

County of Carroll, New Hampshire
Independent Auditors' Report
and
Management's Financial Statements

December 31, 2011

Ron L. Beaulieu & Company
CERTIFIED PUBLIC ACCOUNTANTS

COUNTY OF CARROLL, NEW HAMPSHIRE

DECEMBER 31, 2011

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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, 2011, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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 financial position 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 December 31, 2011, and the respective changes in financial 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

Required Supplementary Information

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 31 through 33 be presented to supplement the 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, C.P.A.

Portland, Maine
March 17, 2015

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 \$25,687,243 for the Fiscal Year of 2011 with \$12,845,836 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 Cart 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 POSITION

The Statement of Net position 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 position 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 \$10,583,793 for the fiscal year ended December 31, 2011

A portion of the County's net position, \$6,740,438, 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 position, restricted net position, \$652,742, is for Juvenile Incentive, Deeds Surcharge, Capital Reserves and Expendable Funds.

The remaining portion of net position, unrestricted net position \$3,190,613 represents an additional component of total net position. This balance displays the financial strength of the County.

The statement below reflects the County's Net position as of December 31, 2011.

**CARROLL COUNTY
SUMMARY OF NET POSITION
DECEMBER 31, 2010 AND 2011**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL COUNTY	
Asset	2010	2011	2010	2011	2010	2011
Current of Other Assets	\$ 5,199,541	4,231,332	\$ 1,252,730	1,855,264	\$6,452,271	6,086,596
Capital Assets	11,183,599	11,268,950	27,061,750	22,405,400	38,245,349	33,674,350
TOTAL Assets	\$16,383,140	15,500,282	\$28,314,480	24,260,664	\$44,697,620	39,760,946
Liabilities						
Current Liabilities	\$ 1,806,299	2,137,704	\$ 4,352,264	2,065,852	\$ 6,158,564	4,203,556
Long-Term Debt	3,938,268	3,176,884	23,045,258	21,749,373	26,983,526	24,926,257
TOTAL LIABILITIES	\$ 5,744,567	5,314,588	\$27,397,523	23,815,225	\$33,142,090	29,129,813
Total Deferred Inflow of Resources	\$ 5,290	47,340	\$		\$ 5,290	47,340
Net Position						
Invested in Capital Assets	\$ 6,606,322	7,430,749	\$ 2,763,818	(690,311)	\$ 9,370,140	6,740,438
Restricted	186,221	404,434		248,308	186,221	652,742
Unrestricted	3,840,740	2,303,171	(1,846,861)	887,442	1,993,879	3,190,613
TOTAL NET POSITION	\$10,633,283	10,138,354	\$ 916,957	445,439	\$11,550,240	10,583,793
TOTAL LIABILITIES AND NET POSITION	\$16,383,140	15,500,282	\$28,314,480	24,260,664	\$44,697,620	39,760,946

CHANGES IN NET POSITION

During fiscal year 2011 Carroll County generated \$24,872,165 in overall revenue. This was comprised of \$14,634,167 in general and program revenue and \$10,237,998 in revenue from business-type activities. Total expenditures were \$25,838,612; \$12,672,405 in general expenses and \$13,166,207 in business-type expenses.

The largest source of general revenue for the County is County Taxes, which were \$13,081,347.

The cost of governmental activities for the fiscal year ended 12/31/11 was \$12,672,405. The programs that were the most costly were Human Services \$3,528,916, Public Safety (which includes the Sheriff's Department and Dispatch Center) \$2,415,059 and the County Jail \$3,090,183. The funding for these programs came from County Taxes of \$13,081,347. 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 \$10,237,998. Overall expenses for the Nursing Home \$13,166,207. 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, 2010 and 2011**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		2010 TOTAL GOVERNMENT	
Revenue	2010	2011	2010	2011	2010	2011
Program Revenue						
Charges for Services	1,232,688	1,266,800	9,656,805	10,188,394	10,889,493	11,455,194
Operating Grants & Cont.	63,729	45,610	-	-	63,729	45,610
Capital Grants & Cont.	-	-	-	-	-	-
General Revenues						
County Taxes	13,299,514	13,081,347			13,299,514	13,081,347
Interest Earned	16,466	68,908	1,968	49,509	18,434	118,417
Miscellaneous	165,949	171,502	2,899	95	168,838	171,597
Total Revenue	14,778,346	14,634,167	9,661,662	10,237,998	24,440,008	24,872,165
Program Expenditures						
General Government	2,656,902	3,131,875			2,656,902	3,131,875
Public Safety	2,520,535	2,415,059			2,520,535	2,415,059
Human Services	2,790,181	3,528,916			2,790,181	3,528,916
Corrections	3,469,877	3,090,183			3,469,877	3,090,183
Nursing Home			11,123,103	12,381,911	11,123,103	12,381,911
Farm	177,862	181,996			177,862	181,996
Debt Services	337,304	324,376		784,296	337,304	1,108,672
Total Expenditures	11,952,661	12,672,405	11,123,103	13,166,207	23,075,764	25,838,612
Transfers	(1,082,270)	(2,456,691)	1,082,270	2,456,691	-	-
Change in Net Position	1,743,415	(494,929)	(379,171)	(471,518)	1,364,244	(966,447)
Net Position – Jan 1 (restated)	8,889,868	10,633,283	1,276,084	916,957	10,165,952	11,550,240
Net Position – Dec 31	10,633,283	10,138,354	896,913	445,439	11,530,196	10,583,793

