

County of Carroll, New Hampshire

**Independent Auditors' Report
and
Management's Financial Statements**

December 31, 2010

Ron L. Beaulieu & Company
CERTIFIED PUBLIC ACCOUNTANTS

COUNTY OF CARROLL, NEW HAMPSHIRE

DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
County of Carroll, New Hampshire
Ossipee, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Carroll, New Hampshire, as of and for the year ended December 31, 2010, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of each major governmental fund and the aggregate remaining fund information of the County of Carroll, New Hampshire, as of December 31, 2010, and the respective changes in net position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3.1 through 3.6 and 32 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ron L. Beaulieu & Co.

Portland, Maine
September 16, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

In New Hampshire, counties are intermediate units of government, not as close to the people as town government, but less distant than the State. Counties perform services which work best when designed to meet local needs, but which are too expensive or too difficult for the towns to provide.

County government has an executive branch, consisting of three elected County Commissioners who jointly serve as the County's chief executive, and four elected department heads: the County Attorney, the Sheriff, the Register of Deeds, and the Treasurer. County elections are held biennially during even-numbered years. Commissioners are from individual districts, but all the county officials are elected countywide.

The legislative branch of county government, consisting of all State Representatives from the county (14 in Carroll County) is called the County Legislative Delegation. The County Delegation adopts an annual county budget which raises revenues and appropriates funds for county departments and programs. Carroll County has a budget of \$23,299,370 for the Fiscal Year of 2010, with \$13,088,625 raised by property taxes. The Delegation meets with the Commissioners quarterly to review the County's financial reports.

REPORTING THE MOST SIGNIFICANT FUNDS OF THE COUNTY

The Government Accounting Standards Board (GASB) has initiated standards for reporting municipal financial activities each year. The standard, GASB No. 34, requires a County to report the activity in its most significant funds. Those funds are determined by the application of a defined test to the County's activity.

Carroll County currently has two significant funds to be reported. They include the following:

General Fund (Government Activities): the majority of County spending is reported as General Fund expenditures. These expenditures reflect the spending of all County departments except the Nursing Home. Expenses in this category include the expenditures of the Department of Corrections, Farm, Sewer, Water Department, Registry of Deeds, Sheriff's Office, County Attorney, Health and Human Services, Delegation, Conservation District, Home and Health Care, and all Administrative Departments.

Enterprise Fund (Business-type activities): The revenue and expenditures of the Carroll County Nursing Home are isolated in a special fund (Enterprise Fund) that has been established for this purpose. Since a significant amount of expense is reimbursed (in

whole or in part) by federal and state agencies, it is critical to isolate the financial activity at the Nursing Home in this special fund.

FUND FINANCIAL STATEMENTS

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The County divides its funds into three categories: governmental funds, proprietary funds and fiduciary funds.

Government Funds: Most basic services provided by the County are financed and accounted for through governmental funds. Governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as the available balances of these resources at the end of the fiscal year. This information is useful in determining the County's financing requirements for the subsequent fiscal period. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Because the focus of governmental funds is for the current period, it is useful to compare this information to the data presented in the government-wide financial statements. Readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County has four individual governmental funds: General, Incentive, Registry of Deeds and Capital Reserve funds. Of these, the General fund is the only one that is considered a major fund, and is presented in separate columns on the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance.

Proprietary Fund: This fund, Mountain View Nursing Home, is used to show activities that operate similar to private business enterprises. Because these funds charge fees for services provided, they are known as enterprise funds. Proprietary fund financial statements use the economic resources measurement focus and the accrual basis of accounting, like the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside of Carroll County. The fiduciary funds are not reflected in the government-wide financial statements because the assets of these funds are not available to support the activities of the County. The economic resources management focuses and

accrual basis of accounting is used for fiduciary funds, the same as that is used for the proprietary funds.

The County's only fiduciary funds are the agency funds for the inmate savings, Register of Deeds, Nursing Home patient funds and Gift Card Fund, Employee Benefit Fund and Sheriff Escrow funds.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found following the fund financial statements.

Other Information: Additional schedules can be found immediately following the notes to the financial statements. These include the combining statements for the nonmajor funds and a schedule of budget to actual comparisons.

STATEMENT OF NET ASSETS

The Statement of Net Assets reports information about the County as a whole. This statement includes all of the assets of the County using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenue and expenditures are taken into account regardless of when the cash is received, or paid.

This report reflects the difference between the County's assets and liabilities. This is one way to measure the financial health of the County. Over time, increases or decreases in the net assets of the County are an indicator of whether the financial health of the County is improving or deteriorating. In the case of Carroll County the assets exceeded liabilities by \$11,550,240 for the fiscal year ended December 31, 2010

A portion of the County's net assets, (\$9,370,140 or 81 percent), reflects its investments in capital assets, (e.g., land, buildings and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the net assets, restricted net assets, (\$186,221 or 2%) is for Juvenile Incentive, Deeds Surcharge, Capital Reserves and Expendable Funds.

The remaining portion of net assets, unrestricted net assets (\$1,993,879 or 17%) represents an additional component of total net assets. This balance displays the financial strength of the County.

The statement below reflects the County's Net Assets as of December 31, 2010.

