,736	2%
Other	<u>1,355,396</u>	<u>1,132,828</u>	79%
Total Revenues	<u>64,717,579</u>	<u>62,288,973</u>	-4%
Expenses			
Administration	7,905,652	7,739,673	-2%
Law Enforcement	13,695,712	14,405,946	5%
Human Care and Services	34,808,180	33,984,773	-2%
Other	3,373,171	3,620,897	7%
Debt interest	<u>177,613</u>	<u>317,948</u>	79%
Total Expenses	59,782,715	60,069,237	.48%
Increase in net assets	4,934,864	2,219,734	-55%
Net Assets at 1/1	<u>43,011,689</u>	<u>47,946,553</u>	11%
Net Assets at 12/31	<u>\$47,946,553</u>	<u>\$50,166,287</u>	5%

***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. Unreserved fund balance represents 23 percent of total General Fund appropriations, while total fund balance represents 25 percent of that same amount.

***Capital Asset and Debt Administration***

assets

At December 31, 2005 the County reported \$31.2 million in capital assets net of depreciation which does not include work in progress of \$4.9 million. The Assisted Living and Nursing Home refurbishments account for most of the work in progress.

### debt

At December 31, 2005 the County had \$11,236,477 in outstanding long-term debt. A \$4 million general obligation bond originally authorized in 2004 was bonded on June 15, 2005 for \$3,887,000. An additional \$3.3 million of the \$11 million is for a general obligation bond maturing in 2010. Another \$3.6 million is for a capital lease for the energy management project completed in 2004.

The County again received the highest Moody's rating of MIG-1 on our short term notes and was also upgraded on its long term to a Aa2 rating.

### **Economic Factors and Next Year's Budgets and Rates**

- The second phase of the Ernest P. Barka's Assisted Living project is nearly complete. Currently there is a 100% waiting list and occupancy is expected in early 2006.
- General Government section reflects a new bond payment with little increase to the bottom line.
- The Human Services budget continues to face the largest unknowns as a result of pending legislation.
- Property taxes account for 55% of expected revenues for 2006 and mirrors actual experience of 2005.
- Budgeted expenditures in the General Fund are expected to increase by approximately 2.6%

### **Contacting the County's Financial Management**

This financial report is intended to provide report users with a general overview of the County's finances at 12/31/05. Questions about this report can be directed to the Finance Office at 119 North Road, Brentwood, New Hampshire, 03833.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
Statement of Net Assets  
December 31, 2005

Statement A

	2004 As Restated	2005		% Change
	Primary Government Governmental Activities	Primary Government Governmental Activities		
<b>Assets</b>				
Cash and Equivalents	\$ 24,557,753	\$ 27,595,380		12.37%
Restricted Cash	1,564,638	600,624		-61.61%
Investments	8,625,271	8,557,170		-0.79%
Deposits	43,296	142,003		227.98%
Accounts Receivable, net	639,071	932,983		45.99%
Due from Other Governments	2,430,297	2,225,741		-8.42%
Prepaid Items	140,111	45,207		-67.74%
Inventory	661,075	693,600		4.92%
Capital Assets, net	33,089,071	36,194,402		9.38%
<b>Total Assets</b>	<b>71,750,582</b>	<b>76,987,110</b>		<b>7.30%</b>
<b>Liabilities</b>				
Accounts Payable	2,235,754	2,845,071		27.25%
Accrued Interest Payable	24,076	134,291		457.77%
Accrued Liabilities	539,642	601,316		11.43%
Due to Other Governments	9,328,901	8,242,688		-11.64%
Deferred Revenue	125,543	169,360		34.90%
Long-term Liabilities:				
Due Within One Year	3,972,297	4,611,471		16.09%
Due in More Than One Year	7,577,816	10,216,624		34.82%
<b>Total Liabilities</b>	<b>23,804,029</b>	<b>26,820,822</b>		<b>12.67%</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	25,004,643	24,957,924		-0.19%
Restricted for:				
Capital Projects	828,208	3,664,427		342.45%
Debt Service	-	312,700		
Other Purposes	1,621,894	777,730		-52.05%
Unrestricted	20,491,808	20,453,506		-0.19%
<b>Total Net Assets</b>	<b>\$ 47,946,553</b>	<b>\$ 50,166,287</b>		<b>4.63%</b>