FINANCIAL ANALYSIS OF COUNTY FUNDS

County's Budgetary Highlights:

At the end of the year, general fund actual revenues were \$14,280,347, \$34,335 more than budgeted. Actual expenditures were \$12,570,181, \$106,347 more than had been budgeted contributing to Expenditures exceeding Revenues for a total of \$72,012.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The County's investment in capital assets for general and business-type activities as of December 31, 2011, was \$31,042,661 (net of depreciation). 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 \$3,768,453 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 \$22,847,403 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 5.6% to \$27,136,391. The amount to be raised by taxes is expected to increase by 2.8% to \$13,215,222. The largest increase in the Budget for 2012 is the BEAS increase of \$759,704. Other increases to the budget are due to wage and benefit increases.

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.

COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF NET POSITION
DECEMBER 31, 2011

STATEMENT A

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 2,631,172	\$ 156,298	\$ 2,787,470
Accounts receivable (net)	152,710	2,621,232	2,773,942
Taxes receivable (net)	23,426	-	23,426
Due from other governments (net)	17,887	247,847	265,734
Internal Balances	1,244,497	(1,244,497)	-
Inventories	76,390	56,500	132,890
Prepaid expenses	85,250	17,884	103,134
Total current assets	4,231,332	1,855,264	6,086,596
Noncurrent assets:			
Capital assets, net	10,838,272	20,204,389	31,042,661
Restricted cash	430,678	2,201,011	2,631,689
Total noncurrent assets	11,268,950	22,405,400	33,674,350
TOTAL ASSETS	15,500,282	24,260,664	39,760,946
LIABILITIES			
Current liabilities:			
Accounts payable	1,269,467	264,868	1,534,335
Accrued expenses	69,798	-	69,798
Accrued payroll	-	138,870	138,870
Accrued interest	70,348	328,202	398,550
Due to other governments	-	130,931	130,931
Lease payable, current portion	45,604	-	45,604
Bond payable, current portion	682,487	1,202,981	1,885,468
Total current liabilities	2,137,704	2,065,852	4,203,556
Noncurrent liabilities:			
Accrued compensated absences	66,774	104,951	171,725
Lease payable, less current portion	24,144	-	24,144
Bonds payable, less current portion	3,085,966	21,644,422	24,730,388
Total noncurrent liabilities	3,176,884	21,749,373	24,926,257
TOTAL LIABILITIES	5,314,588	23,815,225	29,129,813
DEFERRED INFLOW OF RESOURCES			
Deferred revenues	47,340	-	47,340
TOTAL DEFERRED INFLOW OF RESOURCES	47,340	-	47,340
NET POSITION			
Net investment in capital assets	7,430,749	(690,311)	6,740,438
Restricted	404,434	248,308	652,742
Unrestricted	2,303,171	887,442	3,190,613
TOTAL NET POSITION	\$ 10,138,354	\$ 445,439	\$ 10,583,793