**CARROLL COUNTY
SUMMARY OF NET ASSETS
DECEMBER 31, 2009 AND 2010**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL COUNTY	
Asset	2009	2010	2009	2010	2009	2010
Current of Other Assets	\$ 4,287,894	5,199,541	\$ 725,732	1,252,730	\$5,013,626	6,452,271
Capital Assets	11,149,455	11,183,599	1,590,129	27,061,750	12,739,584	38,245,349
<i>TOTAL Assets</i>	\$15,437,349	16,383,140	\$ 2,315,861	28,314,480	\$17,753,210	44,697,620
Liabilities						
Current Liabilities	\$ 1,444,048	1,806,299	\$ 564,410	4,352,265	\$2,008,458	6,158,564
Long-Term Debt	4,609,110	3,938,268	148,182	23,045,258	4,757,292	26,983,526
<i>TOTAL LIABILITIES</i>	\$ 6,053,158	5,744,567	\$ 712,592	27,397,523	\$6,765,750	33,142,090
Total Deferred Inflow of Resources	\$	5,290	\$		\$	5,290
Net Position						
Invested in Capital Assets	\$ 5,910,418	6,606,322	\$ 1,590,129	2,763,818	\$ 7,500,547	9,370,140
Restricted	817,456	186,221			817,456	186,221
Unrestricted	2,656,317	3,840,740	13,140	(1,846,861)	2,669,457	1,993,879
<i>TOTAL NET POSITION</i>	\$ 9,384,191	10,633,283	\$ 1,603,269	916,957	\$10, 987,460	11,550,240
TOTAL LIABILITIES AND NET POSITION	\$15,437,349	16,383,140	\$ 2,315,861	28,314,480	\$17,753,210	44,697,620

CHANGES IN NET POSITION

During fiscal year 2010 Carroll County generated \$24,440,008 in overall revenue. This was comprised of \$14,778,346 in general revenue and \$9,661,662 in revenue from business-type activities. Total expenditures were \$23,075,764; \$11,952,661 in general expenses and \$11,123,103 in business-type expenses.

The largest source of general revenue for the County is County Taxes, which were \$13,299,514.

The cost of governmental activities for the fiscal year ended 12/31/10 was \$11,952,661. The programs that were the most costly were Human Services \$2,790,181, Public Safety (which includes the Sheriff's Department and Dispatch Center) \$2,520,535 and the County Jail \$3,469,877. The funding for these programs came from County Taxes of \$13,299,514. Other programs funded by General Government include County Attorney, Registry of Deeds, Water Works, Sewer System, Farm, Regional Appropriations, Cooperative Extension and all administrative departments.

Business-type Activities: The Carroll County Nursing Home (Mountain View Nursing Home) functions as a business-type activity (Enterprise fund). Revenue is generated through the care of residents. The total revenue was \$9,661,662. Overall expenses for the Nursing Home \$11,123,103. Expenditures for the Nursing Home include salary and benefits for the county employees caring for the residents, along with operating expenses associated with running the Nursing Home.

**CARROLL COUNTY
ACTUAL REVENUE AND EXPENDITURES
DECEMBER 31, 2009 and 2010**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		2010 TOTAL GOVERNMENT	
Revenue	2009	2010	2009	2010	2009	2010
Program Revenue						
Charges for Services	1,418,635	1,232,688	7,506,744	8,140,212	8,925,379	9,372,900
Operating Grants & Cont.	25,738	63,729	1,732,951	1,516,593	1,758,689	1,580,322
Capital Grants & Cont.	200,000	-	-	-	200,000	-
General Revenues						
County Taxes	13,388,793	13,299,514			13,388,793	13,299,514
Interest Earned	34,634	16,466	286	1,968	34,920	18,434
Miscellaneous	843,215	165,949	866	2,899	844,081	168,838
Total Revenue	15,911,015	14,778,346	9,240,847	9,661,662	25,151,862	24,440,008
Program Expenditures						
General Government	2,848,602	2,656,902			2,848,602	2,656,902
Public Safety	5,815,808	2,520,535			5,815,808	2,520,535
Human Services	4,055,173	2,790,181			4,055,173	2,790,181
Corrections	3,110,907	3,469,877			3,110,907	3,469,877
Nursing Home			10,703,162	11,123,103	10,703,162	11,123,103
Farm	176,480	177,862			176,480	177,862
Interest on LT Debt	210,455	337,304			210,455	337,304
Total Expenditures	16,217,425	11,952,661	10,703,162	11,123,103	26,920,587	23,075,764
Transfers	(2,088,953)	(1,082,270)	2,088,953	1,082,270	-	-
Change in Net Position	715,543	1,743,415	626,638	(379,171)	1,342,181	1,364,244
Net Position – Jan 1 (restated)	8,668,648	8,889,868	976,631	1,276,084	9,645,279	10,165,952
Net Position – Dec 31	9,384,191	10,633,283	1,603,269	896,913	10,987,460	11,530,196

FINANCIAL ANALYSIS OF COUNTY FUNDS

County's Budgetary Highlights:

At the end of the year, general fund actual revenues were \$14,431,927, \$156,177 less than budgeted. Actual expenditures were \$11,976,579, \$535,388 less than had been

budgeted contributing to Excess if Revenues Over (Under) Expenditures for a total of \$379,211.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The County's investment in capital assets for general and business-type activities as of December 31, 2010, was \$22,719,549 (net of depreciation) \$9,370,140 (net of related debt). This investment of capital assets includes land and improvements, buildings and improvements, wastewater and water systems, furniture, equipment and vehicles.

Long-term Debt:

Governmental Activities:

At year-end, the County had \$4,450,939 in bond obligations, State of New Hampshire Revolving loan and public improvement bond, this is due to the Jail Construction Bond, Wastewater System and Water System construction and capital projects.

Business-Type Activities:

At year-end the County had \$23,500,000 in bond obligations for the construction of the new Mountain View Nursing Home. The bond will mature August 2030.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The overall County Budgeted expenditures are expected to increase 10.25% to \$25,687,243. The largest increase is due to the Mountain View Nursing Home Bond payment of \$2,004,844. Other increases to the budget are due to wage and benefit increases and Human Services.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Carroll County Commissioners, P. O. Box 152, Ossipee, NH 03864.

