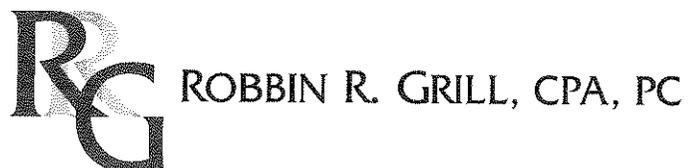
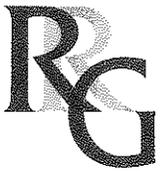


**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
**GENERAL PURPOSE FINANCIAL STATEMENTS WITH SUPPORTING SCHEDULES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**



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**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, 2006 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, 2006 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 conducted 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.

*Robbin S. Grill, CPA, PC*

Concord, New Hampshire  
May 22, 2007

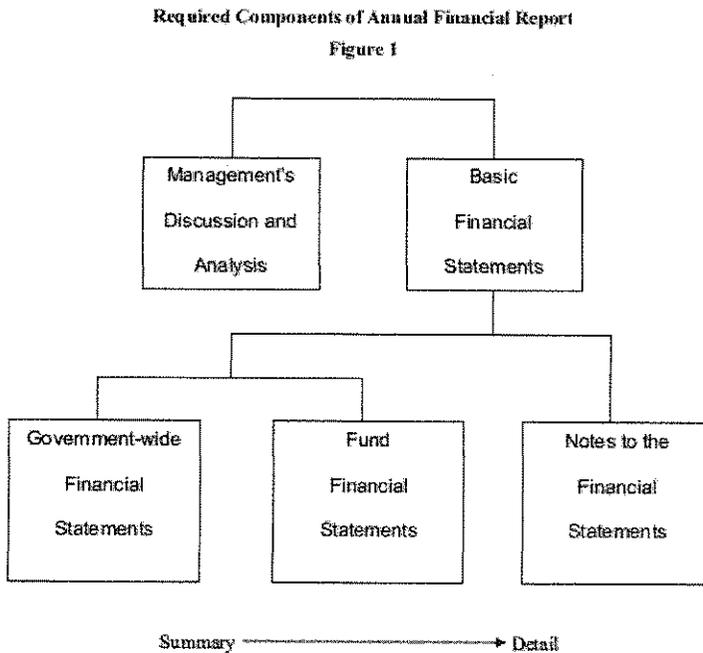
# Rockingham County's Management's Discussion and Analysis for 2006

This report provides readers with a narrative overview and analysis of the financial activities of Rockingham County for the year ended December 31, 2006. 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.

## 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.



## Financial Highlights -Government Wide

- The assets of Rockingham County exceeded its liabilities at the close of the fiscal year by \$54,161,296 (net assets).
- The government's total net assets increased by \$3,514,703 primarily due to a reduction in both expected health expenditures and long-term liabilities.

## Financial Highlights-Fund Statements

- As of the close of the year, Rockingham County's reported combined ending fund balances of \$20,904,530, a decrease of \$618,962 in comparison with the prior year as restated.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,993,428 or 23% percent of total general fund appropriations. The amount almost mirrors 2005.
- The County's total debt decreased by \$ 1,450,328 during the current year.
- The County's retains a Aa2 bond rating for 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 \$54,161,296 of which \$24,058,669 were 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, 2005 and 2006*

	Activities 2005 As Restated	Activities 2006	% change
Current and other assets	\$40,814,998	\$43,108,727	6%
Capital Assets	36,194,402	35,758,148	-1%
Total Assets	77,009,400	78,866,875	2%
Long-term liabilities	14,828,095	13,285,780	-10%
Other Liabilities	11,534,711	11,419,799	-1%
Total liabilities	26,362,806	24,705,579	-6%
<b>Net Assets:</b>			
Invested in capital assets			
net of related debt	24,957,924	25,971,997	4%
Restricted	4,754,459	4,130,630	-13%
Unrestricted	20,934,210	<u>24,058,669</u>	15%
Total net assets	\$50,646,593	\$54,161,296	7%

*table-2*

#### *Rockingham County Changes in Net Assets at December 31, 2005 and 2006*

	<u>Activities 2005 As Restated</u>	<u>Activities 2006</u>	<u>% Change</u>
Revenues:			
Program Revenues			
Charges for Services	\$24,510,562	\$24,957,039	2%
Grants and contributions	139,845	291,468	108%
General Revenues			
Taxes	36,505,736	37,666,947	3%
Other	1,132,828	1,320,856	17%
Total Revenues	<u>62,288,971</u>	<u>64,236,310</u>	3%
Expenses			
Administration	7,739,673	8,075,154	4%
Law Enforcement	14,405,946	13,724,098	-5%
Human Care and Services	33,984,773	34,941,225	3%
Other	3,140,591	3,620,897	15%
Debt interest	317,948	360,233	13%
Total Expenses	<u>59,588,931</u>	<u>60,721,607</u>	2%
Increase in net assets	2,700,040	3,514,703	30%
Net Assets at 1/1	<u>47,946,553</u>	<u>50,646,593</u>	6%
Net Assets at 12/31	<u>\$50,646,593</u>	<u>\$54,161,296</u>	7%

### ***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, 2006, unreserved fund balance represents 23 percent of total General Fund appropriations, while total fund balance represents 25 percent of that same amount. Both ratios remain unchanged from 2005.

### ***Capital Asset and Debt Administration***

#### **assets**

At December 31, 2006 the County reported \$35 million in capital assets net of depreciation which does not include work in progress of \$776,534. The increase is due to the completion of \$4.2 million of Assisted Living and Nursing Home refurbishments projects during the year.

debt

At December 31, 2006 the County had \$9,786,150 in outstanding long-term debt. \$3.3 million originates from a general obligation bond maturing in 2012. An additional \$2.6 million of the \$9.7 million is for a general obligation bond maturing in 2010. The final \$3.8 million is for a capital lease for the energy management project completed in 2004.

