

**County of Carroll, New Hampshire**

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

**December 31, 2012**

**Ron L. Beaulieu & Company**

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**CERTIFIED PUBLIC ACCOUNTANTS**

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**COUNTY OF CARROLL, NEW HAMPSHIRE**

**DECEMBER 31, 2012**

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# Ron L. Beaulieu & Company

## CERTIFIED PUBLIC ACCOUNTANTS

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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, 2012, 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, 2012, 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 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  
March 30, 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 \$27,136,391 for the Fiscal Year of 2012 with \$13,215,222 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 \$9,390,062 for the fiscal year ended December 31, 2012

A portion of the County's net assets, \$5,769,943, 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, \$532,751, is for Juvenile Incentive, Deeds Surcharge, Capital Reserves and Expendable Funds.

The remaining portion of net assets, unrestricted net assets \$3,087,368 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, 2012

**CARROLL COUNTY  
SUMMARY OF NET ASSETS  
DECEMBER 31, 2011 AND 2012**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL COUNTY	
<b>Asset</b>	2011	2012	2011	2012	2011	2012
Current of Other Assets	\$ 4,231,332	3,517,648	\$ 1,855,264	2,658,310	\$ 6,086,596	6,175,958
Capital Assets	11,268,950	10,361,949	22,405,400	20,470,882	33,674,350	30,832,831
<i>TOTAL Assets</i>	<b>\$15,500,282</b>	<b>13,879,597</b>	<b>\$24,260,664</b>	<b>23,129,192</b>	<b>\$39,760,946</b>	<b>37,008,789</b>
<b>Liabilities</b>						
Current Liabilities	\$ 2,137,704	2,496,352	\$ 2,065,852	1,856,500	\$ 4,203,556	4,352,852
Long-Term Debt	3,176,844	2,571,445	21,749,373	20,690,090	24,926,257	23,261,535
<i>TOTAL LIABILITIES</i>	<b>\$ 5,314,588</b>	<b>5,067,797</b>	<b>\$23,815,225</b>	<b>22,546,590</b>	<b>\$29,129,813</b>	<b>27,614,387</b>
<b>Total Deferred Inflow of Resources</b>	<b>\$ 47,340</b>	<b>4,340</b>	<b>\$</b>		<b>\$ 47,340</b>	<b>4,340</b>
<b>Net Position</b>						
Invested in Capital Assets	\$ 7,430,749	7,192,459	\$ (690,311)	(1,422,516)	\$ 6,740,438	5,769,943
Restricted	404,434	283,775	248,308	248,976	652,742	532,751
Unrestricted	2,303,171	1,331,226	887,442	1,756,142	3,190,613	3,087,368
<i>TOTAL NET POSITION</i>	<b>\$10,138,354</b>	<b>8,807,460</b>	<b>\$ 445,439</b>	<b>583,602</b>	<b>\$10,583,793</b>	<b>9,390,062</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$15,500,282</b>	<b>13,879,597</b>	<b>\$24,260,664</b>	<b>23,129,192</b>	<b>\$39,760,946</b>	<b>37,008,789</b>

**CHANGES IN NET POSITION**

During fiscal year 2012 Carroll County generated \$26,512,435 in overall revenue. This was comprised of \$15,141,938 in general revenue and \$11,370,497 in revenue from business-type activities. Total expenditures were \$27,706,166; \$13,590,841 in general expenses and \$14,115,325 in business-type expenses.

The largest source of general revenue for the County is County Taxes, which were \$13,541,129.