STATEMENT A

COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF NET POSITION
DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 3,229,759	\$ 86,805	\$ 3,316,564
Accounts receivable (net)	133,967	1,904,936	2,038,903
Taxes receivable (net)	40,810	-	40,810
Due from other governments (net)	246,711	384,902	631,613
Internal Balances	1,182,368	(1,182,368)	-
Inventories	66,406	43,525	109,931
Prepaid expenses	299,520	14,930	314,450
Total current assets	<u>5,199,541</u>	<u>1,252,730</u>	<u>6,452,271</u>
Noncurrent assets:			
Capital assets, net	10,756,109	11,963,440	22,719,549
Restricted cash	427,490	15,098,310	15,525,800
Total noncurrent assets	<u>11,183,599</u>	<u>27,061,750</u>	<u>38,245,349</u>
TOTAL ASSETS	<u>16,383,140</u>	<u>28,314,480</u>	<u>44,697,620</u>
LIABILITIES			
Current liabilities:			
Accounts payable	905,884	174,181	1,080,065
Accrued expenses	1,935	-	1,935
Accrued payroll	64,539	102,416	166,955
Accrued interest	81,705	345,768	427,473
Due to other governments	-	114,542	114,542
Contract and retainage payable	-	2,418,197	2,418,197
Lease payable, current portion	69,749	-	69,749
Bond payable, current portion	682,487	1,197,161	1,879,648
Total current liabilities	<u>1,806,299</u>	<u>4,352,265</u>	<u>6,158,564</u>
Noncurrent liabilities:			
Accrued compensated absences	113,227	192,035	305,262
Lease payable, less current portion	56,589	-	56,589
Bonds payable, less current portion	3,768,452	22,853,223	26,621,675
Total noncurrent liabilities	<u>3,938,268</u>	<u>23,045,258</u>	<u>26,983,526</u>
TOTAL LIABILITIES	<u>5,744,567</u>	<u>27,397,523</u>	<u>33,142,090</u>
DEFERRED INFLOW OF RESOURCES			
Deferred revenues	5,290	-	5,290
TOTAL DEFERRED INFLOW OF RESOURCES	<u>5,290</u>	<u>-</u>	<u>5,290</u>
NET POSITION			
Invested in capital assets, net of related debt	6,606,322	2,763,818	9,370,140
Restricted	186,221	-	186,221
Unrestricted	3,840,740	(1,846,861)	1,993,879
TOTAL NET POSITION	<u>\$ 10,633,283</u>	<u>\$ 916,957</u>	<u>\$ 11,550,240</u>

See accompanying independent auditors' report and management's notes to financial statements.

STATEMENT B

COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:	\$ 2,656,902	\$ 802,381	\$ 63,729	\$ -	\$ (1,790,792)	\$ -
	2,520,535	259,388	-	-	(2,261,147)	-
	2,790,181	-	-	-	(2,790,181)	-
	3,469,877	33,763	-	-	(3,436,114)	-
	177,862	137,156	-	-	(40,706)	-
	337,304	-	-	-	(337,304)	-
	11,952,661	1,232,688	63,729	-	(10,656,244)	-
Total governmental activities						
Business-type activities:	11,123,103	8,140,212	1,516,593	-	-	(1,466,298)
	23,075,764	9,372,900	1,580,322	-	(10,656,244)	(1,466,298)
						(12,122,542)
General revenues:						
Taxes					13,299,514	-
					16,466	1,968
					165,949	2,889
					(1,082,270)	1,082,270
Total general revenues					12,399,659	1,087,127
Change in net position					1,743,415	(379,171)
Net position - January 1 (restated)					8,889,868	1,276,084
Net position - December 31					\$ 10,633,283	\$ 896,913
						\$ 11,530,196

See accompanying independent auditors' report and management's notes to financial statements.

STATEMENT C

COUNTY OF CARROLL, NEW HAMPSHIRE
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Other Governmental Funds	Total
ASSETS			
Cash	\$ 3,072,623	\$ 157,136	\$ 3,229,759
Accounts receivable (net)	131,354	2,613	133,967
Taxes receivable	-	40,810	40,810
Inventories	66,406	-	66,406
Due from other governments (net)	233,704	13,007	246,711
Due from other funds	1,431,229	156,450	1,587,679
Prepaid expenses	299,520	-	299,520
Temporary investments	2,773	424,716	427,489
TOTAL ASSETS	\$ 5,237,609	\$ 794,732	\$ 5,604,852
LIABILITIES			
Accounts payable	904,543	1,340	905,883
Accrued expenses	1,935	-	1,935
Accrued payroll	64,539	-	64,539
Due to other funds	156,450	248,861	405,311
TOTAL LIABILITIES	1,127,467	250,201	1,377,668
DEFERRED INFLOW OF RESOURCES			
Deferred revenues	5,290	-	5,290
TOTAL DEFERRED INFLOW OF RESOURCES	5,290	-	5,290
FUND BALANCES			
Nonspendable, reported in:			
General fund	1,484,661	424,716	1,909,377
Restricted, reported in:			
General fund	66,406	-	66,406
Special revenue funds	-	119,815	119,815
Assigned, reported in:			
General fund	3,128	-	3,128
Unassigned, reported in:			
General fund	2,550,657	-	2,550,657
TOTAL FUND BALANCES	4,104,852	544,531	4,649,383
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,237,609	\$ 794,732	
Capital assets used in governmental activities			10,756,109
Accrued interest from governmental activities			(81,705)
Deferred revenue from governmental activities			-
Long-term liabilities from governmental activities			(4,690,504)
Net position of governmental activities			\$ 10,633,283

See accompanying independent auditors' report and management's notes to financial statements.

COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	General	Other Governmental Funds	Total
REVENUES			
Taxes from cities and towns	\$ 13,088,625	\$ 210,889	\$ 13,299,514
Charges for services	1,010,359	51,409	1,061,768
Intergovernmental	56,702	7,028	63,730
Farm	137,156	-	137,156
Jail	33,763	-	33,763
Interest earned	14,859	1,607	16,466
Miscellaneous	165,935	16	165,951
TOTAL REVENUES	14,507,399	270,949	14,778,348
EXPENDITURES			
General government	2,342,604	97,051	2,439,655
Public safety	2,429,358	91,178	2,520,536
Human services	2,790,181	-	2,790,181
Corrections	3,170,058	-	3,170,058
Farm	167,770	-	167,770
County taxes	-	73,601	73,601
Capital asset acquisition/construction	105,814	-	105,814
Debt service:			
Principal retirement	697,737	-	697,737
Interest expense	348,529	-	348,529
TOTAL EXPENDITURES	12,052,051	261,830	12,313,881

See accompanying independent auditors' report and management's notes to financial statements.