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, 2011

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	Total
Governmental activities:							
General government	\$ 3,131,875	\$ 822,747	\$ 45,610	\$ -	\$ (2,263,518)	\$ -	\$ (2,263,518)
Public safety	2,415,059	248,298	-	-	(2,166,761)	-	(2,166,761)
Human services	3,528,916	-	-	-	(3,528,916)	-	(3,528,916)
Corrections	3,090,183	61,577	-	-	(3,028,606)	-	(3,028,606)
Farm	181,996	134,178	-	-	(47,818)	-	(47,818)
Interest	324,376	-	-	-	(324,376)	-	(324,376)
Total governmental activities	12,672,405	1,266,800	45,610	-	(11,359,995)	-	(11,359,995)
Business-type activities:							
Nursing Home	13,166,207	10,188,394	-	-	-	(2,977,813)	(2,977,813)
Total	25,838,612	11,455,194	45,610	-	(11,359,995)	(2,977,813)	(14,337,808)
General revenues:							
Taxes					13,081,347	-	13,081,347
Interest					68,908	49,509	118,417
Miscellaneous revenues					172,010	95	172,105
Gain (loss) on Disposal of capital assets					(508)	-	(508)
Transfer of capital assets					624,707	(624,707)	-
Transfers					(3,081,398)	3,081,398	-
Total general revenues					10,865,066	2,506,295	13,371,361
Change in net position					(494,929)	(471,518)	(966,447)
Net position - January 1					10,633,283	916,957	11,550,240
Net position - December 31					\$ 10,138,354	\$ 445,439	\$ 10,583,793

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, 2011**

	General	Other Governmental Funds	Total
ASSETS			
Cash	\$ 2,421,831	\$ 209,341	\$ 2,631,172
Accounts receivable (net)	150,076	2,634	152,710
Taxes receivable (net)	-	23,426	23,426
Inventories	76,390	-	76,390
Due from other governments (net)	8,346	9,541	17,887
Due from other funds	1,354,808	-	1,354,808
Prepaid expenses	85,250	-	85,250
Restricted cash	2,775	427,903	430,678
TOTAL ASSETS	\$ 4,099,476	\$ 672,845	\$ 4,772,321
LIABILITIES			
Accounts payable	1,267,819	1,649	1,269,468
Accrued expenses	69,798	-	69,798
Accrued payroll	-	-	-
Due to other funds	-	110,312	110,312
TOTAL LIABILITIES	1,337,617	111,961	1,449,578
DEFERRED INFLOW OF RESOURCES			
Deferred revenues	47,340	-	47,340
TOTAL DEFERRED INFLOW OF RESOURCES	47,340	-	47,340
FUND BALANCES			
Nonspendable, reported in:			
General fund	1,408,912	-	1,408,912
Restricted, reported in:			
General fund	-	-	-
Special revenue funds	-	404,434	404,434
Committed, reported in:			
Capital projects fund	-	156,450	156,450
Assigned, reported in:			
General fund	10,509	-	10,509
Unassigned, reported in:			
General fund	1,295,098	-	1,295,098
TOTAL FUND BALANCES	2,714,519	560,884	3,275,403
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,099,476	\$ 672,845	
Capital assets used in governmental activities			10,838,272
Accrued interest from governmental activities			(70,346)
Deferred revenue from governmental activities			-
Long-term liabilities from governmental activities			(3,904,975)
Net assets of governmental activities			\$ 10,138,354

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, 2011

	General	Other Governmental Funds	Total
REVENUES			
Taxes from cities and towns	\$ 12,845,835	\$ 235,512	\$ 13,081,347
Charges for services	1,012,213	58,832	1,071,045
Intergovernmental	39,628	5,982	45,610
Farm	134,178	-	134,178
Jail	61,577	-	61,577
Interest earned	65,268	3,641	68,909
Miscellaneous	171,836	174	172,010
TOTAL REVENUES	14,330,535	304,141	14,634,676
EXPENDITURES			
General government	2,369,219	88,367	2,457,586
Public safety	2,377,752	93,897	2,471,649
Human services	3,528,916	-	3,528,916
Corrections	3,090,183	-	3,090,183
Farm	172,259	-	172,259
County taxes	-	70,177	70,177
Fixed asset acquisition/construction	82,925	35,347	118,272
Debt service:			
Principal retirement	682,487	-	682,487
Interest expense	335,729	-	335,729
TOTAL EXPENDITURES	12,639,470	287,788	12,927,258

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, 2011

	General	Other Governmental Funds	Total
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ 1,691,065	\$ 16,353	\$ 1,707,418
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Proceeds from capital leases	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(3,081,398)	-	(3,081,398)
TOTAL OTHER FINANCING SOURCES (USES)	(3,081,398)	-	(3,081,398)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AFTER OTHER FINANCING SOURCES (USES)	(1,390,333)	16,353	(1,373,980)
FUND BALANCE - JANUARY 1	4,104,852	544,531	4,649,383
FUND BALANCE - DECEMBER 31	\$ 2,714,519	\$ 560,884	\$ 3,275,403