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

- The second phase of the Ernest P. Barka's Assisted Living project is complete and continues to have more than a 100% waiting list.
- The Human Services and Nursing Home budgets face the largest unknowns as a result of pending legislation.
- Property taxes continue to account for 55% of expected revenues for 2007 and mirrors actual experience of 2006.
- Budgeted expenditures in the General Fund are expected to increase by approximately 1.5%

**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 12/31/06. 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, 2006

	2005 As Restated		2006		% Change
	Primary Government Governmental Activities	Primary Government Governmental Activities	Primary Government Governmental Activities	Primary Government Governmental Activities	
<b>Assets</b>					
Cash and Equivalents	\$ 27,596,095	\$ 26,697,343			-3.26%
Restricted Cash	600,624	636,584			5.99%
Investments	8,557,170	11,515,219			34.57%
Deposits	142,003	-			-100.00%
Accrued Interest Receivable	-	235,833			
Accounts Receivable, net	917,946	867,263			-5.52%
Internal Balances	-	-			
Due from Other Governments	2,255,553	2,343,871			3.92%
Prepaid Items	52,007	54,139			4.10%
Inventory	693,600	758,074			9.30%
Gift Cards	-	400			
Capital Assets, net	36,194,402	35,758,148			-1.21%
Unamortized Note Issuance Costs	-	-			
Total Assets	<u>77,009,400</u>	<u>78,866,875</u>			2.41%
<b>Liabilities</b>					
Accounts Payable	2,421,921	1,919,262			-20.75%
Accrued Interest Payable	134,291	113,343			-15.60%
Accrued Liabilities	596,940	619,087			3.71%
Due to Other Governments	8,242,792	8,571,288			3.99%
Deferred Revenue	138,768	196,818			41.83%
Long-term Liabilities:					
Due Within One Year	4,611,471	4,570,667			-0.88%
Due in More Than One Year	10,216,624	8,715,113			-14.70%
Total Liabilities	<u>26,362,806</u>	<u>24,705,579</u>			-6.29%
<b>Net Assets</b>					
Invested in capital assets, net of related debt	24,957,924	25,971,998			4.06%
Restricted for:					
Capital Projects	3,664,427	3,029,591			-17.32%
Debt Service	312,700	323,645			3.50%
Other Purposes	777,332	777,394			0.01%
Unrestricted	20,934,210	24,058,669			14.93%
Total Net Assets	<u>\$ 50,646,593</u>	<u>\$ 54,161,296</u>			6.94%

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, 2006

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 Governmental Activities
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General Government	\$ 944,593	\$ -	\$ -	\$ -	\$ (944,593)
Commissioners	161,700	-	-	-	(161,700)
Treasurer	29,215	-	-	-	(29,215)
County Attorney	2,369,955	163,359	43,000	-	(2,163,596)
Medical Examiner	56,420	-	-	-	(56,420)
Deeds	1,279,570	4,493,389	-	-	3,213,819
Sheriff/Dispatch/Radio	4,146,759	989,384	2,251	130,575	(3,024,548)
Airport Security	814,304	917,328	-	-	103,024
Delegation	43,173	-	-	-	(43,173)
Finance	587,856	-	-	-	(587,856)
Maintenance	3,688,790	16,255	-	-	(3,672,535)
Human Services	1,115,697	30,250	113,642	-	(971,805)
Public Assistance	12,967,828	716,248	-	-	(12,251,580)
Human Resources	361,586	124	-	-	(361,462)
Corrections	8,763,035	402,753	-	-	(8,360,282)
Nursing Home	20,756,210	16,318,407	1,000	-	(4,436,803)
Assisted Living	1,217,187	895,432	-	-	(321,754)
Information Technology	253,012	14,109	-	-	(238,903)
UNH Cooperative Extension	541,236	-	1,000	-	(540,236)
Noncounty Specials	263,250	-	-	-	(263,250)
Interest on Long Term Debt	360,233	-	-	-	(360,233)
<b>Total governmental activities</b>	<b>60,721,607</b>	<b>24,957,037</b>	<b>160,893</b>	<b>130,575</b>	<b>(35,473,101)</b>
<b>Total Primary Government</b>	<b>60,721,607</b>	<b>24,957,037</b>	<b>160,893</b>	<b>130,575</b>	<b>(35,473,101)</b>
<b>General Revenues:</b>					
Taxes					37,666,947
Grants Not Restricted to Specific Programs					10,492
Interest Earnings					1,258,696
Miscellaneous					51,668
<b>Total General Revenues</b>					<b>38,987,803</b>
<b>Change in Net Assets</b>					<b>3,514,703</b>
<b>Net Assets - Beginning, as Restated</b>					<b>50,646,593</b>
<b>Net Assets - Ending</b>					<b>\$ 54,161,296</b>