STATEMENT D (CONTINUED)

COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	General	Other Governmental Funds	Total
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ 2,455,348	\$ 9,119	\$ 2,464,467
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Proceeds from capital leases	94,215	-	94,215
Operating transfers in	-	-	-
Operating transfers out	(1,082,270)	-	(1,082,270)
TOTAL OTHER FINANCING SOURCES (USES)	(988,055)	-	(988,055)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AFTER OTHER FINANCING SOURCES (USES)	1,467,293	9,119	1,476,412
FUND BALANCE - JANUARY 1 (RESTATED)	2,637,559	535,412	3,172,971
FUND BALANCE - DECEMBER 31	\$ 4,104,852	\$ 544,531	\$ 4,649,383

See accompanying independent auditors' report and management's notes to financial statements.

COUNTY OF CARROLL, NEW HAMPSHIRE
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - total governmental funds	\$ 1,476,412
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount of capital outlays.	105,814
--	---------

This is the amount of depreciation expense.	(499,160)
---	-----------

Expenses for accrued compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(12,638)
---	----------

Expenses for accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	11,227
---	--------

Proceeds from capital leases and loans are a revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	(94,215)
---	----------

Payments of capital leases and loans are expenditures in the governmental funds, but are a reduction of long-term liabilities in the statement of net position.	58,238
---	--------

Payments of bond principal is an expenditure in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.	697,737
---	---------

Revenues that were deferred in the governmental fund statements, that do not provide current resources, are reported as revenues in the statement of activities.	-
--	---

Change in net position of governmental activities.	\$ 1,743,415
--	--------------

See accompanying independent auditors' report and management's notes to financial statements.

COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2010

STATEMENT F

	Business-type Activities
	<u>Mountain View Nursing Home</u>
ASSETS	
Current assets:	
Cash	\$ 86,805
Accounts receivable (net)	1,904,936
Due from other governments (net)	384,902
Due from other funds	-
Inventories	43,525
Prepaid expenses	14,930
Total current assets	<u>2,435,098</u>
Noncurrent assets:	
Capital assets, net	11,963,440
Restricted cash	15,098,310
Total noncurrent assets	<u>27,061,750</u>
TOTAL ASSETS	<u>29,496,848</u>
LIABILITIES	
Current liabilities:	
Accounts payable	174,181
Accrued payroll	102,416
Accrued expenses	-
Accrued interest	345,768
Due to other governments	114,542
Contract and retainage payable	2,418,197
Bond payable, current portion	1,197,161
Total current liabilities	<u>4,352,265</u>
Noncurrent liabilities:	
Due to other funds	1,182,368
Accrued compensated absences	192,035
Bonds payable, less current portion	22,853,223
Total noncurrent liabilities	<u>24,227,626</u>
TOTAL LIABILITIES	<u>28,579,891</u>
NET POSITION	
Net investment in capital assets	2,763,818
Restricted	-
Unrestricted	(1,846,861)
TOTAL NET POSITION	<u><u>\$ 916,957</u></u>

See accompanying independent auditors' report and management's notes to financial statements.

COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

STATEMENT G

	Business-type Activities
	<u>Mountain View Nursing Home</u>
OPERATING REVENUES	
Intergovernmental	\$ 1,516,593
Charges for services	7,908,599
Meal sales	231,613
Miscellaneous	2,889
TOTAL OPERATING REVENUES	<u>9,659,694</u>
OPERATING EXPENSES	
Administration	1,100,424
Dietary	1,523,218
Nursing	5,927,640
Plant operations	522,445
Laundry	106,575
Housekeeping	480,463
Physicians and pharmacy	91,203
Physical therapy	398,093
Recreational therapy	397,234
Social services	137,467
Special services	317,692
Depreciation	120,649
TOTAL OPERATING EXPENSES	<u>11,123,103</u>
OPERATING INCOME (LOSS)	<u>(1,463,409)</u>
OTHER INCOME (EXPENSE)	
Interest income	1,968
Interest expense	-
Capital contributions	20,044
Transfer in from general fund	1,082,270
TOTAL OTHER INCOME (EXPENSE)	<u>1,104,282</u>
NET INCOME (LOSS)	(359,127)
NET POSITION - JANUARY 1 (RESTATED)	<u>1,276,084</u>
NET POSITION - DECEMBER 31	<u><u>\$ 916,957</u></u>

See accompanying independent auditors' report and management's notes to financial statements.

**COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
DECEMBER 31, 2010**

STATEMENT H

	Business-type Activities <u>Mountain View Nursing Home</u>
OPERATING ACTIVITIES	
Receipts from customers	\$ 9,345,037
Payments to suppliers	(2,861,163)
Payments to employees	(5,506,749)
Internal activity - receipt from (payments to) other funds	<u>(854,753)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>122,372</u>
INVESTING ACTIVITIES:	
Purchase of fixed assets	(10,493,959)
Deposits to restricted cash	(19,710,061)
Withdrawals from restricted cash	4,899,522
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(25,304,498)</u>
FINANCING ACTIVITIES (NON-CAPITAL)	
Interest income	1,968
Capital contributions	20,044
Transfer in from general fund	1,082,270
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES (NON-CAPITAL)	<u>1,104,282</u>
FINANCING ACTIVITIES (CAPITAL)	
Proceeds from long-term debt	24,059,619
Principal payments on long-term debt	(9,234)
Interest payments on long-term debt	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES (CAPITAL)	<u>24,050,385</u>
INCREASE (DECREASE) IN CASH	(27,459)
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>114,264</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u><u>\$ 86,805</u></u>

See accompanying independent auditors' report and management's notes to financial statements.

STATEMENT H (CONTINUED)

COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Business-type Activities <u>Mountain View Nursing Home</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(1,463,409)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Amortization	-
Depreciation	120,649
Changes in operating assets and liabilities:	
Accounts receivable and accrued revenue	(270,486)
Due from other governments	(44,171)
Inventories	2,241
Prepaid expenses	(2,245)
Accounts payable and accrued expenses	2,588,720
Due to other governments	1,973
Due to other funds	(854,753)
Accrued compensated absences	43,853
	<u>\$ 122,372</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for:	
Interest	<u>\$ -</u>

See accompanying independent auditors' report and management's notes to financial statements.