See Accompanying Independent Auditor's Report and Notes to Financial Statements



## COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

## Statement of Activities

For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General Government	\$ 1,038,508	\$ -	\$ -	\$ -	\$ (1,038,508)
Commissioners	160,128	329	-	-	(159,799)
Treasurer	65,223	-	-	-	(65,223)
County Attorney	2,394,347	257,377	43,000	-	(2,093,970)
Medical Examiner	58,155	-	-	-	(58,155)
Deeds	1,295,088	5,445,691	-	-	4,150,603
Sheriff/Dispatch/Radio	3,934,727	946,569	2,202	69,237	(2,916,718)
Airport Security	1,647,845	1,886,963	-	-	239,118
Delegation	56,232	-	-	-	(56,232)
Finance	599,288	1	-	-	(599,287)
Maintenance	3,302,742	22,896	-	-	(3,279,846)
Human Services	1,019,368	20,787	24,407	-	(974,175)
Public Assistance	12,034,200	685,005	-	-	(11,349,195)
Human Resources	344,150	21	-	-	(344,129)
Corrections	8,823,374	308,240	-	-	(8,515,134)
Nursing Home	21,028,889	14,398,968	1,000	-	(6,628,921)
Assisted Living	921,684	523,809	-	-	(397,875)
Information Technology	237,520	10,419	-	-	(227,101)
UNH Cooperative Extension	529,821	3,478	-	-	(526,343)
Noncounty Specials	260,000	-	-	-	(260,000)
Interest on Long Term Debt	317,948	-	-	-	(317,948)
<b>Total governmental activities</b>	<b>60,069,238</b>	<b>24,510,554</b>	<b>70,608</b>	<b>69,237</b>	<b>(35,418,838)</b>
<b>Total Primary Government</b>	<b>60,069,238</b>	<b>24,510,554</b>	<b>70,608</b>	<b>69,237</b>	<b>(35,418,838)</b>
<b>General Revenues:</b>					
Taxes					36,505,736
Grants Not Restricted to Specific Programs					40,169
Interest Earnings					944,944
Miscellaneous					147,725
<b>Total General Revenues</b>					<b>37,638,574</b>
<b>Change in Net Assets</b>					<b>2,219,734</b>
<b>Net Assets - Beginning, as Restated</b>					<b>47,946,553</b>
<b>Net Assets - Ending</b>					<b>\$ 50,166,287</b>

See Accompanying Independent Auditor's Report and Notes to Financial Statements

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Statement C

Balance Sheet  
Governmental Funds  
December 31, 2005

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Equivalents	\$ 25,745,701	\$ 1,019,245	\$ 455	\$ 26,765,401
Restricted Cash	436,946	-	163,677	600,624
Investments	-	-	57,170	57,170
Accounts Receivable, net	832,980	-	-	832,980
Due from Other Funds	54,326	3,393,048	445,871	3,893,245
Due from Other Governments	2,145,485	-	-	2,145,485
Prepaid Expenses	45,207	-	-	45,207
Inventory	693,600	-	-	693,600
<b>Total Assets</b>	<b>\$ 29,954,245</b>	<b>\$ 4,412,293</b>	<b>\$ 667,173</b>	<b>\$ 35,033,711</b>
<b>Liabilities</b>				
Accounts Payable	\$ 1,120,754	\$ 198,179	\$ -	\$ 1,318,933
Accrued Liabilities	601,316	-	-	601,316
Due to Other Funds	3,850,972	-	13,689	3,864,661
Due to Other Governments	7,417,051	-	-	7,417,051
Deferred Revenue	320,847	-	-	320,847
<b>Total Liabilities</b>	<b>13,310,941</b>	<b>198,179</b>	<b>13,689</b>	<b>13,522,809</b>
<b>Fund Balances</b>				
Reserved for:				
Noncurrent Assets	738,807	-	-	738,807
Encumbrances	163,767	549,687	-	713,454
Capital Projects	-	3,664,427	-	3,664,427
Debt Service	-	-	312,700	312,700
Other Purposes	-	-	340,784	340,784
Unreserved, reported in:				
General Fund				
Designated for Continuing Appropriations	583,220	-	-	583,220
Unreserved	15,157,511	-	-	15,157,511
<b>Total Fund Balances</b>	<b>16,643,304</b>	<b>4,214,114</b>	<b>653,484</b>	<b>21,510,903</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,954,245</b>	<b>\$ 4,412,293</b>	<b>\$ 667,173</b>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation.	36,194,402
Internal service funds are used by management to account for self insured employee benefits, such as health. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	6,409,777
Certain long term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Accrued interest payable	(134,291)
Due to other governments	(745,380)
Capital lease obligations payable	(4,009,478)
General obligation bonds payable	(7,227,000)
Accrued compensated absences	(2,102,830)
Deferred revenue	270,186
	(13,948,794)
Net assets of governmental activities	\$ 50,166,287

See Accompanying Independent Auditors' Report and Notes to Financial Statements

Statement 17

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 Statements of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended December 31, 2005