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

## COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Balance Sheet  
 Governmental Funds  
 December 31, 2006

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Equivalents	\$ 22,746,019	\$ 3,332,773	\$ 25	\$ 26,078,818
Restricted Cash	436,946	-	199,638	636,584
Investments	-	-	59,332	59,332
Accounts Receivable, net	593,670	-	-	593,670
Due from Other Funds	97,186	-	422,176	519,362
Due from Other Governments	2,343,871	-	-	2,343,871
Prepaid Expenses	49,860	-	-	49,860
Inventory	758,074	-	-	758,074
Gift Cards	400	-	-	400
<b>Total Assets</b>	<b>\$ 27,026,027</b>	<b>\$ 3,332,773</b>	<b>\$ 681,171</b>	<b>\$ 31,039,971</b>
<b>Liabilities</b>				
Accounts Payable	\$ 945,325	\$ 59,617	\$ -	\$ 1,004,942
Accrued Liabilities	619,087	-	-	619,087
Due to Other Funds	423,834	-	17,079	440,913
Due to Other Governments	7,705,704	-	-	7,705,704
Deferred Revenue	364,795	-	-	364,795
<b>Total Liabilities</b>	<b>10,058,745</b>	<b>59,617</b>	<b>17,079</b>	<b>10,135,441</b>
<b>Fund Balances</b>				
<b>Reserved for:</b>				
Noncurrent Assets	807,934	-	-	807,934
Encumbrances	166,920	243,566	-	410,486
Capital Projects	-	3,029,591	-	3,029,591
Debt Service	-	-	323,645	323,645
Other Purposes	-	-	340,447	340,447
<b>Unreserved, reported in:</b>				
<b>General Fund</b>				
Designated for Continuing Appropriations	620,595	-	-	620,595
Unreserved	15,371,833	-	-	15,371,833
<b>Total Fund Balances</b>	<b>16,967,282</b>	<b>3,273,157</b>	<b>664,092</b>	<b>20,904,530</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 27,026,027</b>	<b>\$ 3,332,773</b>	<b>\$ 681,171</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.	35,758,148
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.	9,890,838
Certain long term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Accrued interest payable	(113,343)
Due to other governments	(865,584)
Capital lease obligations payable	(3,791,150)
General obligation bonds payable	(5,995,000)
Accrued compensated absences	(1,897,330)
Deferred revenue	270,186
	(12,392,221)
<b>Net assets of governmental activities</b>	<b>\$ 54,161,296</b>

See Accompanying Independent Auditors' Report and Notes to Financial Statements

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 Statements of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended December 31, 2006

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 37,666,947	\$ -	\$ -	\$ 37,666,947
<b>Charges for Services</b>				
Commissioners	-	-	-	-
County Attorney	176,293	-	30,066	206,359
Deeds	4,333,181	-	160,208	4,493,389
Sheriff/Dispatch/Radio	1,056,638	-	-	1,056,638
Airport Security	997,584	-	-	997,584
Finance	-	-	-	-
Maintenance	2,086	-	-	2,086
County Land Management	14,169	-	-	14,169
Human Services	860,140	-	-	860,140
Human Resources	124	-	-	124
Corrections	381,474	-	21,278	402,753
Nursing Home	16,307,288	-	12,120	16,319,407
Assisted Living	894,046	-	1,386	895,432
Information Technology	14,109	-	-	14,109
Interest	565,686	24,131	12,325	602,142
Grants	77,064	-	-	77,064
Other	49,923	1,745	-	51,668
<b>Total Revenues</b>	<b>63,396,752</b>	<b>25,876</b>	<b>237,383</b>	<b>63,660,011</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	932,636	-	-	932,636
Commissioners	162,959	-	-	162,959
Treasurer	29,202	-	-	29,202
County Attorney	2,452,671	-	-	2,452,671
Medical Examiner	56,420	-	-	56,420
Deeds	1,346,488	-	-	1,346,488
Sheriff/Dispatch/Radio	4,321,125	-	-	4,321,125
Airport Security	887,264	-	-	887,264
Delegation Office	57,774	-	-	57,774
Finance Office	647,602	-	-	647,602
Maintenance	3,462,594	-	-	3,462,594
Human Services	1,122,842	-	-	1,122,842
Public Assistance	12,927,880	-	-	12,927,880
Human Resources	363,850	-	-	363,850
Jail	8,823,612	-	-	8,823,612
Nursing Home	21,149,537	-	-	21,149,537
Assisted Living	1,165,747	-	-	1,165,747
Information Technology	302,299	-	-	302,299
Extension Service	533,651	-	-	533,651
Non County Specials	263,250	-	-	263,250
Debt Service - Principal	1,232,000	-	139,264	1,371,264
Debt Service - Interest	207,745	-	173,436	381,181
Grants	82,268	-	-	82,268
Capital Outlay	165,412	1,486,333	-	1,651,745
<b>Total Expenditures</b>	<b>62,696,828</b>	<b>1,486,333</b>	<b>312,700</b>	<b>64,495,861</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>699,925</b>	<b>(1,460,457)</b>	<b>(75,317)</b>	<b>(835,850)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds of Refunding Bonds	-	-	-	-
Proceeds of Bonds Issued	-	-	-	-
Retirement of Long Term Debt	-	-	-	-
Premium on Long Term Debt Issued	-	-	-	-
Accrued Interest on Long Term Debt Issued	-	-	-	-
Proceeds of Capital Lease	152,414	-	-	152,414
Transfers In	237,322	519,500	323,645	1,080,466
Transfers Out	(843,145)	-	(237,322)	(1,080,466)
<b>Total Other Financing Sources (Uses)</b>	<b>(453,409)</b>	<b>519,500</b>	<b>86,323</b>	<b>152,414</b>
<b>Net Change in Fund Balance</b>	<b>246,516</b>	<b>(940,957)</b>	<b>11,006</b>	<b>(683,436)</b>
Fund Balances, beginning, as restated	16,656,292	4,214,114	653,086	21,523,492
Changes in Reserves (Inventory)	64,474	-	-	64,474
<b>Fund Balances, ending</b>	<b>\$ 16,967,282</b>	<b>\$ 3,273,157</b>	<b>\$ 664,092</b>	<b>\$ 20,904,530</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, 2006**