COUNTY OF CARROLL, NEW HAMPSHIRE
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2010

	Nursing Home Residents' Funds	Recreation & Gift Cart Fund	Employee's Benefit Fund	Sheriff's Department Fund
ASSETS				
Cash	\$ 37,937	\$ 38,654	\$ 5,309	\$ 2,454
Accounts receivable	-	-	-	-
Inventory	-	3,073	-	-
TOTAL ASSETS	<u>\$ 37,937</u>	<u>\$ 41,727</u>	<u>\$ 5,309</u>	<u>\$ 2,454</u>
LIABILITIES				
Due to specific governments	-	-	-	-
Due to specific individuals	37,937	41,727	5,309	2,454
TOTAL LIABILITIES	<u>\$ 37,937</u>	<u>\$ 41,727</u>	<u>\$ 5,309</u>	<u>\$ 2,454</u>

See accompanying independent auditors' report and management's notes to financial statements.

STATEMENT I (CONTINUED)

COUNTY OF CARROLL, NEW HAMPSHIRE
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2010

	Inmate Fund	Register of Deeds Fund	Total
ASSETS			
Cash	\$ 27,014	\$ 553,263	\$ 664,631
Investments	-	7,252	7,252
Inventory	-	-	3,073
TOTAL ASSETS	<u>\$ 27,014</u>	<u>\$ 560,515</u>	<u>\$ 674,956</u>
LIABILITIES			
Due to specific governments	-	560,515	560,515
Due to specific individuals	27,014	-	114,441
TOTAL LIABILITIES	<u>\$ 27,014</u>	<u>\$ 560,515</u>	<u>\$ 674,956</u>

See accompanying independent auditors' report and management's notes to financial statements.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Carroll is a "body corporate" under the authority of the New Hampshire Revised Statute Annotated (RSA) 23:1. The elected County Commissioners are responsible for the day to day operation of the County.

Part 1 - Government-Wide Financial Statements

The statement of net position and statement of activities focuses on the primary government of the County of Carroll, New Hampshire as a whole. All governmental funds are included but are presented using the accrual basis of accounting. Fiduciary funds are excluded from these government-wide financial statements.

Measurement Focus and Basis of Accounting

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

Internal Activity

Amounts reported in the governmental funds as "due to other funds" and "due from other funds" have been eliminated in the statement of net position, except amounts due between the governmental and business-type activities. Any amounts that are "due to" or "due from" the fiduciary funds have been included in the statement of net assets.

Capitalization of Assets

Governmental Funds

Fixed assets are valued at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair value on the date of donation. Fixed assets are capitalized if over \$5,000.

Business-type Activities Funds

Fixed assets are valued at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair value on the date of donation. Fixed assets are capitalized if over \$500.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Governmental Funds

Fixed assets are depreciated over their useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	10-40 years
Improvements	10-40 years
Wastewater & Water Systems	50 years
Equipment & Vehicles	5-20 years

Part 2 - Fund Financial Statements

Principles Determining Scope of Reporting Entity

The financial statements of the County consist of the funds and account groups of the County and Hales Location. The County has oversight responsibility for Hales Location since Hales Location has no elected governing body. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories, as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Other Governmental Funds - The County has five nonmajor funds.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

The County's Nursing Home fund accounts for the activities of the County Nursing Home. The fund accounts for the operation and maintenance of the Nursing Home, which provides intermediate nursing care to the elderly residents of the County. The Home is funded through a combination of Medicare funds from the Federal Government, Medicaid funds from the State, and transfers in from the County, as well as, from the private resources of the residents of the Nursing Home.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets received by the County and held in the capacity of a trustee, custodian, or agent.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental, trust and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenues and interest income are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to the general rule include principal and interest on general long-term debt, which is recognized when due.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosures. Accordingly, actual results could differ from those estimates.

None of the estimates used in preparing the financial statements are considered significant.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

A. Budget Law and Practice

The County commissioners submit, in the previous December, an annual budget to the County Delegation in accordance with the New Hampshire Revised Statutes Annotated. In March, the County Delegation adopts an annual budget for the current calendar year. Supplemental budgets are required for unexpected modifications to the estimated revenues and appropriations. Budgets are prepared on the modified accrual basis of accounting. Unencumbered, non-special, appropriations lapse at year end. Capital projects funds are carried forward each year until the project is completed or when the bond issue proceeds are totally expended.

B. Budgetary Control

An all inclusive budget is prepared in gross on a line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Within these control levels, the commissioners may transfer appropriations, otherwise the Executive Committee of the County Delegation must approve the transfer. Several revisions were made to the budget during the year.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Allowances for uncollectible accounts are based on management's assessment of the periodic aging of accounts receivable.

Due From Other Governments

Due from other governments are stated at the amount management expects to collect from balances outstanding at year-end. Allowances for uncollectible accounts are based on management's assessment of the periodic aging of accounts due from other governments.

Investments

It is the County's policy to state investments at market value at the balance sheet date.

Excess Funds

There is no documented policy on where to hold excess funds.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

For government-wide financial statements, inventories are priced at the lower of cost or market on the first-in, first out basis. For fund financial statements, inventories are accounted for utilizing the purchase method. Under this method, inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables and Payables

Interfund activity is reported as either loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Fund Balance

For governmental funds, the nonspendable fund balances represent amounts that will never convert to cash or will not convert to cash to affect the current period; the restricted fund balances represent the amounts that are restricted by external governments, contributors, or external laws; the committed fund balances represent self-imposed limitations by the County that must be voted on to be established, modified, or rescinded; the assigned fund balances represent intended use of resources such as encumbrances by the Commissioners that the Commissioners feel are necessary to operate the County; and the unassigned fund balances represent anything that does not fit into the above four classifications.

If expenditures can be applied to either restricted or unrestricted balances, the government's policy is to apply them to restricted balances. If expenditures can be applied to committed, assigned or unassigned, the government's policy is to apply them first to committed balances, then to assigned balances, and any remainder is to be applied to unassigned balances.