The cost of governmental activities for the fiscal year ended 12/31/12 was \$13,590,841. The programs that were the most costly were Human Services \$4,007,498, Public Safety (which includes the Sheriff's Department and Dispatch Center) \$2,897,098 and the County Jail \$3,164,764. The funding for these programs came from County Taxes of \$13,541,129. 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 \$11,370,497. Overall expenses for the Nursing Home \$14,115,325. 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, 2011 and 2012**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		2011 TOTAL GOVERNMENT	
<b>Revenue</b>	2011	2012	2011	2012	2011	2012
<b>Program Revenue</b>						
Charges for Services	1,266,800	1,399,789	10,188,394	10,955,057	11,455,194	12,354,846
Operating Grants & Cont.	45,610	71,072	-	-	45,610	71,072
Capital Grants & Cont.	-	-	-	400,100	-	400,100
<b>General Revenues</b>						
County Taxes	13,081,347	13,541,129			13,081,347	13,541,129
Interest Earned	68,908	3,492	49,509	9,201	118,417	12,693
Miscellaneous	171,502	126,456	95	6,139	171,597	132,595
<b>Total Revenue</b>	<b>14,634,167</b>	<b>15,141,938</b>	<b>10,237,998</b>	<b>11,370,497</b>	<b>28,872,165</b>	<b>26,512,435</b>
<b>Program Expenditures</b>						
General Government	3,131,875	3,104,994			3,131,875	3,104,994
Public Safety	2,415,059	2,897,098			2,415,059	2,897,098
Human Services	3,528,916	4,007,498			3,528,916	4,007,498
Corrections	3,090,183	3,164,764			3,090,183	3,164,764
Nursing Home			12,381,911	13,360,845	12,381,911	13,360,845
Farm	181,996	188,788			181,996	188,788
Debt Services	324,376	227,699	784,296	754,480	1,108,672	982,179
<b>Total Expenditures</b>	<b>12,672,405</b>	<b>13,590,841</b>	<b>13,166,207</b>	<b>14,115,325</b>	<b>25,838,612</b>	<b>27,706,166</b>
<b>Transfers</b>	<b>(2,456,691)</b>	<b>(2,881,991)</b>	<b>2,456,691</b>	<b>2,881,991</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(494,929)</b>	<b>(1,330,894)</b>	<b>(471,518)</b>	<b>137,163</b>	<b>(966,447)</b>	<b>(1,193,731)</b>
<b>Net Position – Jan 1 (restated)</b>	<b>10,633,283</b>	<b>10,138,354</b>	<b>916,957</b>	<b>445,439</b>	<b>11,550,240</b>	<b>10,583,793</b>
<b>Net Position – Dec 31</b>	<b>10,138,354</b>	<b>8,807,460</b>	<b>445,439</b>	<b>582,602</b>	<b>10,583,793</b>	<b>9,390,062</b>

**FINANCIAL ANALYSIS OF COUNTY FUNDS**

**County's Budgetary Highlights:**

At the end of the year, general fund actual revenues were \$14,732,797, \$98,719 more than budgeted. Actual expenditures were \$13,282,400, \$122,094 less than had been budgeted contributing to Revenues exceeding Expenditures for a total of \$220,813.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets:**

The County's investment in capital assets for general and business-type activities as of December 31, 2012, was \$29,994,880 (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 \$3,085,966 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 \$21,644,422 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 2.1% to \$27,729,710. The amount to be raised by taxes is expected to increase by 3.4% to \$13,669,408. The total increase in the Budget for 2013 is \$593,319, which amount is spread throughout the Budget to the various departments.

### **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, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,966,783	\$ (1,197)	\$ 2,965,586
Accounts receivable (net)	144,237	2,340,753	2,484,990
Taxes receivable (net)	204,070	-	204,070
Due from other governments (net)	8,386	240,748	249,134
Internal Balances	(3,806)	3,806	-
Inventories	59,751	52,630	112,381
Prepaid expenses	138,227	21,570	159,797
Total current assets	<u>3,517,648</u>	<u>2,658,310</u>	<u>6,175,958</u>
Noncurrent assets:			
Capital assets, net	10,359,171	19,635,709	29,994,880
Restricted cash	2,778	835,173	837,951
Total noncurrent assets	<u>10,361,949</u>	<u>20,470,882</u>	<u>30,832,831</u>
<b>TOTAL ASSETS</b>	<u>13,879,597</u>	<u>23,129,192</u>	<u>37,008,789</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,610,408	64,650	1,675,058
Accrued expenses	2,209	117,797	120,006
Accrued payroll	105,630	155,003	260,633
Accrued interest	58,537	316,069	374,606
Due to other governments	-	-	-
Lease payable, current portion	42,081	-	42,081
Bond payable, current portion	677,487	1,202,981	1,880,468
Total current liabilities	<u>2,496,352</u>	<u>1,856,500</u>	<u>4,352,852</u>
Noncurrent liabilities:			
Accrued compensated absences	124,301	248,649	372,950
Lease payable, less current portion	38,665	-	38,665
Bonds payable, less current portion	2,408,479	20,441,441	22,849,920
Total noncurrent liabilities	<u>2,571,445</u>	<u>20,690,090</u>	<u>23,261,535</u>
<b>TOTAL LIABILITIES</b>	<u>5,067,797</u>	<u>22,546,590</u>	<u>27,614,387</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred revenues	4,340	-	4,340
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<u>4,340</u>	<u>-</u>	<u>4,340</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,192,459	(1,422,516)	5,769,943
Restricted	283,775	248,976	532,751
Unrestricted	1,331,226	1,756,142	3,087,368
<b>TOTAL NET POSITION</b>	<u>\$ 8,807,460</u>	<u>\$ 582,602</u>	<u>\$ 9,390,062</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, 2012**