Net change in fund balances - total governmental funds	\$	(683,436)
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		1,775,595
Loss on disposal of capital assets		(170,173)
Depreciation expense		(2,041,675)
		(436,254)
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		-
Retirement of Bonds		-
Accrued Interest on Bonds		-
Capital lease proceeds received		(152,414)
Capital lease obligation principle payments		370,742
General obligation bond principle payments		1,232,000
		1,450,328
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		(120,204)
Accrued interest payable		20,948
Accrued compensated absences		205,501
		106,245
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.		
		3,013,346
Inventory is recorded as an expenditure when purchased in the funds but is recorded as an expense when used in governmental activities.		
		64,474
Change in net assets of governmental activities	\$	3,514,703

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

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2006**

		<u>Governmental Activities- Internal Service Funds</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$	618,526
Investments		11,455,887
Accrued Interest Receivable		235,833
Accounts Receivable, net		176,613
Due from Other Funds		86,661
Deposits		4,279
<b>Total Current Assets</b>		<u>12,577,800</u>
<b>Noncurrent Assets</b>		
Other receivables		-
<b>Total Noncurrent Assets</b>		<u>-</u>
<b>Total Assets</b>		<u>12,577,800</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable		914,320
Due to Other Funds		68,131
Deferred Revenue		102,210
Compensated Absences Payable		140,516
<b>Total Current Liabilities</b>		<u>1,225,177</u>
<b>Noncurrent Liabilities</b>		
Compensated Absences Payable		1,461,785
<b>Total Noncurrent Liabilities</b>		<u>1,461,785</u>
<b>Total Liabilities</b>		<u>2,686,962</u>
<b>Net Assets</b>		
Unrestricted		9,890,838
<b>Total Net Assets</b>	\$	<u>9,890,838</u>

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, 2006**

	<u>Governmental Activities- Internal Service Funds</u>
<b>Operating Revenues</b>	
Charges for Services	\$ 8,324,087
<b>Total Operating Revenues</b>	<u>8,324,087</u>
<b>Operating Expenses</b>	
Claims and Premiums	5,540,403
Compensated Absences	391,262
<b>Total Operating Expenses</b>	<u>5,931,665</u>
<b>Operating Income (Loss)</b>	2,392,422
<b>Non-Operating Revenues (Expenses)</b>	
Investment Income	656,555
Miscellaneous	(35,631)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>620,924</u>
<b>Net Income (Loss)</b>	3,013,346
<b>Change in Net Assets</b>	<u>3,013,346</u>
<b>Total Net Assets - Beginning, As Restated</b>	6,877,493
<b>Total Net Assets - Ending</b>	<u>\$ 9,890,838</u>

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, 2006**

	<u>Governmental Activities- Internal Service Funds</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from Users	\$ 8,324,087
Payments to Providers	(5,540,403)
Payments to Employees	(391,262)
Other Receipts (Payments)	(250,217)
Net Cash Provided by (Used in) Operating Activities	<u>2,142,205</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>0</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Investments	(12,159,146)
Sale of Investments	9,203,258
Interest	656,555
Net Cash Provided by (Used in) Investing Activities	<u>(2,299,333)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(157,128)
Balances - Beginning of Year	775,653
Balances - End of Year	<u>\$ 618,527</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating Income (Loss)	\$ 2,392,422
<b>Adjustments to Reconcile Operating Income to Net Cash Provided</b>	
Non-operating revenue	(35,631)
<b>Change in Assets and Liabilities:</b>	
Deposits	142,003
Receivables, net	(49,799)
Deferred Revenue	14,102
Prepaid Expenses	(4,279)
Due from Other Funds	(23,801)
Accounts Payable	40,503
Due to Other Funds	31,013
Accrued Liabilities	(128,495)
Accrued Compensated Absences	-
Net Cash Provided By (Used in) Operating Activities	<u>\$ 2,378,037</u>

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, 2006**

	Agency Funds			Totals
	Inmates	Nursing Home Residents	Assisted Living Security Deposits	
<b>Assets</b>				
Cash and Equivalents	\$ 133,934	\$ 178,453	\$ 47,120	\$ 359,507
Accounts Receivable	-	-	-	-
<b>Total Assets</b>	<b>133,934</b>	<b>178,453</b>	<b>47,120</b>	<b>359,507</b>
<b>Liabilities</b>				
Accounts Payable	16,527	146	-	16,673
Due to Other Funds	21,355	-	927	22,282
Due to Specific Individuals	96,052	178,307	46,193	320,552
<b>Total Liabilities</b>	<b>\$ 133,934</b>	<b>\$ 178,453</b>	<b>\$ 47,120</b>	<b>\$ 359,507</b>

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. (3) Resident Funds and Security Deposits – To account for funds held by the County for individuals living at the Nursing Home and Assisted Living facilities.

**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 \$656,555 in interest and dividends for 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.

***(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 and 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. Additional reporting is maintained for Nursing Home items whose costs are more than \$500 with a useful life of 3 years.

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

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

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 small amount of capital asset projects in process at December 31, 2006 totaling \$776,534. The projects in process are included in the reporting of \$35,758,148 net Capital Assets in the related statements. Once a project is completed it is reported in the asset category (see note 4). \$4.2 million in Assisted Living and Nursing Home projects has been completed during the year and account for a significant decrease in work in progress at 12/31/06.

***(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, 2006 is \$3,499,429.

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, 2006 is \$1,602,099. 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.