Revenues

Tax revenue and other major county revenue sources are susceptible to accrual under the modified accrual basis of accounting. Property tax revenues are collected by the towns and cities in the County in December on an annual calendar year basis.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 - CASH AND INVESTMENTS

The total amount of the County's cash, as well as the County's investments, consists of the following at December 31, 2010:

Cash	\$ 18,842,364
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Temporary investments are stated at fair value (quoted market price or best available estimate).

Per state statutes, the County Treasurer has custody of all money belonging to the County and shall pay out the same only upon orders of the County Commissioners. The Treasurer shall deposit all such moneys in participation units in the public deposit investment pool established pursuant to New Hampshire Public Laws - RSA 383:22 or in solvent banks within the state. Moneys may be deposited in banks outside the state if such banks pledge and deliver to a third party custodian bank or the Federal Reserve Bank collateral security for such deposits, United States government or government agency obligations or State of New Hampshire obligations in value at least equal to the deposits amounts. Per state statutes, whenever the County Treasurer has in custody an excess of funds, which are not immediately needed for the purpose of expenditure, the Treasurer shall, under the annual investment policy adopted with the County Commissioners, invest excess funds in obligations of the United States Government; in the public deposit investment pool established pursuant to New Hampshire Public Laws - RSA 383:22, in savings bank deposits of banks incorporated under the laws of the State of New Hampshire, or in certificates of deposits and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

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 New Hampshire Public Laws - RSA 386:57) for such funds in an amount at least equal to the amount to be deposited or invested in securities. The New Hampshire Public Deposit Investment Pool issues a publicly available financial report that may be obtained by visiting www.nhpdip.com.

The total amount of the County's deposits in financial institutions, per the bank statements, at December 31, 2010 was \$3,095,176, of which \$250,000, was covered by federal depository insurance. The remaining deposits were collateralized by a Stand-by Letter of Credit with the Federal Home Loan Bank of Pittsburgh.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts – Governmental Activities at December 31, 2010 is estimated to be:

	Accounts Receivable	Taxes Receivable	Due from Other Governments	Total
General Fund	\$ -	\$ -	\$ -	\$ -
Other governmental	-	-	-	-
Governmental Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The allowance for uncollectible accounts – Business-type Activities at December 31, 2010 is estimated to be:

	Accounts Receivable	Due from Other Governments	Total
Mountain View Nursing Home	\$ 885,354	\$ -	\$ 885,354
Business-type	<u>\$ 885,354</u>	<u>\$ -</u>	<u>\$ 885,354</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets:

GOVERNMENTAL ACTIVITIES

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Real estate	\$ 10,786,013	\$ -	\$ -	\$ 10,786,013
Equipment and vehicles	1,888,619	105,814	-	1,994,433
Sewer system	1,734,036	-	-	1,734,036
Water system	1,508,026	-	-	1,508,026
Total capital assets	15,916,694	105,814	-	16,022,508
Accumulated depreciation	(4,767,239)	(499,160)	-	(5,266,399)
Capital assets, net	<u>\$ 11,149,455</u>	<u>\$ (393,346)</u>	<u>\$ -</u>	<u>\$ 10,756,109</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation was charged to governmental functions as follows:

General government	131,011
Public safety and corrections	358,057
Farm	10,092
	<u>\$ 499,160</u>

BUSINESS-TYPE ACTIVITIES

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Construction in progress	691,449	10,376,051	-	11,067,500
Real estate	2,127,802	-	-	2,127,802
Sewer system	633,637	-	-	633,637
Equipment and vehicles	841,351	117,908	(55,208)	904,051
Total capital assets	4,294,239	10,493,959	(55,208)	14,732,990
Less accum. depreciation	(2,704,109)	(120,649)	55,208	(2,769,550)
Capital assets, net	<u>\$ 1,590,130</u>	<u>\$ 10,373,310</u>	<u>\$ -</u>	<u>\$ 11,963,440</u>

NOTE 5 - SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANs or TANs).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs) or grant anticipation notes (GANs).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General Fund.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 - SHORT-TERM FINANCING (CONTINUED)

Details related to the short-term debt activity for the fiscal year ended December 31, 2010, is as follows:

Type	Purpose	Rate	Due Date	Balance at 12/31/09	Issued	Retired	Balance at 12/31/10
TAN	Cash flow	1.95%	3/25/2010	-	2,000,000	2,000,000	-
TAN	Cash flow	1.50%	12/31/2010	-	10,000,000	10,000,000	-
TAN	Cash flow	1.98%	12/31/2010	-	2,000,000	2,000,000	-
				<u>\$ -</u>	<u>\$ 14,000,000</u>	<u>\$ 14,000,000</u>	<u>\$ -</u>

NOTE 6 - LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

The following is a summary of bonds outstanding at December 31, 2010:

\$235,000 - Public Improvement Bond (Rural Development), due in annual installments of \$7,834 through July 2032, plus interest at 4.50%.	172,328
\$8,000,000 - Jail Construction Bond, due in annual installments of \$535,000 through July 2015, \$530,000 through July 2017, plus interest at 3.00% to 4.50%.	3,720,000
\$1,400,000 - State of New Hampshire Revolving Loan, due in annual installments of \$139,653 through July 2014, plus interest at 2.31%.	558,611
Total bonds payable	<u><u>\$ 4,450,939</u></u>

The following is a summary of changes in bonds payable:

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Public Improvement - Water	\$ 180,162	\$ -	\$ (7,834)	\$ 172,328
Public Improvement - Sewer	15,250	-	(15,250)	-
Jail Construction	4,255,000	-	(535,000)	3,720,000
NH Revolving Loan	698,264	-	(139,653)	558,611
	<u>\$ 5,148,676</u>	<u>\$ -</u>	<u>\$ (697,737)</u>	<u>\$ 4,450,939</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The annual principal and interest requirements to maturity are as follows:

	Principal	Interest	Total Debt Service
2011	\$ 682,487	\$ 176,492	\$ 858,979
2012	682,487	152,056	834,543
2013	677,487	127,085	804,572
2014	677,487	101,783	779,270
2015	537,834	75,951	613,785
2016-2020	1,099,170	96,485	1,195,655
2021-2025	39,170	17,182	56,352
2026-2030	39,170	8,367	47,537
2031-2032	15,647	880	16,527
	<u>\$ 4,450,939</u>	<u>\$ 756,281</u>	<u>\$ 5,207,220</u>

BUSINESS-TYPE ACTIVITIES

The following is a summary of bonds outstanding at December 31, 2010:

\$23,500,000 - Nursing Home General Obligation Bond, due in annual installments of \$1,175,000 through August 2030, plus interest at 2.50% to 4.00%.