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

STATEMENT E

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, 2011

Net change in fund balances - total government funds	\$ (1,373,980)
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.	624,686
This is the amount of depreciation expense.	(542,016)
This is the amount of gain/(loss) on disposal.	(508)
Expenses for accrued compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	46,453
Expenses for accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	11,360
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.	-
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.	56,590
Payments of bond principal is an expenditure in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.	682,486
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.	\$ (494,929)

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, 2011

STATEMENT F

	Mountain View Nursing Home
ASSETS	
Current assets:	
Cash	\$ 156,298
Accounts receivable (net)	2,621,232
Due from other governments (net)	247,847
Due from other funds	-
Inventories	56,500
Prepaid expenses	17,884
Total current assets	<u>3,099,761</u>
Noncurrent assets:	
Capital assets, net	20,204,389
Restricted cash	<u>2,201,011</u>
Total noncurrent assets	<u>22,405,400</u>
TOTAL ASSETS	<u>25,505,161</u>
LIABILITIES	
Current liabilities:	
Accounts payable	264,868
Accrued payroll	138,870
Due to other governments	130,931
Accrued interest	328,202
Bond payable, current portion	<u>1,202,981</u>
Total current liabilities	<u>2,065,852</u>
Noncurrent liabilities:	
Due to other funds	1,244,497
Accrued compensated absences	104,951
Bonds payable, less current portion	<u>21,644,422</u>
Total noncurrent liabilities	<u>22,993,870</u>
TOTAL LIABILITIES	<u>25,059,722</u>
NET POSITION	
Net investment in capital assets	(690,311)
Restricted	248,308
Unrestricted	887,442
TOTAL NET POSITION	<u>\$ 445,439</u>

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

STATEMENT G
COUNTY OF CARROLL, NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	Mountain View Nursing Home
OPERATING REVENUES	
Charges for services	\$ 9,959,779
Meal sales	228,615
Miscellaneous	95
TOTAL OPERATING REVENUES	<u>10,188,489</u>
OPERATING EXPENSES	
Administration	1,271,642
Dietary	1,522,509
Nursing	6,271,088
Plant operations	639,700
Laundry	127,825
Housekeeping	452,994
Physicians and pharmacy	90,286
Physical therapy	476,126
Recreational therapy	373,614
Social services	143,959
Special services	434,850
Depreciation	577,318
TOTAL OPERATING EXPENSES	<u>12,381,911</u>
OPERATING INCOME (LOSS)	<u>(2,193,422)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	49,509
Interest expense	(784,296)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(734,787)</u>
OTHER REVENUES (EXPENSES)	
Reassign capital assets to governmental fund	(624,707)
Transfer in from general fund	3,081,398
TOTAL OTHER REVENUES (EXPENSES)	<u>2,456,691</u>
NET INCOME (LOSS)	(471,518)
NET POSITION - JANUARY 1	<u>916,957</u>
NET POSITION - DECEMBER 31	<u><u>\$ 445,439</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, 2011**

STATEMENT H

	Mountain View Nursing Home
OPERATING ACTIVITIES	
Receipts from customers	\$ 7,191,051
Payments to suppliers	(6,266,553)
Payments to employees	(5,515,089)
Internal activity - receipt from (payments to) other funds	62,129
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(4,528,462)</u>
FINANCING ACTIVITIES (NON-CAPITAL)	
Transfer in from general fund	3,081,398
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES (NON-CAPITAL)	<u>3,081,398</u>
FINANCING ACTIVITIES (CAPITAL)	
Purchase of capital assets	(9,442,975)
Principal payments on long-term debt	(1,202,981)
Interest payments on long-term debt	(784,296)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES (CAPITAL)	<u>(11,430,252)</u>
INVESTING ACTIVITIES:	
Withdrawals from restricted cash	12,946,809
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>12,946,809</u>
INCREASE (DECREASE) IN CASH	69,493
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>86,805</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u><u>\$ 156,298</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, 2011

	<u>Mountain View Nursing Home</u>
OPERATING ACTIVITIES	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(2,193,422)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation	577,318
Changes in operating assets and liabilities:	
Accounts receivable and accrued revenue	(3,134,493)
Due from other governments	137,055
Inventories	(12,975)
Prepaid expenses	(2,954)
Accounts payable and accrued expenses	125,964
Due to other funds	62,129
Accrued compensated absences	(87,084)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (4,528,462)</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for:	
Interest	<u><u>\$ 829,844</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

During the past year, the proprietary fund transferred capital assets with net values of \$624,707 to the General Government.