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 36,505,736	\$ -	\$ -	\$ 36,505,736
Charges for Services				
Commissioners	329	-	-	329
County Attorney	300,377	-	-	300,377
Deeds	5,252,745	-	192,946	5,445,691
Sheriff/Dispatch/Radio	971,851	-	-	971,851
Airport Security	1,806,707	-	-	1,806,707
Finance	1	-	-	1
Maintenance	1,854	-	-	1,854
County Land Management	21,042	-	-	21,042
Human Services	723,034	-	-	723,034
Human Resources	21	-	-	21
Corrections	280,048	-	28,192	308,240
Nursing Home	14,384,573	-	15,395	14,399,968
Assisted Living	523,809	-	-	523,809
Information Technology	10,419	-	-	10,419
Interest	572,318	17,724	6,489	596,531
Grants	93,491	-	-	93,491
Other	36,528	114,674	-	151,202
<b>Total Revenues</b>	<b>61,484,884</b>	<b>132,398</b>	<b>243,022</b>	<b>61,860,304</b>
<b>Expenditures</b>				
Current				
General Government	1,004,563	-	-	1,004,563
Commissioners	156,216	-	-	156,216
Treasurer	65,207	-	-	65,207
County Attorney	2,401,756	-	-	2,401,756
Medical Examiner	58,155	-	-	58,155
Deeds	1,267,844	-	-	1,267,844
Sheriff/Dispatch/Radio	3,936,251	-	-	3,936,251
Airport Security	1,645,307	-	-	1,645,307
Delegation Office	53,925	-	-	53,925
Finance Office	624,867	-	-	624,867
Maintenance	3,165,196	-	-	3,165,196
Human Services	1,015,594	-	-	1,015,594
Public Assistance	12,096,186	-	-	12,096,186
Human Resources	320,308	-	-	320,308
Jail	8,264,902	-	-	8,264,902
Nursing Home	20,300,821	-	-	20,300,821
Assisted Living	849,979	-	-	849,979
Information Technology	262,686	-	-	262,686
Extension Service	516,153	-	-	516,153
Non County Specials	260,000	-	-	260,000
Debt Service - Principal	670,000	-	122,772	792,772
Debt Service - Interest	138,594	-	179,354	317,948
Grants	96,439	-	-	96,439
Capital Outlay	65,552	4,788,281	-	4,853,833
<b>Total Expenditures</b>	<b>59,236,501</b>	<b>4,788,281</b>	<b>302,126</b>	<b>64,326,907</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,248,383</b>	<b>(4,655,882)</b>	<b>(59,104)</b>	<b>(2,466,603)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds of Refunding Bonds	-	-	-	-
Proceeds of Bonds Issued	-	3,887,000	-	3,887,000
Retirement of Long Term Debt	-	-	-	-
Premium on Long Term Debt Issued	-	113,690	-	113,690
Accrued Interest on Long Term Debt Issued	-	2,724	-	2,724
Proceeds of Capital Lease	209,433	-	-	209,433
Transfers In	300,772	4,038,374	312,666	4,651,812
Transfers Out	(4,370,504)	-	(281,307)	(4,651,812)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,860,299)</b>	<b>8,041,788</b>	<b>31,358</b>	<b>4,212,847</b>
<b>Net Change in Fund Balance</b>	<b>(1,611,916)</b>	<b>3,385,906</b>	<b>(27,745)</b>	<b>1,746,244</b>
Fund Balances, beginning, as restated	18,222,695	828,208	681,230	19,732,133
Changes in Reserves (Inventory)	32,526	-	-	32,526
<b>Fund Balances, ending</b>	<b>\$ 16,643,304</b>	<b>\$ 4,214,114</b>	<b>\$ 653,484</b>	<b>\$ 21,510,903</b>

See Accompanying Independent Auditors' Report and Notes to 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, 2005**

Net change in fund balances - total governmental funds	\$	1,746,244
 Amounts reported for governmental activities in the Statement of Activities are different because:		
 Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		5,276,425
Loss on disposal of capital assets		(197,552)
Depreciation expense		(1,973,543)
		3,105,330
 Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Deferred revenue		-
 Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Assets. Repayment of debt principle is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Assets:		
Bond proceeds received		(3,887,000)
Retirement of Bonds		-
Accrued Interest on Bonds		(116,414)
Capital lease proceeds received		(209,433)
Capital lease obligation principle payments		274,384
General obligation bond principle payments		670,000
		(3,268,463)
 Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Due to other governments		142,242
Accrued interest payable		6,199
Accrued compensated absences		79,632
		228,073
 Internal Services Funds are used by management to account for self-insured employee benefits, such as health. The net revenue (expense) of the internal service funds is reported with governmental activities.		
		376,025
 Inventory is recorded as an expenditure when purchased in the funds but is recorded as an expense when used in governmental activities.		
		32,526
 Change in net assets of governmental activities	 \$	 2,219,733

See Accompanying Independent Auditor's Report and Notes to Financial Statements

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
Statement of Net Assets  
Proprietary Funds  
December 31, 2005

Statement F

		Governmental Activities- Internal Service Funds
Assets		
Current Assets		
Cash	\$	775,653
Investments		8,500,000
Accounts Receivable, net		100,003
Due from Other Funds		68,949
Deposits		142,003
Total Current Assets		9,586,608
Noncurrent Assets		
Other receivables		-
Total Noncurrent Assets		-
Total Assets		9,586,608
Liabilities		
Current Liabilities		
Accounts Payable		1,526,138
Due to Other Funds		43,206
Deferred Revenue		118,699
Compensated Absences Payable		81,482
Total Current Liabilities		1,769,526
Noncurrent Liabilities		
Compensated Absences Payable		1,407,305
Total Noncurrent Liabilities		1,407,305
Total Liabilities		3,176,832
Net Assets		
Unrestricted		6,409,777
Total Net Assets	\$	6,409,777

See Accompanying Independent Auditor's Report and Notes to Financial Statements

Statement G

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2005**

	<b>Governmental Activities- Internal Service Funds</b>
<b>Operating Revenues</b>	
Charges for Services	\$ 7,892,628
<b>Total Operating Revenues</b>	7,892,628
<b>Operating Expenses</b>	
Claims and Premiums	7,475,973
Compensated Absences	367,658
<b>Total Operating Expenses</b>	7,843,631
<b>Operating Income (Loss)</b>	48,997
<b>Non-Operating Revenues (Expenses)</b>	
Investment Income	349,161
Miscellaneous	(22,134)
<b>Total Non-Operating Revenues (Expenses)</b>	327,027
<b>Net Income (Loss)</b>	376,025
<b>Change in Net Assets</b>	376,025
<b>Total Net Assets - Beginning, As Restated</b>	6,033,752
<b>Total Net Assets - Ending</b>	\$ 6,409,777