24,050,383

Total bonds payable

\$ 24,050,383

The following is a summary of changes in bonds payable:

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
General Obligation	\$ -	\$ 24,059,617	\$ (9,234)	\$ 24,050,383
	<u>\$ -</u>	<u>\$ 24,059,617</u>	<u>\$ (9,234)</u>	<u>\$ 24,050,383</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The annual principal and interest requirements to maturity are as follows:

	Principal	Interest	Total Debt Service
2011	\$ 1,175,000	\$ 829,844	\$ 2,004,844
2012	1,175,000	794,594	1,969,594
2013	1,175,000	765,219	1,940,219
2014	1,175,000	735,844	1,910,844
2015	1,175,000	688,844	1,863,844
2016-2020	5,875,000	2,862,594	8,737,594
2021-2025	5,875,000	1,719,906	7,594,906
2026-2030	5,875,000	681,500	6,556,500
	<u>\$ 23,500,000</u>	<u>\$ 9,078,345</u>	<u>\$ 32,578,345</u>

Reconciliation to Statement of Net Position:

Principal above	\$ 23,500,000
Bond premium	550,383
Statement of Net Position	<u>\$ 24,050,383</u>

NOTE 7 - ACCRUED COMPENSATED ABSENCES

GOVERNMENTAL ACTIVITIES

Summarized below are the accrued vacation and sick leave liabilities at December 31, 2010:

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Accrued compensated absences	\$ 100,589	\$ 12,638	\$ -	\$ 113,227
Totals	<u>\$ 100,589</u>	<u>\$ 12,638</u>	<u>\$ -</u>	<u>\$ 113,227</u>

BUSINESS-TYPE ACTIVITIES

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Accrued compensated absences	\$ 148,142	\$ 43,893	\$ -	\$ 192,035
Totals	<u>\$ 148,142</u>	<u>\$ 43,893</u>	<u>\$ -</u>	<u>\$ 192,035</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 8 - OPERATING LEASES

The County has numerous operating leases for office equipment and office space. Future minimum annual rental payments are as follows:

2011	\$ 131,656
2012	81,660
2013	16,215
2014	-
Total	<u>\$ 229,531</u>

Operating lease expenditures totaled \$100,072 for the year and were reported as follows: \$ 100,072 in Public Safety.

NOTE 9 - CAPITAL LEASES

The County is the lessee of various vehicles under capital leases expiring in 2015. The liabilities under the capital leases are recorded at the present value of the minimum lease payments.

2011	\$ 63,577
2012	49,324
2013	25,460
2014	-
2015	-
	<u>138,361</u>
Less interest	12,023
Present value	<u>\$ 126,338</u>

The following is a summary of the changes in Capital Leases for the year ended December 31, 2010:

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Capital lease payable	\$ 90,361	\$ 94,215	\$ (58,238)	\$ 126,338
Totals	<u>\$ 90,361</u>	<u>\$ 94,215</u>	<u>\$ (58,238)</u>	<u>\$ 126,338</u>

Amortization of assets held under capital leases is included with depreciation expense.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 9 - CAPITAL LEASES (CONTINUED)

The following is an analysis of the leased assets included in Capital Assets.

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Equipment	\$ 140,305	\$ 94,215	\$ (21,204)	\$ 213,316
Total capital assets	140,305	94,215	(21,204)	213,316
Less accum. depreciation	18,869	57,500	(21,204)	55,165
Net capital assets	<u>\$ 121,436</u>	<u>\$ 36,715</u>	<u>\$ -</u>	<u>\$ 158,151</u>

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2010, consisted of the following individual fund receivables and payables:

Receivable Fund	Payable Fund	Amount
General	Mountain View Nursing Home	\$ 1,181,456
General	Other Governmental	249,773
Other Governmental	General	156,450
		<u>\$ 1,587,679</u>

Interfund balances represent amounts for pooled cash.

Interfund transfers at December 31, 2010 consisted of the following:

Transfers In:				
	General	Other Governmental Funds	Proprietary Fund	Amount
Transfers Out:				
General	\$ -	\$ -	\$ 1,082,270	\$ 1,082,270
Other Governmental Funds	-	-	-	-
Proprietary Fund	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,082,270</u>	<u>\$ 1,082,270</u>

NOTE 11 - ASSIGNED FUND BALANCE - GENERAL FUND

At December 31, 2010, the general fund assigned fund balances consisted of amounts expected to be paid for building repairs.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 12 - EMPLOYEE BENEFIT PLANS

NEW HAMPSHIRE RETIREMENT SYSTEM

A. Plan Description

County employees contribute to the New Hampshire Retirement System (NHRS), a contributory defined benefit public employee pension plan that acts as a common investment and administrator for its participants.

The NHRS provides retirement, annual cost-of-living adjustments, death and disability benefits to members and beneficiaries. These benefit provisions and all other requirements are established by state statute. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire, 03301-8507.