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, 2011

STATEMENT I

	Agency Funds
ASSETS	
Cash	\$ 632,978
Accounts receivable	3,067
TOTAL ASSETS	<u><u>\$ 636,045</u></u>
LIABILITIES	
Due to specific governments	\$ 545,039
Due to specific individuals	91,006
TOTAL LIABILITIES	<u><u>\$ 636,045</u></u>

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

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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.

Program revenues include charges to taxpayers who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; and operating or capital grants and contributions that are restricted to meeting the operational or capital requirement of a particular program.

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.

Proprietary 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Governmental Funds and Proprietary 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

Property Taxes

Taxes from Cities and Towns are committed on or around March 1st of each year. Taxes are due on or near December 17th. If the taxes are not paid by a City or Town on or before the due date, the County may petition the superior court.

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 balance, 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:

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 four nonmajor funds.

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.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. Operating expenses include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and cash equivalents

The County considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available (60 days after year end) 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.

All trust and agency funds are accounted for using the accrual basis of accounting.

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.

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.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The general fund is the only fund that can report a positive unassigned balance.

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. The County has not established a policy regarding a minimum fund balance.

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.

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, 2011:

Cash	\$ 5,419,159
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COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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 to 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, 2011 was \$5,980,560, 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, 2011

NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts – Governmental Activities at December 31, 2011 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, 2011 is estimated to be:

	Accounts Receivable	Due from Other Governments	Total
Mountain View Nursing Home	\$ 1,287,486	\$ -	\$ 1,287,486
Business-type	<u>\$ 1,287,486</u>	<u>\$ -</u>	<u>\$ 1,287,486</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets:

GOVERNMENTAL ACTIVITIES

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11
Real estate (non-depreciable)	\$ 45,552	\$ -	\$ -	\$ 45,552
Real estate (depreciable)	10,740,461	2,126,022	(6,979)	12,859,504
Equipment and vehicles	1,994,433	327,291	(7,622)	2,314,102
Sewer system	1,734,036	633,637	-	2,367,673
Water system	1,508,026	-	-	1,508,026
Total capital assets	16,022,508	3,086,950	(14,601)	19,094,857
Accumulated depreciation	(5,266,399)	(3,004,279)	14,093	(8,256,585)
Capital assets, net	<u>\$ 10,756,109</u>	<u>\$ 82,671</u>	<u>\$ (508)</u>	<u>\$ 10,838,272</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation was charged to governmental functions as follows:

General government	166,976
Public safety	365,296
Corrections	-
Farm	9,744
	<u>\$ 542,016</u>

BUSINESS-TYPE ACTIVITIES

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11
Construction in progress	11,067,500	9,440,678	(20,345,475)	162,703
Real estate	2,127,802	15,673,472	(2,127,802)	15,673,472
Sewer system	633,637	-	(633,637)	-
Equipment and vehicles	904,051	4,674,301	(564,538)	5,013,814
Total capital assets	14,732,990	29,788,451	(23,671,452)	20,849,989
Less accum. depreciation	(2,769,550)	(577,319)	2,701,269	(645,600)
Capital assets, net	<u>\$ 11,963,440</u>	<u>\$ 29,211,132</u>	<u>\$ (20,970,183)</u>	<u>\$ 20,204,389</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.

Details related to the short-term debt activity for the fiscal year ended December 31, 2011, is as follows:

Type	Purpose	Rate	Due Date	Balance at 12/31/10	Issued	Retired	Balance at 12/31/11
TAN	Cash flow	2.00%	12/30/2011	-	10,000,000	10,000,000	-
				<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 6 - LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

The following is a summary of bonds outstanding at December 31, 2011:

\$235,000 - Public Improvement Bond (Rural Development), due in annual installments of \$7,834 through July 2032, plus interest at 4.50%.	164,494
\$8,000,000 - Jail Construction Bond, due in annual installments of \$535,000 through July 2012, \$530,000 through July 2017, plus interest at 3.90% to 4.50%.	3,185,000

\$1,400,000 - State of New Hampshire Revolving Loan, due in annual installments of \$139,653 through July 2014, plus interest at 2.31%. 418,959