See Accompanying Independent Auditor's Report and Notes to Financial Statements

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2005

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities	
Receipts from Users	\$ 7,892,628
Payments to Providers	(7,475,973)
Payments to Employees	(367,658)
Other Receipts (Payments)	483,030
Net Cash Provided by (Used in) Operating Activities	532,028
Net Cash Provided by (Used in) Noncapital Financing Activities	0
Cash Flows from Investing Activities	
Purchase of Investments	(12,899,004)
Sale of Investments	12,793,468
Interest	349,161
Net Cash Provided by (Used in) Investing Activities	243,625
Net Increase (Decrease) in Cash and Cash Equivalents	775,652
Balances - Beginning of Year	0
Balances - End of Year	\$ 775,653
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income (Loss)	\$ 48,997
Adjustments to Reconcile Operating Income to Net Cash Provided	
Non-operating revenue	(22,134)
Change in Assets and Liabilities:	
Deposits	(98,707)
Receivables, net	15,956
Deferred Revenue	39,833
Prepaid Expenses	4,585
Due from Other Funds	35,781
Accounts Payable	319,505
Due to Other Funds	(72,967)
Accrued Liabilities	55,614
Accrued Compensated Absences	205,566
Net Cash Provided By (Used in) Operating Activities	\$ 532,027

See Accompanying Independent Auditor's Report and Notes to Financial Statements

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2005

	Agency Funds			Totals
	Inmates	Nursing Home Residents	Assisted Living Security Deposits	
<b>Assets</b>				
Cash and Equivalents	\$ 98,949	\$ 161,608	\$ 21,393	\$ 281,951
Accounts Receivable	-	-	-	-
<b>Total Assets</b>	<u>98,949</u>	<u>161,608</u>	<u>21,393</u>	<u>281,951</u>
<b>Liabilities</b>				
Accounts Payable	22,726	-	-	22,726
Due to Other Funds	51,754	2,572	-	54,326
Due to Specific Individuals	24,470	159,036	21,393	204,899
<b>Total Liabilities</b>	<u>\$ 98,949</u>	<u>\$ 161,608</u>	<u>\$ 21,393</u>	<u>\$ 281,951</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements



COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Rockingham, New Hampshire (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 the County of Rockingham, New Hampshire and its "component units" (if any). A *primary government* is defined by the GASB as any state government or general purpose local government. Additionally, a primary government may also consist of a special-purpose government (such as a school district) that meets all of the following criteria: (a) it has a *separately elected governing body*, (b) it is *legally separate*, and (c) it is *fiscally independent* of other governments.

A *component unit* is defined by the GASB as a legally separate organization for which the 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 non-fiduciary activities of the primary government. The effect of inter-fund 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to those who purchase, use, or directly benefit from goods or services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and proprietary 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 as well as the proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

**Governmental fund** financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current reporting 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. Expenditures are recorded when a liability is incurred. 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 funds in accordance with GASB Statement #10, "Accounting and Financial Reporting for Risk Financing and Related Insurance 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 and (2) **Trust Funds** – To account for funds designated for subsequent years expenditures of the Long Term Care facilities as appropriated.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(D) Cash and 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.

Cash and equivalent accounts include amounts in demand and savings account deposits as well as short-term investments (such as certificate of deposits) with a maturity date within three months of the date acquired by the County.

Investments, if any, are stated at fair value, in accordance with GASB Statement #31, “*Accounting and Financial Reporting for Certain Investments 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.

Proprietary Fund investment income is comprised of the following for the year:

Interest and Dividends	\$ 353,994
Net Increase (Decrease) in the	
Fair Value of Investments	<u>(\$4,833)</u>
Total Investment Income	<u>\$ 349,161</u>

The net decrease in fair value of investments during the year takes into account all changes in fair value, including bank charges and selling costs of \$749, that occurred during the year.

*(E) Interfund Receivables/Payables and Transfers*

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.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(F) Inventories*

Inventories of the General Fund are accounted for utilizing the purchase method. Under this method, inventories are recorded as expenditures when purchased. When inventory amounts are material (significant) at year end they are to be reported as assets of the respective fund and are to be equally offset by a fund balance reserve.

*(G) Capital Assets*

Capital assets include property and equipment are reported in the applicable governmental activities column in the government-wide financial statements. The County defines a capital asset as an asset that has an initial cost of \$5,000 and an estimated useful life of 3 years except for the Nursing Home where assets are capitalized at \$500 and more with a useful life of 3 years.

All Long Term Care fixed assets including the Nursing Home are valued at cost. As of November 2001, the 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. Depreciation is calculated using the straight line method. Estimated useful lives for buildings and improvements are 10 to 30 years and for movable equipment are 3 to 15 years.

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 included in the cost of the asset. 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.

Finally, the County has a variety of capital asset projects in process at December 31, 2005 totaling \$4,984,488. The projects in process are included in the reporting of \$36,194,402 net Capital Assets in the related statements. Once a project is completed it is reported in the asset category (see note 4). A significant amount of work was completed on the refurbishment of one of the Nursing Home wings which accounts for a significant increase in work in progress at 12/31/05.

*(H) 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 fund liability of the fund that will pay it. The total liability at December 31, 2005 is \$3,386,052.

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, 2005 is \$1,488,787. 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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 NOTES TO FINANCIAL STATEMENTS

*NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

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.

*(I) Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets.

*(J) 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 a designated Fund Balance of at least 12% of budgeted appropriations.