B. Funding Policy

The contribution requirements of plan members are established and may be amended by the NHRS. This year, Group I members contributed 5.0% and Group II members contributed 9.3% of gross earnings. The State of New Hampshire and the County are required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by the statute. The contribution requirements for the County and the State portion of this requirement for the past three fiscal years were:

	2010	2009	2008
County contribution	\$ 774,280	\$ 763,797	\$ 656,264
State contribution	75,472	112,350	96,509*
Total requirement	<u>\$ 849,752</u>	<u>\$ 876,147</u>	<u>\$ 752,773</u>

* - This number is estimated as it is unavailable as of September 16, 2014, the date of the financial statements were available to be issued.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 13 - POST - RETIREMENT HEALTH CARE BENEFITS

The County's health care plan is through a public entity risk pool in the State currently operating as a common risk management and insurance program. New Hampshire Public Laws – RSA 100-A:50 requires that the health insurance premiums be rated together ("retired employees shall be deemed to be part of the same group of active employees...for purposes of determining medical insurance premiums"). This results in the County having a community-rated plan. The County requires the retiree to pay 100% of their health insurance premium.

There are currently 167 participants in the health insurance benefit plan of which 2 are retired employees.

NOTE 14 - 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, along with numerous other municipalities in the State, is a member of three public entity risk pools in the State currently operating as a common risk management and insurance program for which all political subdivision in the State of New Hampshire are eligible to participate. The pools provide coverages for worker's compensation, unemployment, and property liability insurance. As a member of the pools, the County shares in contributing to the cost of and receiving benefits from a self-insured pooled risk management program. Contributions paid for the fiscal year totaled \$253,646 with no unpaid contributions at year-end. There were no deductible claims for the fiscal year.

The pool agreement permits the pool to make additional assessments to members should there be deficiency in pool assets to meet its liabilities. At this time, the pool foresees no likelihood of an additional assessment for past years.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

The County participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2010 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective agents; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 16 - NET POSITION AND FUND BALANCE RESTATEMENT

Governmental Activities – Net Position and Governmental Funds – Fund Balance were restated on January 1, 2010 as a result of adjusting the Prepaid Expenses balance. The adjustment decreased Prepaid Expenses by \$206,556 and decreased Net Position – January 1 and Fund Balance – January 1 by \$206,556.

Business-type Activities – Net Position and Proprietary Funds – Fund Net Position were restated on January 1, 2010 as a result of recording an allowance for doubtful accounts. The recording of the allowance decreased Accounts Receivable (net) by \$614,957 and decreased Net Position – January 1 by \$614,957.

NOTE 17 - NET POSITION AND FUND BALANCE RESTATEMENT (CONTINUED)

Governmental Activities – Net position, Governmental Funds – Fund Balance, Business-type Activities – Net Position, and Proprietary Funds – Fund Net Position were restated on January 1, 2010 as a result of transferring the cash account in the Bean, Dube, and Parsons fund to the Nursing Home Fund. The cash account is restricted to the operations of the Nursing Home and cannot be used by the General Government. Therefore, the cash account has been transferred to the Nursing Home. The transfer decreased Governmental Activities – Net Position and Governmental Funds – Fund Balance by \$287,771 and increased Business-type Activities – Net Position and Proprietary Funds – Fund Net Position – January 1 by \$287,771.

NOTE 18 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of September 16, 2014, the date the financial statements were available to be issued. At that time, there were no material subsequent events.

SCHEDULE A

**COUNTY OF CARROLL, NEW HAMPSHIRE
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2010**

	Proposed Budget	Approved Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes from cities and towns	\$ 13,088,625	\$ 13,088,625	\$ 13,088,625	\$ -
Charges for services	1,086,825	1,086,825	1,010,359	(76,466)
Intergovernmental	25,003	25,003	56,702	31,699
Farm	122,500	122,500	137,156	14,656
Jail	57,000	57,000	33,763	(23,237)
Interest earned	115,550	115,550	14,859	(100,691)
Miscellaneous	92,601	92,601	90,463	(2,138)
TOTAL REVENUES	14,588,104	14,588,104	14,431,927	(156,177)
EXPENDITURES				
Current:				
General government	2,240,845	2,240,845	2,267,132	(26,287)
Public safety	2,431,561	2,431,561	2,429,358	2,203
Human services	3,394,885	3,394,885	2,790,181	604,704
Corrections	3,162,727	3,162,727	3,170,058	(7,331)
Farm	182,475	182,475	167,770	14,705
Capital asset acquisition/construction	-	-	105,814	(105,814)
Debt service:				
Principal retirement	697,737	697,737	697,737	-
Interest expense	401,737	401,737	348,529	53,208
TOTAL EXPENDITURES	12,511,967	12,511,967	11,976,579	535,388
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	2,076,137	2,076,137	2,455,348	379,211
OTHER FINANCING SOURCES (USES)				
Prior year surplus utilization	300,000	300,000	-	-
Bond proceeds	-	-	-	-
Proceeds from capital leases	-	-	94,215	94,215
Operating transfers in	-	-	-	-
Operating transfers out	(2,376,137)	(2,376,137)	(1,082,270)	1,293,867
TOTAL OTHER FINANCING SOURCES (USES)	(2,076,137)	(2,076,137)	(988,055)	1,388,082
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AFTER OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ 1,467,293	\$ 1,767,293

See accompanying independent auditors' report and management's notes to required supplementary information.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The County is required to have a budget for the General Fund. The County is not required to adopt an annual budget for its special revenue and capital project funds. Budgets for individual special revenue funds are utilized in accordance with the requirements for the grantor agencies.

Basis of Accounting

The modified accrual basis of accounting is used in preparing budgets except when non-cash items are involved. In that case, the non-cash items are omitted from the budget.

NOTE 2 – ACTUAL (BUDGET BASIS) TO GAAP BASIS RECONCILIATION

Revenues:

Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 14,431,927
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Differences - budget to GAAP:

The proceeds from the on-behalf payment from the State of New Hampshire are a non-cash item. Non-cash items are not considered when calculating the actual amounts for the budget.	<u>75,472</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 14,507,399</u></u>
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Expenditures:

Actual amounts (budgetary basis) from the budgetary comparison schedule	11,976,579
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Differences - budget to GAAP:

The expenditure of the on-behalf payment from the State of New Hampshire is a non-cash item. Non-cash items are not considered when calculating the actual amounts for the budget.	<u>75,472</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 12,052,051</u></u>
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NOTE 3 – OVERSPENT APPROPRIATIONS

There were no material overspent appropriations.