***(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.

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

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

***(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, 2006, \$4,075,000 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	\$ 90
Deeds	25,981
Finance	12,406
Sheriff	4,803
Maintenance	43,798
Projects	16,285
Jail	1,805
UNH Co-op	2,188
Nursing Home	59,564
	<hr/>
	<b>\$166,920</b>

***(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, 2006 and includes encumbrances and reserves at December 31, 2005. The breakdown is as follows:

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

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

2006 Appropriations	\$ 67,957,663
December 2005 encumbrances	163,767
December 2005 Continuing Appropriations	<u>583,270</u>
Final Budgeted Amounts	<b><u>\$ 68,704,700</u></b>

**(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, 2006 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.

	Category			Bank	Book
	1	2	3	Carrying Amount	Balance
Checking Accounts	\$ 26,709,649	\$-	\$-	\$ 27,372,883	\$ 26,709,649
Savings Accounts	47,120			47,120	47,120
CD's	119,982			118,996	119,982
	<b>\$ 26,876,752</b>	<b>\$-</b>	<b>\$-</b>	<b>\$ 27,538,999</b>	<b>\$ 26,876,751</b>

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

**NOTE 3—CASH AND INVESTMENTS (CONTINUED)**

*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.

	<u>Category</u>			<u>Bank</u>	<u>Book</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>	<u>Balance</u>
Investments	\$12,045,845	\$-	\$-	\$12,045,845	\$12,045,845

**NOTE 4 CAPITAL ASSETS**

The following is a summary of changes in capital assets for governmental activities at the year ended December 31, 2006:

	<b>Balance at 1/1/06</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 12/31/06</b>
Land	\$578,857			\$578,857
Building and improvements	46,460,526	\$5,064,198	\$(214,825)	51,309,899
Moveable equipment	11,327,668	976,536	(847,589)	11,456,616
Subtotal	58,367,050	6,040,735	(1,062,414)	63,345,371
Less: Accumulated Depreciation	(27,157,137)	(2,041,675)	835,054	(28,363,757)
Total	<b>\$31,209,914</b>	<b>\$3,999,060</b>	<b>\$(227,359)</b>	<b>\$34,981,615</b>

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

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

**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 9.68% and 6.81% through December 31, 2006. The County contributes

**NOTE 5—PENSION PLAN (CONTINUED)**

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, 2006, 2005, 2004, and 2003, were \$1,574,349, \$1,460,183, \$1,301,802, and \$1,026,971 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, 2006 there were 76 retirees with a single, two-person or family health plan participating. Sixty-five were over the age of 65.

**NOTE 7 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Individual interfund balances at year end are as follows:

<b>Fund</b>	<b>Due From</b>	<b>Due To</b>
<b>General</b>	\$ 194,686	\$ 521,335
<b>Special Revenue:</b>		
Drug Task Force	-	25
Expendable Trusts	-	17,054
Special Account	3,259	-
ALF Donations	1,561	-
Commissary	89,627	-
Chapel	4,084	-
<b>Internal Services:</b>		
Health	95,554	9,409
Dental	737	221
Worker's Comp	2,193	4,588
Compensated Abs	675	66,411
<b>Fiduciary:</b>		
Inmate	-	96,052
Assisted Living	-	927
<b>Debt Service Fund</b>	323,645	-
<b>Totals</b>	<b>\$ 716,021</b>	<b>\$ 716,021</b>

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 1-Jan</u>	<u>Additions</u>	<u>Reductions</u>	<u>Payable 31-Dec</u>
General Obligation Debt:				
General Fund	\$7,227,000		\$ (1,232,000)	\$5,995,000
Capital Lease Obligations	4,009,477	152,414	(370,741)	3,791,150
	<u>\$11,236,477</u>	<u>\$152,414</u>	<u>\$ (1,602,741)</u>	<u>\$9,786,150</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%	\$2,670,000
2005 - \$3,887,000 Improvement Bond maturing in 2012	3.25% to 5.00%	3,325,000
Total General Obligation Long-Term Debt		<u>5,995,000</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>
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>\$5,995,000</u>	<u>\$543,656</u>	<u>\$6,538,656</u>

**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%	114,451
Equipment, due in semi- annual installments the next of which is \$1,638 including interest at 3.37%	3,195
Equipment, due in semi- annual installments the next of which is \$2,272 including interest at 5.05%	4,378
Equipment, due in variable annual installments the next of which is \$302,126 including interest, through June, 2018 at 4.73%	3,458,997
Equipment, due in annual installments the next of which is \$9,078 including interest at 6.00%	8,564
Equipment, due in annual installments the next of which is \$28,910 including interest at 5.85%	27,313
Equipment, due in semi- annual installments the next of which is \$18,248 including interest at 4.31%	69,225
Equipment, due in monthly installments the next of which is \$845 including interest at 3.621%	24,214
Equipment, due in annual installments the next of which is \$42,801 including interest at 3.925%	80,813
	<u>\$3,791,150</u>

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

<b>Year Ended December 31</b>	<b>Principle</b>	<b>Interest</b>	<b>Total</b>
2007	397,749	178,655	576,403
2008	262,118	162,298	424,416
2009	201,030	150,739	351,769
2010	217,592	141,238	358,831
2011	240,640	130,750	371,390
2012-2018	2,472,022	281,695	2,753,717
	<u>3,791,150</u>	<u>1,045,375</u>	<u>4,836,525</u>

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

**NOTE 9—OPERATING LEASES**

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

<b>Year</b>	<b>Office Space</b>	<b>Equipment Rental</b>	<b>Total</b>
2007	177,615	19,743	197,358
2008	89,453	8,249	97,701
2009		2,124	2,124

**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. \$620,595 in continuing appropriations for the human services and corrections departments are reported at December 31, 2006.