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	\$ 3,104,994	\$ 915,250	\$ 71,072	\$ -	\$ (2,118,672)	\$ -	\$ (2,118,672)
Public safety	2,897,098	277,557	-	-	(2,619,541)	-	(2,619,541)
Human services	4,007,498	-	-	-	(4,007,498)	-	(4,007,498)
Corrections	3,164,764	49,317	-	-	(3,115,447)	-	(3,115,447)
Farm	188,788	157,665	-	-	(31,123)	-	(31,123)
Interest	227,699	-	-	-	(227,699)	-	(227,699)
Total governmental activities	13,590,841	1,399,789	71,072	-	(12,119,980)	-	(12,119,980)
Business-type activities:							
Nursing Home	14,115,325	10,955,057	-	400,100	-	(2,760,168)	(2,760,168)
Total	27,706,166	12,354,846	71,072	400,100	(12,119,980)	(2,760,168)	(14,880,148)
General revenues:							
		Taxes - County assessment			13,541,129	-	13,541,129
			Interest		3,492	9,201	12,693
			Miscellaneous revenues		126,456	6,139	132,595
			Transfers		(2,881,991)	2,881,991	-
		Total general revenues			10,789,086	2,897,331	13,686,417
		Change in net position			(1,330,894)	137,163	(1,193,731)
		Net position - January 1			10,138,354	445,439	10,583,793
		Net position - December 31			\$ 8,807,460	\$ 582,602	\$ 9,390,062

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

**COUNTY OF CARROLL, NEW HAMPSHIRE  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	General	Other Governmental Funds	Total
<b>ASSETS</b>			
Cash	\$ 2,889,644	\$ 77,139	\$ 2,966,783
Accounts receivable (net)	140,997	3,240	144,237
Taxes receivable (net)	-	204,070	204,070
Inventories	59,751	-	59,751
Due from other governments (net)	8,386	-	8,386
Due from other funds	-	167,844	167,844
Prepaid expenses	138,227	-	138,227
Restricted cash	2,778	-	2,778
<b>TOTAL ASSETS</b>	<b>\$ 3,239,783</b>	<b>\$ 452,293</b>	<b>\$ 3,692,076</b>
<b>LIABILITIES</b>			
Accounts payable	1,610,408	-	1,610,408
Accrued expenses	2,209	-	2,209
Accrued payroll	105,630	-	105,630
Due to other funds	171,650	-	171,650
<b>TOTAL LIABILITIES</b>	<b>1,889,897</b>	<b>-</b>	<b>1,889,897</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred revenues	4,340	12,068	16,408
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>4,340</b>	<b>12,068</b>	<b>16,408</b>
<b>FUND BALANCES</b>			
Nonspendable	200,756	-	200,756
Restricted	-	283,775	283,775
Committed	-	156,450	156,450
Assigned	11,566	-	11,566
Unassigned	1,133,224	-	1,133,224
<b>TOTAL FUND BALANCES</b>	<b>1,345,546</b>	<b>440,225</b>	<b>1,785,771</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,239,783</b>	<b>\$ 452,293</b>	
Capital assets used in governmental activities			10,359,171
Accrued interest from governmental activities			(58,537)
Deferred revenue from governmental activities			12,068
Long-term liabilities from governmental activities			(3,291,013)
Net assets of governmental activities			\$ 8,807,460

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, 2012**

	General	Other Governmental Funds	Total
<b>REVENUES</b>			
Taxes from cities and towns	\$ 13,215,222	\$ 313,839	\$ 13,529,061
Charges for services	1,122,999	69,809	1,192,808
Intergovernmental	61,123	9,949	71,072
Farm	157,665	-	157,665
Jail	49,317	-	49,317
Interest earned	186	3,306	3,492
Miscellaneous	126,285	172	126,457
<b>TOTAL REVENUES</b>	<b>14,732,797</b>	<b>397,075</b>	<b>15,129,872</b>
<b>EXPENDITURES</b>			
General government	2,430,814	345,547	2,776,361
Public safety	2,595,162	94,936	2,690,098
Human services	4,007,498	-	4,007,498
Corrections	3,162,686	-	3,162,686
Farm	179,043	-	179,043
County taxes	-	77,251	77,251
Debt service:			
Principal retirement	682,487	-	682,487
Interest expense	239,514	-	239,514
<b>TOTAL EXPENDITURES</b>	<b>13,297,204</b>	<b>517,734</b>	<b>13,814,938</b>