*(K) Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*(A) Budget*

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, 2005, \$4,400,000 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:

County Attorney	\$35,000
Deeds	9,722
Finance	7,360
Sheriff	12,838
Maintenance	23,804
Treasurer	8,500
Jail	6,477
Nursing Home	19,868
	<hr/>
	\$123,569
	<hr/>

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

*(C) Budgetary Basis*

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final budget at December 31, 2005 and includes encumbrances and reserves at December 31, 2004. The breakdown is as follows:

2005 Appropriations	\$ 66,203,670
December 2004 encumbrances	123,569
December 2004 Continuing Appropriations	<u>537,747</u>
Final Budgeted Amounts	<u>\$ 66,864,986</u>

*(D) 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.

*(E) Claims, Judgments and Contingent Liabilities*

Grants – Amounts received are subject to later year's review and adjustment 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, 2005 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.

NOTE 3—CASH AND INVESTMENTS

*Deposits and Investments*

*Deposits*

At year end, the carrying amounts and bank balances with financial institutions of the County's cash deposits are categorized by credit risk as follows:

Category 1 – Deposits that are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the County (or its agent) in the County's name.

Category 2 – Deposits that are uninsured and collateralized by securities that are held by the pledging institution's trust department (or agent) in the County's name.

Category 3 – Deposits that are uninsured and uncollateralized or collateralized by securities that are held by the pledging institution's trust department (or agent) but not in the County's name.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 NOTES TO FINANCIAL STATEMENTS

NOTE 3—CASH AND INVESTMENTS (CONTINUED)

	Category			Bank	Book
	1	2	3	Carrying Amount	Balance
	\$28,681,232			\$28,681,232	\$28,256,837
Checking Accounts			\$ -		
Savings Accounts	21,393	-	-	21,393	21,393
CD's	<u>128,684</u>		-	<u>128,684</u>	<u>129,278</u>
	<u>\$28,831,309</u>		<u>\$ -</u>	<u>\$28,831,309</u>	<u>\$28,407,508</u>

*Investments*

Category 1 – Investments that are insured or registered, or securities held by the County (or its agent) in the County's name.

Category 2 – Investments that are uninsured and unregistered, with U.S. government securities that are held by the counterpart's trust department (or agent) in the County's name.

Category 3 – Investments that are uninsured and unregistered, with securities that are held by the counterpart, or by its trust department (or agent) but not in the County's name.

	Category			Bank	Book
	1	2	3	Carrying Amount	Balance
Investments	\$8,557,170		\$ -	\$8,557,170	\$8,557,170

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for governmental activities at the year ended December 31, 2005:

	Balance at 1/1/05	Additions	Reductions	Balance at 12/31/05
Land	\$ 578,857			\$ 578,857
Building and improvements	46,571,480	370,249	(481,203)	46,460,526
Moveable equipment	<u>10,566,007</u>	<u>1,153,222</u>	<u>(391,561)</u>	<u>11,327,668</u>
Subtotal	57,716,344	1,523,470	(872,764)	58,367,050
Less: Accumulated Depreciation	<u>(25,858,806)</u>	<u>(1,973,543)</u>	<u>675,212</u>	<u>(27,157,137)</u>
Total	<u>31,857,538</u>	<u>(450,072)</u>	<u>(197,552)</u>	<u>31,209,914</u>

NOTE 5—PENSION PLAN

*Pension 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

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 NOTES TO FINANCIAL STATEMENTS

NOTE 5—PENSION PLAN (CONTINUED)

information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 4 Chenell Drive, Concord, New Hampshire 03301.

*Funding Policy*

Covered public safety and general employees 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 7.87% and 5.90% through December 31, 2005. The County contributes 65% of the employer cost for police employed by the County and the State contributes the remaining 35% 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, 2005, 2004, 2003, and 2002, were \$1,460,183, \$1,301,802, \$1,026,971, and \$752,705 respectively, equal to the required contributions for each year.

NOTE 6—POST-RETIREMENT HEALTH CARE BENEFITS

The County provides post-retirement health care benefits to all eligible employees as provided in statute. The NHRS subsidizes the monthly premium for eligible retirees. If the subsidy does not fully cover the cost, the retiree is responsible for the balance. At December 31, 2005 there were 88 retirees with a single, two-person or family health plan participating. Sixty-seven were over the age of 65.

NOTE 7 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Individual interfund balances at year end are as follows:

Fund	Due From	Due To
General	\$54,326	\$3,850,972
Special Revenue:		
Expendable Trusts		13,664
ALF Donations	175	
Drug Task Force		25
Commissary and Chapel	115,193	
Nursing Home Special	17,802	
Capital	3,393,048	
Internal Services:		
Health	66,409	1,506
Dental	2,117	
Worker's Comp	130	
Compensated Abs	293	41,700
Fiduciary:		
Inmate		51,754
Residents		2,572
Assisted Living		
Debt Service Fund	312,700	
Totals	3,962,193	3,962,193



COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 NOTES TO FINANCIAL STATEMENTS

NOTE 8—LONG-TERM DEBT

*Changes in Long-Term Debt*

The following is a summary of debt transactions for the year:

	<u>Payable</u> <u>January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Payable</u> <u>December</u> <u>31</u>
General Obligation Debt:				
General Fund	\$4,010,000	\$3,887,000	(\$670,000)	\$7,227,000
Capital Lease Obligations	<u>4,074,428</u>	<u>209,433</u>	<u>(274,384)</u>	<u>4,009,477</u>
	<u>\$8,084,428</u>	<u>\$4,096,433</u>	<u>(\$944,384)</u>	<u>\$11,236,477</u>