*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, 2006. Adjustments for all funds were reported late. The adjustments are as follows:

	<b>General Fund Fund Balance</b>	<b>Other Governmental Fund Balance</b>	<b>Internal Service Total Net Assets</b>
As Previously Reported	\$16,643,304	\$653,484	\$6,409,777
Adjustments in Accruals and Reserves	12,988	(398)	467,716
Restated Amount	<b>\$16,656,292</b>	<b>\$653,086</b>	<b>\$6,877,493</b>

## COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

## Budgetary Comparison Schedule

## General Fund

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning Budgetary Fund Balance	\$ 4,822,037	\$ 4,822,037	\$ 4,822,037	\$ -
<b>Resources (Inflows)</b>				
Taxes	37,666,947	37,666,947	37,666,947	-
<b>Charges for Services</b>				
Commissioners	-	-	-	-
County Attorney	245,608	245,608	176,293	(69,315)
Deeds	4,375,000	4,375,000	4,333,181	(41,819)
Sheriff/Dispatch/Radio	1,156,639	1,156,639	1,056,638	(100,001)
Airport Security	1,205,893	1,205,893	997,584	(208,309)
Finance	-	-	-	-
Maintenance	1	1	2,086	2,085
Information Technology	12,000	12,000	14,109	2,109
Property Management	21,520	21,520	14,169	(7,351)
Human Services	824,629	824,629	860,140	35,511
Human Resources	-	-	124	124
Corrections	253,000	253,000	381,474	128,474
<b>Long Term Care Services</b>				
Nursing Home	14,946,226	14,946,226	16,307,288	1,361,062
Assisted Living	967,200	967,200	894,046	(73,154)
Interest	400,000	400,000	565,686	165,686
Grants	1,750,000	1,750,000	77,064	(1,672,936)
Other	-	-	49,923	49,923
Transfers from Other Funds	58,000	58,000	237,322	179,322
<b>Amounts Available for Appropriation</b>	<b>68,704,700</b>	<b>68,704,700</b>	<b>68,456,111</b>	<b>(248,589)</b>
<b>Charges to Appropriations (Outflows)</b>				
Delegation Office	89,022	89,022	57,774	31,248
Treasurer	43,293	43,293	28,864	14,429
County Attorney/District Court	2,602,460	2,602,460	2,452,761	149,699
Medical Examiner	56,100	56,100	56,420	(320)
Sheriff/Dispatch/Radio	4,459,904	4,459,904	4,202,314	257,590
Airport Security	1,105,608	1,105,608	887,264	218,344
Registry of Deeds	1,456,132	1,456,132	1,372,837	83,295
Commissioners	174,223	174,223	162,959	11,264
General Government	1,426,744	1,328,744	932,636	396,108
Debt Service - Principle	1,232,000	1,232,000	1,232,000	-
Debt Service - Interest	207,745	207,745	207,745	-
Projects (Capital Outlay)	668,707	738,707	115,990	622,717
Grants	1,850,000	1,850,000	82,268	1,767,732
Finance Office	702,642	705,642	648,800	56,842
Maintenance	3,761,995	3,786,995	3,459,194	327,801
Information Technology	333,402	333,402	302,919	30,483
Human Services	1,738,511	1,738,511	1,140,977	597,534
Public Assistance	13,486,938	13,486,938	12,927,880	559,058
Jail	9,192,411	9,192,411	8,844,606	347,805
UNH Cooperative Extension	542,729	542,729	533,406	9,323
Human Resources	357,787	364,787	363,850	937
Non County Specials	263,250	263,250	263,250	-
<b>Long Term Care Services</b>				
Nursing Home	21,729,822	21,722,822	21,143,730	579,092
Assisted Living	1,223,275	1,223,275	1,164,447	58,828
Transfers to Other Funds	-	-	843,145	(843,145)
<b>Total Charges to Appropriations</b>	<b>68,704,700</b>	<b>68,704,700</b>	<b>63,428,035</b>	<b>5,276,665</b>
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 5,028,076	\$ 5,028,076

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

**Sources/Inflow of Resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 68,456,111

**Differences - Budget to GAAP**

The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes. (4,822,037)

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting services (237,322)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 63,396,752

**Uses/Outflows of Resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 63,428,035

**Differences - Budget to GAAP**

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. (40,477)

Capital Leases executed during a year are not reported as expenditures for budgetary purposes, but are reported as program expenditures for financial reporting purposes. 152,414

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. (843,145)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund \$ 62,696,828

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2006

	Drug Task Force	Expendable Trusts	Special Revenue					Deeds Equipment	Inmate Chapel	Inmate Commissary	Assisted Living Donations	WFS	Debt Service		Permanent Funds	Total Nonmajor Governmental Funds
			Nursing Home Special Account	Home	Assisted Living	Commissary	Donations						Sturtevant Memorial	Energy Mgmt Project		
Assets																
Cash and Equivalents	25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	25	
Restricted Cash	30,066	-	45,005	-	-	-	119,982	-	-	-	4,585	-	-	-	199,638	
Investments	-	22,512	-	-	-	-	-	-	-	-	-	-	-	36,820	59,332	
Due from Other Funds	-	-	3,259	1,561	89,627	4,084	-	-	-	-	-	323,645	-	-	422,176	
Total Assets	\$ 30,091	\$ 22,512	\$ 48,264	\$ 1,561	\$ 89,627	\$ 4,084	\$ 119,982	\$ 4,585	\$ 323,645	\$ 36,820	\$ 681,171					
Liabilities																
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	
Leases Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Due to Other Funds	25	17,054	-	-	-	-	-	-	-	-	-	-	-	-	17,079	
Total Liabilities	25	17,054	-	-	-	-	-	-	-	-	-	-	-	-	17,079	
Fund Balances Reserved for:																
Debt Service	-	-	-	-	-	-	-	-	-	-	-	323,645	-	-	323,645	
Other Purposes	30,066	5,458	48,264	1,561	89,627	4,084	119,982	4,585	-	-	-	-	36,820	-	340,447	
Total Fund Balances	30,066	5,458	48,264	1,561	89,627	4,084	119,982	4,585	323,645	36,820	664,092					
Total Liabilities and Fund Balances	\$ 30,091	\$ 22,512	\$ 48,264	\$ 1,561	\$ 89,627	\$ 4,084	\$ 119,982	\$ 4,585	\$ 323,645	\$ 36,820	\$ 681,171					