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, 2012

	General	Other Governmental Funds	Total
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ 1,435,593	\$ (120,659)	\$ 1,314,934
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Proceeds from capital leases	77,425	-	77,425
Operating transfers in	-	-	-
Operating transfers out	(2,881,991)	-	(2,881,991)
TOTAL OTHER FINANCING SOURCES (USES)	(2,804,566)	-	(2,804,566)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AFTER OTHER FINANCING SOURCES (USES)	(1,368,973)	(120,659)	(1,489,632)
FUND BALANCE - JANUARY 1	2,714,519	560,884	3,275,403
FUND BALANCE - DECEMBER 31	\$ 1,345,546	\$ 440,225	\$ 1,785,771

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, 2012

Net change in fund balances - total government funds \$ (1,489,632)

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. 94,992

This is the amount of depreciation expense. (574,093)

Expenses for accrued compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (57,527)

Expenses for accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 11,809

Proceeds from capital leases and loans is a revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position. (77,425)

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. 66,427

Payment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position. 682,487

Revenues that were deferred in the governmental fund statements, that do not provide current resources, are reported as revenues in the statement of activities. 12,068

Change in net position of governmental activities. \$ (1,330,894)

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, 2012**

**STATEMENT F**

	<u>Mountain View Nursing Home</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ (1,197)
Accounts receivable (net)	2,340,753
Due from other governments (net)	240,748
Due from other funds	3,806
Inventories	52,630
Prepaid expenses	21,570
Total current assets	<u>2,658,310</u>
Noncurrent assets:	
Capital assets, net	19,635,709
Restricted cash	835,173
Total noncurrent assets	<u>20,470,882</u>
<b>TOTAL ASSETS</b>	<u>23,129,192</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	64,650
Accrued payroll	155,003
Accrued expenses	117,797
Accrued interest	316,069
Bond payable, current portion	1,202,981
Total current liabilities	<u>1,856,500</u>
Noncurrent liabilities:	
Due to other funds	-
Accrued compensated absences	248,649
Bonds payable, less current portion	20,441,441
Total noncurrent liabilities	<u>20,690,090</u>
<b>TOTAL LIABILITIES</b>	<u>22,546,590</u>
<b>NET POSITION</b>	
Net investment in capital assets	(1,422,516)
Restricted	248,976
Unrestricted	1,756,142
<b>TOTAL NET POSITION</b>	<u><u>\$ 582,602</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, 2012**

**STATEMENT G**

	<u>Mountain View Nursing Home</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 10,703,475
Meal sales	251,582
Miscellaneous	6,139
<b>TOTAL OPERATING REVENUES</b>	<u>10,961,196</u>
<b>OPERATING EXPENSES</b>	
Administration	1,206,600
Dietary	1,592,168
Nursing	6,599,116
Plant operations	765,957
Laundry	132,787
Housekeeping	467,300
Physicians and pharmacy	95,913
Physical therapy	420,461
Recreational therapy	414,682
Social services	140,073
Special services	487,062
Depreciation	1,038,726
<b>TOTAL OPERATING EXPENSES</b>	<u>13,360,845</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(2,399,649)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	9,201
Interest expense	(754,480)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(745,279)</u>
<b>OTHER REVENUES (EXPENSES)</b>	
Capital contributions	400,100
Transfer in from general fund	2,881,991
<b>TOTAL OTHER REVENUES (EXPENSES)</b>	<u>3,282,091</u>
<b>NET INCOME (LOSS)</b>	137,163
<b>NET POSITION - JANUARY 1</b>	<u>445,439</u>
<b>NET POSITION - DECEMBER 31</b>	<u><u>\$ 582,602</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, 2012**

**STATEMENT H**

	<u>Mountain View Nursing Home</u>
<b>OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 11,248,774
Payments to suppliers	(6,478,479)
Payments to employees	(5,909,110)
Internal activity - receipt from (payments to) other funds	<u>(1,248,303)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(2,387,118)</u>
<b>FINANCING ACTIVITIES (NON-CAPITAL)</b>	
Transfer in from general fund	2,881,991
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES (NON-CAPITAL)</b>	<u>2,881,991</u>
<b>FINANCING ACTIVITIES (CAPITAL)</b>	
Proceeds from capital contributions	400,100
Purchase of capital assets	(470,044)
Principal payments on long-term debt	(1,202,981)
Interest payments on long-term debt	(754,480)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES (CAPITAL)</b>	<u>(2,027,405)</u>
<b>INVESTING ACTIVITIES:</b>	
Withdrawals from restricted cash	1,375,037
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,375,037</u>
<b>INCREASE (DECREASE) IN CASH</b>	(157,495)
<b>CASH AND CASH EQUIVALENTS - JANUARY 1</b>	<u>156,298</u>
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31</b>	<u><u>\$ (1,197)</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, 2012