Total bonds payable \$ 3,768,453

The following is a summary of changes in bonds payable:

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11	Current Portion
Public Improvement	\$ 172,328	\$ -	\$ (7,834)	\$ 164,494	\$ 7,834
Jail Construction	3,720,000	-	(535,000)	3,185,000	535,000
NH Revolving Loan	558,611	-	(139,652)	418,959	139,653
	<u>\$ 4,450,939</u>	<u>\$ -</u>	<u>\$ (682,486)</u>	<u>\$ 3,768,453</u>	<u>\$ 682,487</u>

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

	Principal	Interest	Total Debt Service
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	537,834	52,809	590,643
2017-2021	569,170	47,727	616,897
2022-2026	39,170	15,419	54,589
2027-2031	39,170	6,605	45,775
2032	7,814	354	8,168
	<u>\$ 3,768,453</u>	<u>\$ 579,789</u>	<u>\$ 4,348,242</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 6 - LONG-TERM DEBT (CONTINUED)

BUSINESS-TYPE ACTIVITIES

The following is a summary of bonds outstanding at December 31, 2011:

\$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 5.00% 22,847,403

Total bonds payable \$ 22,847,403

The following is a summary of changes in bonds payable:

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11	Current Portion
General Obligation	\$ 24,050,383	\$ -	\$ (1,202,980)	\$ 22,847,403	\$ 1,202,981
	<u>\$ 24,050,383</u>	<u>\$ -</u>	<u>\$ (1,202,980)</u>	<u>\$ 22,847,403</u>	<u>\$ 1,202,981</u>

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

	Principal	Interest	Total Debt Service
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	1,175,000	659,469	1,834,469
2017-2021	5,875,000	2,639,344	8,514,344
2022-2026	5,875,000	1,505,469	7,380,469
2027-2030	4,700,000	459,718	5,159,718
	<u>\$ 22,325,000</u>	<u>\$ 8,248,501</u>	<u>\$ 30,573,501</u>

Reconciliation to Statement of Net Position:

Principal above	\$ 22,325,000
Bond premium	522,403
Statement of Net Position	<u>\$ 22,847,403</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 7 - ACCRUED COMPENSATED ABSENCES

GOVERNMENTAL ACTIVITIES

Summarized below are the accrued vacation and sick leave liabilities at December 31, 2011:

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11	Current Portion
Accrued compensated absences	\$ 113,227	\$ -	\$ (46,453)	\$ 66,774	\$ -
Totals	<u>\$ 113,227</u>	<u>\$ -</u>	<u>\$ (46,453)</u>	<u>\$ 66,774</u>	<u>\$ -</u>

BUSINESS-TYPE ACTIVITIES

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11	Current Portion
Accrued compensated absences	\$ 192,035	\$ -	\$ (87,084)	\$ 104,951	\$ -
Totals	<u>\$ 192,035</u>	<u>\$ -</u>	<u>\$ (87,084)</u>	<u>\$ 104,951</u>	<u>\$ -</u>

NOTE 8 - OPERATING LEASES

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

2012	\$ 38,148
2013	21,936
2014	21,936
2015	-
2016	-

Operating lease expenditures totaled \$61,071 for the year and were reported in Public Safety.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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.

2012	\$ 49,324
2013	25,460
2014	-
2015	-
2016	-
	<u>74,784</u>
Less interest	5,036
Present value	<u>\$ 69,748</u>

The following is a summary of the changes in Capital Leases for the year ended December 31, 2011:

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11	Current Portion
Capital lease payable	\$ 126,338	\$ -	\$ (56,590)	\$ 69,748	\$ 45,604
Totals	<u>\$ 126,338</u>	<u>\$ -</u>	<u>\$ (56,590)</u>	<u>\$ 69,748</u>	<u>\$ 45,604</u>

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

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

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11
Equipment	\$ 213,316	\$ -	\$ -	\$ 213,316
Total capital assets	213,316	-	-	213,316
Less accum. depreciation	55,165	55,084	-	110,249
Net capital assets	<u>\$ 158,151</u>	<u>\$ (55,084)</u>	<u>\$ -</u>	<u>\$ 103,067</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2011, consisted of the following individual fund receivables and payables:

Receivable Fund	Payable Fund	Amount
General	Mountain View Nursing Home	\$ 1,244,497
General	Other Governmental	110,311
		<u>\$ 1,354,808</u>

Interfund balances represent amounts for pooled cash.