*General Obligation Debt*

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 and reported in the general long-term debt account group are as follows:

<u>Long-Term Debt</u>	<u>Interest</u>	<u>Balance</u>
2003 - \$4,685,000 Improvement Bond maturing in 2010	2.00% to 4.00%	4,010,000
2005 - \$3,887,000 Improvement Bond maturing in 2012	3.25% to 5.00%	3,887,000
Total General Obligation Long-Term Debt		<u>\$7,897,000</u>

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

Debt Service

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	1,232,000	207,745	1,439,745
2007	1,225,000	175,356	1,400,356
2008	1,225,000	141,406	1,366,406
2009	1,220,000	105,850	1,325,850
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>
Totals	<u>\$7,227,000</u>	<u>\$751,401</u>	<u>\$7,978,401</u>

On June 15, 2005 a General Obligation Bond for complex improvements of \$3,887,000 was issued. The bonds have a stated interest rate of 3.25% for the first 5 years, and 4.00% and 5.00% in years six and seven respectively. They are payable in varying principle amounts over the next 7 years.

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 NOTES TO FINANCIAL STATEMENTS

NOTE 8—LONG-TERM DEBT (CONTINUED)

*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 leases balances at year end:

Equipment, due in semi-annual installments the next of which is \$58,753 including interest at 3.55%	224,944
Equipment, due in semi- annual installments the next of which is \$1,638 including interest at 3.37%	6,285
Equipment, due in semi- annual installments the next of which is \$2,272 including interest at 5.05%	8,543
Equipment, due in variable annual installments the next of which is \$302,126 including interest, through June, 2018 at 4.73%	3,598,261
Equipment, due in annual installments the next of which is \$9,078 including interest at 6.00%	16,643
Equipment, due in annual installments the next of which is \$28,910 including interest at 5.85%	53,116
Equipment, due in semi- annual installments the next of which is \$18,248 including interest at 4.31%	<u>101,685</u>
	<u>\$4,009,477</u>

Annual debt service requirements to maturity for capital leases, including interest are as follows

<u>Year Ended December 31</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2006	323,355	189,158	512,513
2007	348,696	174,761	523,457
2008	211,162	160,307	371,469
2009	196,010	150,686	346,696
2010	217,592	141,238	358,830
2011-2018	<u>2,712,662</u>	<u>412,446</u>	<u>3,125,108</u>
	<u>4,009,477</u>	<u>1,228,596</u>	<u>5,238,073</u>

NOTE 9—OPERATING LEASES

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

Year	Office Space	Equipment Rental	Total
2006	175,290	7,818	183,108
2007	177,615	6,729	184,344
2008	89,453	4,414	93,867

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10—DESIGNATED FUND BALANCE**

*General Fund*

Appropriations for certain projects and specific items not fully expended at year end are carried forward as continuing appropriations to the next year in which they supplement the appropriations of that year. \$583,270 in continuing appropriations for the human services department are reported at December 31, 2005.

*Capital Projects*

Any Capital Projects fund balance would be designated for specific capital project expenditures in future years by the Capital Projects fund.

**NOTE 11—CONTINGENCY**

There are some outstanding lawsuits pending against the County. 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.

**NOTE 12—PRIOR PERIOD ADJUSTMENTS**

The following Fund Balances and Retained Earnings have been restated at January 1, 2005. Adjustments for all funds were reported late. The adjustments are as follows:

	General Fund Fund Balance	Other Governmental Fund Balance	Internal Service Total Net Assets
As Previously Reported	\$18,148,788	\$681,741	\$5,903,576
Adjustments in Accruals and Reserves	<u>73,907</u>	<u>(511)</u>	<u>130,176</u>
Restated Amount	<u>\$18,222,695</u>	<u>\$681,230</u>	<u>\$6,033,752</u>

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

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Budgetary Comparison Schedule

General Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	\$ 5,048,956	\$ 5,061,316	\$ 5,061,316	\$ -
<b>Resources (Inflows)</b>				
Taxes	36,505,736	36,505,736	36,505,736	-
<b>Charges for Services</b>				
Commissioners	-	-	329	329
County Attorney	314,334	314,334	300,377	(13,957)
Deeds	4,850,000	4,850,000	5,252,745	402,745
Sheriff/Dispatch/Radio	1,179,038	1,179,038	971,851	(207,187)
Airport Security	1,947,820	1,947,820	1,806,707	(141,113)
Finance	-	-	1	1
Maintenance	-	-	1,854	1,854
Property Management	21,520	21,520	21,042	(478)
Human Services	699,588	699,588	723,034	23,446
Human Resources	-	-	21	21
Corrections	278,800	278,800	280,048	1,248
<b>Long Term Care Services</b>				
Nursing Home	13,312,993	13,312,993	14,384,573	1,071,580
Assisted Living	591,840	591,840	523,809	(68,031)
Information Technology	9,000	9,000	10,419	1,419
Interest	300,000	300,000	572,318	272,318
Grants	1,750,000	1,750,000	93,491	(1,656,509)
Other	-	-	36,528	36,528
Transfers from Other Funds	43,001	43,001	300,772	257,771
Amounts Available for Appropriation	66,852,626	66,864,986	66,846,972	(18,014)
<b>Charges to Appropriations (Outflows)</b>				
Delegation Office	86,322	86,322	53,925	32,397
Treasurer	51,456	69,456	57,045	12,411
County Attorney/District Court	2,566,869	2,566,869	2,366,756	200,113
Medical Examiner	56,100	56,100	58,155	(2,055)
Sheriff/Dispatch/Radio	4,191,081	4,196,081	3,841,387	354,694
Airport Security	1,780,064	1,780,064	1,645,307	134,757
Registry of Deeds	1,438,316	1,438,316	1,260,692	177,624
Commissioners	170,420	170,420	156,216	14,204
General Government	1,628,907	1,240,907	1,004,563	236,344
Debt Service - Principle	1,175,000	675,000	670,000	5,000
Debt Service - Interest	138,594	138,594	138,594	-
Projects (Capital Outlay)	823,500	4,123,500	131,259	3,992,241
Grants	1,850,000	1,264,455	96,439	1,168,016
Finance Office	690,559	697,919	625,777	72,142
Maintenance	3,219,468	3,219,468	3,109,629	109,839
Information Technology	260,954	260,954	210,542	50,412
Human Services	1,578,627	1,584,172	1,076,558	507,614
Public Assistance	13,238,491	12,158,491	12,088,695	69,796
Jail	8,364,818	8,364,818	8,232,704	132,114
UNH Cooperative Extention	537,495	537,495	518,586	18,909
Human Resources	337,369	337,369	320,308	17,061
Non County Specials	260,000	260,000	260,000	-
<b>Long Term Care Services</b>				
Nursing Home	21,659,561	20,812,852	20,345,822	467,030
Assisted Living	748,655	825,364	851,779	(26,415)
Transfers to Other Funds	-	-	4,370,504	(4,370,504)
Total Charges to Appropriations	66,852,626	66,864,986	63,491,243	3,373,743
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 3,355,729	\$ 3,355,729

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

**Sources/Inflow of Resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 66,846,972
<b>Differences - Budget to GAAP</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(5,061,316)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting services	(300,772)
<b>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</b>	<u><u>\$ 61,484,884</u></u>

**Uses/Outflows of Resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 63,491,243
<b>Differences - Budget to GAAP</b>	
Encumbrances for certain contract expenditures ordered but not received are reported in the year the order is placed for budgetary purposes and in the year the resources are received for financial reporting purposes.	(93,671)
Capital Leases executed during a year are not reported as expenditures for budgetary purposes, but are reported as program expenditures for financial reporting purposes.	209,433
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(4,370,504)
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund</b>	<u><u>\$ 59,236,501</u></u>

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2005

Assets	Special Revenue										Debt Service		Permanent Funds		Total Nonmajor Governmental Funds
	Drug Force	Task	Expendable Trusts	Nursing Special Account	Home	Assisted Living	Donations	Inmate Commissary	Inmate Chapel	Deeds Equipment	WFSurtevant Memorial	Energy Mgmt Project	Nonexpendable Trust	Funds	
Cash and Equivalents	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	455
Restricted Cash	-	-	-	31,006	-	-	-	-	-	129,278	3,393	-	-	-	163,677
Investments	-	-	21,687	-	-	-	-	-	-	-	-	-	-	35,483	57,170
Due from Other Funds	-	-	-	17,802	175	175	110,335	4,858	-	-	-	312,700	-	-	445,871
Total Assets	\$ 25	\$ 21,687	\$ -	\$ 48,809	\$ 175	\$ 175	\$ 110,335	\$ 5,288	\$ 129,278	\$ 3,393	\$ 312,700	\$ -	\$ 35,483	\$ 667,173	
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Accounts Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leases Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	25	13,664	-	-	-	-	-	-	-	-	-	-	-	-	13,689
Total Liabilities	25	13,664	-	-	-	-	-	-	-	-	-	-	-	-	13,689
Fund Balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserved for:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	312,700	-	-	-	312,700
Other Purposes	-	8,023	48,809	175	175	110,335	5,288	129,278	3,393	-	-	-	35,483	-	340,784
Total Fund Balances	-	8,023	48,809	175	175	110,335	5,288	129,278	3,393	-	312,700	-	35,483	-	653,484
Total Liabilities and Fund Balances	\$ 25	\$ 21,687	\$ 48,809	\$ 175	\$ 175	\$ 110,335	\$ 5,288	\$ 129,278	\$ 3,393	\$ 312,700	\$ 35,483	\$ -	\$ 35,483	\$ 667,173	



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
 Combining Statement of Net Assets  
 Internal Services Proprietary Funds  
 December 31, 2005