**COUNTY OF ROCKINGHAM, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2006**

	Special Revenue										Debt Service		WFSturtevant Memorial		Permanent Funds		Total Nonmajor Governmental Funds	
	Drug Task Force	Expendable Trusts	Nursing Home Special Account	Assisted Living Donations	Inmate Commissary	Inmate Chapel	Deeds Equipment	Energy Mgmt Project	Energy Mgmt Project	Energy Mgmt Project	Energy Mgmt Project		Energy Mgmt Project					
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Taxes																		
Charges for Services																		
County Attorney	30,066	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deeds	-	-	-	-	-	-	160,208	-	-	-	-	-	-	-	-	-	30,066	
Corrections	-	-	-	-	20,581	697	-	-	-	-	-	-	-	-	-	-	160,208	
Nursing Home	-	-	11,128	-	-	-	-	-	-	-	991	-	-	-	-	-	21,278	
Assisted Living	-	-	-	1,386	-	-	-	-	-	-	-	-	-	-	-	-	12,120	
Interest	-	825	568	-	3,756	143	5,496	-	-	-	201	-	-	-	-	-	1,386	
Total Revenues	30,066	825	11,696	1,386	24,337	840	165,704	1,192	-	-	1,337	-	-	-	-	-	12,325	
Expenditures																		
Current																		
Debt Service - Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	139,264	
Debt Service - Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	173,436	
Total Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	312,700	
Excess (Deficiency) of Revenues Over Expenditures	30,066	825	11,696	1,386	24,337	840	165,704	1,192	(312,700)	-	1,337	-	-	-	-	-	(75,317)	
Other Financing Sources (Uses)																		
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	323,645	
Transfers Out	-	(3,000)	(12,233)	-	(45,045)	(2,043)	(175,000)	-	-	-	-	-	-	-	-	-	(237,322)	
Total Other Financing Sources (Uses)	-	(3,000)	(12,233)	-	(45,045)	(2,043)	(175,000)	-	-	-	-	-	-	-	-	-	86,323	
Net Change in Fund Balance	30,066	(2,175)	(537)	1,386	(20,708)	(1,204)	(9,296)	1,192	10,945	-	1,337	-	-	-	-	-	11,006	
Fund Balances, beginning, as restated	-	7,633	48,801	175	110,335	5,288	129,278	3,393	312,700	-	35,483	-	-	-	-	-	653,086	
Fund Balances, ending	\$ 30,066	\$ 5,458	\$ 48,264	\$ 1,561	\$ 89,627	\$ 4,084	\$ 119,982	\$ 4,585	\$ 323,645	\$ -	\$ 36,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 664,092	

COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

Combining Statement of Net Assets

Internal Services Proprietary Funds

December 31, 2006

	Health Fund	Dental Fund	Worker's		Unemployment Fund	Compensated		Total Governmental Activities- Internal Service Funds
			Compensation Fund	Absences Fund		Absences Fund	Fund	
<b>Assets</b>								
<b>Current Assets</b>								
Cash	\$ 449,871	\$ 37,864	\$ 39,637	\$ -	\$ 91,153			618,526
Investments	5,788,059	358,251	3,465,828	56,794	1,786,955			11,455,887
Accrued Interest Receivable	136,062	8,544	51,614	991	38,623			235,833
Accounts Receivable, net	75,266	325	101,000	-	22			176,613
Due from Other Funds	86,144	517	-	-	-			86,661
Deposits	-	-	4,279	-	-			4,279
<b>Total Current Assets</b>	<b>6,535,402</b>	<b>405,501</b>	<b>3,662,359</b>	<b>57,785</b>	<b>1,916,753</b>			<b>12,577,800</b>
<b>Noncurrent Assets</b>								
	-	-	-	-	-			-
<b>Total Assets</b>	<b>6,535,402</b>	<b>405,501</b>	<b>3,662,359</b>	<b>57,785</b>	<b>1,916,753</b>			<b>12,577,800</b>
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Accounts Payable	498,729	29,168	379,163	-	7,261			914,320
Due to Other Funds	-	-	2,395	-	65,736			68,131
Deferred Revenue	97,630	3,944	-	-	636			102,210
Compensated Absences Payable	-	-	-	-	140,516			140,516
<b>Total Current Liabilities</b>	<b>596,359</b>	<b>33,111</b>	<b>381,558</b>	<b>-</b>	<b>214,148</b>			<b>1,225,177</b>
<b>Noncurrent Liabilities</b>								
Compensated Absences Payable	-	-	-	-	1,461,785			1,461,785
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,461,785</b>			<b>1,461,785</b>
<b>Total Liabilities</b>	<b>596,359</b>	<b>33,111</b>	<b>381,558</b>	<b>-</b>	<b>1,675,933</b>			<b>2,686,962</b>
<b>Net Assets</b>								
Unrestricted	5,939,042	372,390	3,280,801	57,785	240,820			9,890,838
<b>Total Net Assets</b>	<b>\$ 5,939,042</b>	<b>\$ 372,390</b>	<b>\$ 3,280,801</b>	<b>\$ 57,785</b>	<b>\$ 240,820</b>			<b>\$ 9,890,838</b>