Interfund transfers at December 31, 2011 consisted of the following:

Transfers In:				
	General	Other Governmental	Mountain View Nursing Home	Amount
Transfers Out:				
General	\$ -	\$ -	\$ 3,081,398	\$ 3,081,398
Other Governmental	-	-	-	-
Mountain View Nursing Home	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,081,398</u>	<u>\$ 3,081,398</u>

Transfers are used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them.

NOTE 11 - FUND BALANCE COMPONENTS

At December 31, 2011, the components of fund balance are as follows:

	Nonspendable	Restricted	Committed	Assigned
General Fund				
Not in spendable form	\$ 1,408,912	\$ -	\$ -	\$ -
Encumbrances	-	-	-	10,509
Special Revenue Funds				
Deeds surcharge	-	73,604	-	-
Juvenile program	-	44,210	-	-
Hales Location	-	286,620	-	-
Capital Projects Fund				
Appropriated for capital projects	-	-	156,450	-
Total	<u>\$ 1,408,912</u>	<u>\$ 404,434</u>	<u>\$ 156,450</u>	<u>\$ 10,509</u>

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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:

	2011	2010	2009
County contribution	\$ 842,742	\$ 774,280	\$ 763,797
State contribution	50,188	75,472	112,350
Total requirement	<u>\$ 892,930</u>	<u>\$ 849,752</u>	<u>\$ 876,147</u>

NOTE 13 - POST - RETIREMENT HEALTH CARE BENEFITS

The County's health care plan is administered by Primex, 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-based plan. The County requires the retiree to pay 100% of their health insurance premium. Primex issues a publicly available financial report. That report may be obtained by writing to Primex, 46 Donovan Street, Concord, New Hampshire, 03301.

There are currently 178 participants in the health insurance benefit plan of which 2 are retired employees.

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 coverage 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 \$379,534 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, 2011 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.

NOTE 16 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of March 17, 2015, the date the financial statements were available to be issued. At that time, there were no material subsequent events.

COUNTY OF CARROLL, NEW HAMPSHIRE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

SCHEDULE A

	Proposed Budget	Approved Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes from cities and towns	\$ 12,845,836	\$ 12,845,836	\$ 12,845,835	\$ (1)
Charges for services	1,011,798	1,011,798	1,012,213	415
Intergovernmental	25,001	25,001	39,628	14,627
Farm	124,500	124,500	134,178	9,678
Jail	37,776	37,776	61,577	23,801
Interest earned	110,000	110,000	65,268	(44,732)
Miscellaneous	91,101	91,101	121,648	30,547
TOTAL REVENUES	14,246,012	14,246,012	14,280,347	34,335
EXPENDITURES				
Current:				
General government	2,350,473	2,350,473	2,315,830	34,643
Public safety	2,449,143	2,449,143	2,372,024	77,119
Human services	3,200,000	3,200,000	3,528,916	(328,916)
Corrections	3,163,611	3,163,611	3,080,281	83,330
Farm	186,077	186,077	171,989	14,088
Fixed asset acquisition/construction	95,550	95,550	82,925	12,625
Debt service:				
Principal retirement	682,487	682,487	682,487	-
Interest expense	336,493	336,493	335,729	764
TOTAL EXPENDITURES	12,463,834	12,463,834	12,570,181	(106,347)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	1,782,178	1,782,178	1,710,166	(72,012)
OTHER FINANCING SOURCES (USES)				
Prior year surplus utilization	2,500,000	2,500,000	-	(2,500,000)
Bond proceeds	-	-	-	-
Proceeds from capital leases	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	(4,282,178)	(4,282,178)	(3,081,398)	1,200,780
TOTAL OTHER FINANCING SOURCES (USES)	(1,782,178)	(1,782,178)	(3,081,398)	(1,299,220)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AFTER OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ (1,371,232)	\$ (1,371,232)

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, 2011

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 \$ 14,280,347

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. 50,188

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 14,330,535

Expenditures:

Actual amounts (budgetary basis) from the budgetary comparison schedule 12,570,181

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. 50,188

Accrued wages and related payroll taxes are not budgeted for and therefore are removed for the budgetary comparison schedule. 19,101

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 12,639,470

COUNTY OF CARROLL, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2011

NOTE 3 – OVERSPENT APPROPRIATIONS

The only material overspent appropriation was for Human Services for \$328,916.