	Health Fund	Dental Fund	Worker's Compensation Fund		Unemployment Fund	Compensated Absences Fund	Total Governmental Activities-Internal Service Funds
			Compensation Fund	Fund			
<b>Assets</b>							
Current Assets							
Cash	\$ 588,940	\$ 12,120	\$ 171,068	\$ -	\$ -	\$ 3,526	775,653
Investments	3,401,750	340,302	3,026,413	49,500	1,682,035		8,500,000
Accounts Receivable, net	5,544	-	81,410	10,663	2,387		100,003
Due from Other Funds	66,409	2,117	130	-	293		68,949
Deposits	122,003	-	20,000	-	-		142,003
Total Current Assets	4,184,645	354,539	3,299,020	60,163	1,688,241		9,586,608
Noncurrent Assets	-	-	-	-	-	-	-
Total Assets	4,184,645	354,539	3,299,020	60,163	1,688,241		9,586,608
<b>Liabilities</b>							
Current Liabilities							
Accounts Payable	1,158,324	23,836	332,574	-	-	11,404	1,526,138
Due to Other Funds	1,506	-	-	-	41,700		43,206
Deferred Revenue	113,497	4,625	-	-	577		118,699
Compensated Absences Payable	-	-	-	-	81,482		81,482
Total Current Liabilities	1,273,327	28,462	332,574	-	135,163		1,769,526
Noncurrent Liabilities							
Compensated Absences Payable	-	-	-	-	-	1,407,305	1,407,305
Total Noncurrent Liabilities	-	-	-	-	-	1,407,305	1,407,305
Total Liabilities	1,273,327	28,462	332,574	-	1,542,469		3,176,832
Net Assets							
Unrestricted	2,911,318	326,077	2,966,446	60,163	145,773		6,409,777
Total Net Assets	\$ 2,911,318	\$ 326,077	\$ 2,966,446	\$ 60,163	\$ 145,773	\$	\$ 6,409,777



**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Services Proprietary Funds**  
**For the Year Ended December 31, 2005**

	Health Fund	Dental Fund	Worker's Compensation Fund	Unemployment Fund	Compensated Absences Fund	Total Governmental Activities-Internal Service Funds
Operating Revenues						
Charges for Services	\$ 6,372,039	\$ 441,838	\$ 574,215	\$ 7,250	\$ 497,286	\$ 7,892,628
Total Operating Revenues	6,372,039	441,838	574,215	7,250	497,286	7,892,628
Operating Expenses						
Claims and Premiums	6,531,998	390,131	414,228	9,969	129,647	7,475,973
Compensated Absences	-	-	-	-	367,658	367,658
Total Operating Expenses	6,531,998	390,131	414,228	9,969	497,305	7,843,631
Operating Income (Loss)	(159,958)	51,706	159,987	(2,719)	(18)	48,997
Non-Operating Revenues (Expenses)						
Investment Income	165,388	13,592	109,993	1,652	58,536	349,161
Miscellaneous	(19,168)	(73)	(13,574)	10,663	18	(22,134)
Total Non-Operating Revenues (Expenses)	146,220	13,518	96,419	12,315	58,555	327,027
Change in Net Assets	(13,738)	65,225	256,405	9,596	58,536	376,025
Total Net Assets - Beginning, as Restated	2,925,056	260,852	2,710,041	50,567	87,236	6,033,752
Total Net Assets - Ending	\$ 2,911,318	\$ 326,077	\$ 2,966,446	\$ 60,163	\$ 145,773	\$ 6,409,777

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 Statement of Cash Flows  
 Internal Services Proprietary Funds  
 For the Year Ended December 31, 2005

	Health Fund	Dental Fund	Worker's Compensation Fund	Unemployment Fund	Compensated Absences Fund	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities						
Receipts from Users	\$ 6,372,039	\$ 441,838	\$ 574,215	\$ 7,250	\$ 497,286	\$ 7,892,628
Payments to Providers	(6,531,998)	(390,131)	(414,228)	(9,969)	(129,647)	(7,475,973)
Payments to Employees	-	-	-	-	(367,658)	(367,658)
Other Receipts (Payments)	419,351	9,205	(120,946)	11,238	164,182	483,030
Net Cash Provided by (Used in) Operating Activities	259,393	60,911	39,041	8,519	164,164	532,028
Net Cash Provided by (Used in) Noncapital Financing Activities	-	-	-	-	-	-
Cash Flows from Investing Activities						
Purchase of Investments	(9,857,904)	(725,739)	(1,294,195)	(34,950)	(986,216)	(12,899,004)
Sale of Investments	10,022,062	663,356	1,316,229	24,779	767,041	12,793,468
Interest	165,388	13,592	109,993	1,652	58,536	349,161
Net Cash Provided by (Used in) Investing Activities	329,546	(48,791)	132,027	(8,519)	(160,638)	243,625
Net Increase (Decrease) in Cash and Cash Equivalents	588,939	12,120	171,068	-	3,526	775,653
Balances - Beginning of Year	-	-	-	-	-	-
Balances - End of Year	\$ 588,939	\$ 12,120	\$ 171,068	\$ -	\$ 3,526	\$ 775,653
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating Income (Loss)	\$ (159,958)	\$ 51,706	\$ 159,987	\$ (2,719)	\$ (18)	\$ 48,997
Miscellaneous Non Operating Revenues (Expenses)	(19,168)	(73)	(13,574)	10,663	18	(22,134)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Change in Assets and Liabilities:						
Deposits	(98,707)	-	-	-	-	(98,707)
Receivables, net	24,390	57	(5,108)	(1,012)	(2,371)	15,956
Deferred Revenue	40,373	(660)	-	-	120	39,833
Prepaid Expenses	-	-	2,250	2,335	-	4,585
Due from Other Funds	35,757	(348)	649	-	(276)	35,781
Accounts Payable	343,313	4,755	(37,548)	(748)	9,733	319,505
Due to Other Funds	6,399	-	(30,759)	-	(48,607)	(72,967)
Accrued Liabilities	86,995	5,475	(36,856)	-	-	55,614
Accrued Compensated Absences	-	-	-	-	205,566	205,566
Net Cash Provided By (Used in) Operating Activities	\$ 259,393	\$ 60,911	\$ 39,041	\$ 8,519	\$ 164,164	\$ 532,027