**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, 2006**

	Health Fund	Dental Fund	Worker's Compensation Fund	Unemployment Fund	Compensated Absences Fund	Total Governmental Activities-Internal Service Funds
<b>Operating Revenues</b>						
Charges for Services	\$ 6,915,799	\$ 425,964	\$ 481,237	\$ 3,711	\$ 497,377	\$ 8,324,087
<b>Total Operating Revenues</b>	<b>6,915,799</b>	<b>425,964</b>	<b>481,237</b>	<b>3,711</b>	<b>497,377</b>	<b>8,324,087</b>
<b>Operating Expenses</b>						
Claims and Premiums	4,651,549	402,632	371,463	8,645	106,115	5,540,403
Compensated Absences	-	-	-	-	391,262	391,262
<b>Total Operating Expenses</b>	<b>4,651,549</b>	<b>402,632</b>	<b>371,463</b>	<b>8,645</b>	<b>497,377</b>	<b>5,931,665</b>
<b>Operating Income (Loss)</b>	<b>2,264,249</b>	<b>23,332</b>	<b>109,774</b>	<b>(4,934)</b>	<b>-</b>	<b>2,392,422</b>
<b>Non-Operating Revenues (Expenses)</b>						
Investment Income	325,539	23,073	210,340	2,556	95,047	656,555
Miscellaneous	(29,780)	(92)	(5,759)	-	-	(35,631)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>295,760</b>	<b>22,981</b>	<b>204,580</b>	<b>2,556</b>	<b>95,047</b>	<b>620,924</b>
<b>Change in Net Assets</b>	<b>2,560,009</b>	<b>46,313</b>	<b>314,355</b>	<b>(2,378)</b>	<b>95,047</b>	<b>3,013,346</b>
<b>Total Net Assets - Beginning, as Restated</b>	<b>3,379,033</b>	<b>326,077</b>	<b>2,966,446</b>	<b>60,163</b>	<b>145,773</b>	<b>6,877,493</b>
<b>Total Net Assets - Ending</b>	<b>\$ 5,939,042</b>	<b>\$ 372,390</b>	<b>\$ 3,280,801</b>	<b>\$ 57,785</b>	<b>\$ 240,820</b>	<b>\$ 9,890,838</b>

## COUNTY OF ROCKINGHAM, NEW HAMPSHIRE

## Statement of Cash Flows

## Internal Services Proprietary Funds

For the Year Ended December 31, 2006

	Health Fund	Dental Fund	Worker's Compensation		Unemployment Fund	Compensated Absences		Governmental Activities- Internal Service Funds
			Fund	Fund		Fund	Fund	
<b>Cash Flows from Operating Activities</b>								
Receipts from Users	\$ 6,915,799	\$ 425,964	\$ 481,237	\$ 3,711	\$ 497,377	\$ 8,324,087		
Payments to Providers	(4,651,549)	(402,632)	(371,463)	(8,645)	(106,115)	(5,540,403)		
Payments to Employees	-	-	-	-	(391,262)	(391,262)		
Other Receipts (Payments)	(342,548)	(2,711)	(12,129)	9,672	97,499	(250,217)		
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,921,702</b>	<b>20,621</b>	<b>97,645</b>	<b>4,738</b>	<b>97,499</b>	<b>2,142,205</b>		
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>								
Cash Flows from Investing Activities								
Purchase of Investments	(7,335,032)	(480,800)	(3,723,737)	(7,434)	(612,143)	(12,159,146)		
Sale of Investments	4,948,723	462,850	3,284,322	140	507,224	9,203,258		
Interest	325,539	23,073	210,340	2,556	95,047	656,555		
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(2,060,770)</b>	<b>5,123</b>	<b>(229,076)</b>	<b>(4,738)</b>	<b>(9,872)</b>	<b>(2,299,333)</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(139,068)</b>	<b>25,745</b>	<b>(131,431)</b>	<b>-</b>	<b>87,627</b>	<b>(157,128)</b>		
Balances - Beginning of Year	588,940	12,120	171,068	-	3,526	775,653		
<b>Balances - End of Year</b>	<b>\$ 449,871</b>	<b>\$ 37,864</b>	<b>\$ 39,637</b>	<b>\$ -</b>	<b>\$ 91,153</b>	<b>\$ 618,526</b>		
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>								
Operating Income (Loss)	\$ 2,264,249	\$ 23,332	\$ 109,774	\$ (4,934)	\$ -	\$ 2,392,422		
Miscellaneous Non Operating Revenues (Expenses)	(29,780)	(92)	(5,759)	-	-	(35,631)		
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:								
Change in Assets and Liabilities:								
Deposits	122,003	-	20,000	-	-	142,003		
Accrued Interest	(136,062)	(8,544)	(51,614)	(991)	(38,623)	(235,833)		
Receivables, net	(42,911)	(325)	(19,590)	10,663	2,364	(49,799)		
Deferred Revenue	14,725	(682)	-	-	59	14,102		
Prepaid Expenses	-	-	(4,279)	-	-	(4,279)		
Due from Other Funds	(23,628)	1,380	(2,063)	-	510	(23,801)		
Accounts Payable	38,507	7,988	(1,849)	-	(4,144)	40,503		
Due to Other Funds	2,386	221	4,588	-	23,819	31,013		
Accrued Liabilities	(287,789)	(2,657)	48,437	-	113,513	(128,495)		
Accrued Compensated Absences	-	-	-	-	-	-		
<b>Net Cash Provided By (Used in) Operating Activities</b>	<b>\$ 1,921,702</b>	<b>\$ 20,621</b>	<b>\$ 97,645</b>	<b>\$ 4,738</b>	<b>\$ 97,499</b>	<b>\$ 2,142,205</b>		