	<u>Mountain View Nursing Home</u>
<b>OPERATING ACTIVITIES</b>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(2,399,649)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,038,726
Changes in operating assets and liabilities:	
Accounts receivable and accrued revenue	280,479
Due from other governments	7,099
Inventories	3,870
Prepaid expenses	(3,686)
Accounts payable and accrued expenses	(209,352)
Due to other funds	(1,248,303)
Accrued compensated absences	143,698
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ (2,387,118)</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash paid during the year for:	
Interest	<u><u>\$ 794,594</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, 2012

STATEMENT I

	Agency Funds
<b>ASSETS</b>	
Cash	\$ 1,095,011
Accounts receivable	7,594
<b>TOTAL ASSETS</b>	<u><u>\$ 1,102,605</u></u>
<b>LIABILITIES</b>	
Due to specific governments	\$ 962,830
Due to specific individuals	139,775
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,102,605</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, 2012**

**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.

Principles Determining Scope of Reporting Entity

The financial statements of the County consist of the funds 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.

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.

COUNTY OF CARROLL, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

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

*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.

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 1<sup>st</sup> of each year. Taxes are due on or near December 17<sup>th</sup>. 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

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 balances, 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, 2012

**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, 2012**

**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, 2012

**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, 2012**

**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, 2012:

Cash	\$ 3,803,537
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**COUNTY OF CARROLL, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**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 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](http://www.nhpdip.com).

The total amount of the County's deposits in financial institutions, per the bank statements, at December 31, 2012 was \$2,373,178, 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, 2012**

**NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

The allowance for uncollectible accounts receivable at December 31, 2012 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 due from other governments at December 31, 2012 is estimated to be:

	Accounts Receivable	Due from Other Governments	Total
Mountain View Nursing Home	\$ 1,839,938	\$ -	\$ 1,839,938
Business-type	<u>\$ 1,839,938</u>	<u>\$ -</u>	<u>\$ 1,839,938</u>

**NOTE 4 - CAPITAL ASSETS**

The following is a summary of changes in capital assets:

**GOVERNMENTAL ACTIVITIES**

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12
Real estate (non-depreciable)	\$ 45,552	\$ -	\$ -	\$ 45,552
Real estate (depreciable)	12,859,504	-	-	12,859,504
Equipment and vehicles	2,314,102	94,992	-	2,409,094
Sewer system	2,367,673	-	-	2,367,673
Water system	1,508,026	-	-	1,508,026
Total capital assets	19,094,857	94,992	-	19,189,849
Accumulated depreciation	(8,256,585)	(574,093)	-	(8,830,678)
Capital assets, net	<u>\$ 10,838,272</u>	<u>\$ (479,101)</u>	<u>\$ -</u>	<u>\$ 10,359,171</u>

**COUNTY OF CARROLL, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation was charged to governmental functions as follows:

General government	202,038
Public safety	360,233
Corrections	2,078
Farm	9,744
	<u>\$ 574,093</u>

**BUSINESS-TYPE ACTIVITIES**

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12
Construction in progress	162,703	-	(162,703)	-
Real estate	15,673,472	624,840	-	16,298,312
Equipment and vehicles	5,013,814	7,909	(5,153)	5,016,570
Total capital assets	20,849,989	632,749	(167,856)	21,314,882
Less accum. depreciation	(645,600)	(1,038,726)	5,153	(1,679,173)
Capital assets, net	<u>\$ 20,204,389</u>	<u>\$ (405,977)</u>	<u>\$ (162,703)</u>	<u>\$ 19,635,709</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, 2012, is as follows:

Type	Purpose	Rate	Due Date	Balance at 12/31/11	Issued	Retired	Balance at 12/31/12
TAN	Cash flow	0.94%	12/31/2012	-	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, 2012**

**NOTE 6 - LONG-TERM DEBT**

**GOVERNMENTAL ACTIVITIES**

The following is a summary of bonds outstanding at December 31, 2012:

\$235,000 - Public Improvement Bond (Rural Development), due in annual installments of \$7,834 through July 2032, plus interest at 4.50%.	156,660
\$8,000,000 - Jail Construction Bond, due in annual installments of \$535,000 through July 2012, \$530,000 through July 2017, plus interest at 4.00% to 4.50%.	2,650,000
\$1,400,000 - State of New Hampshire Revolving Loan, due in annual installments of \$139,653 through July 2014, plus interest at 2.31%.	279,306
Total bonds payable	<u><u>\$ 3,085,966</u></u>

The following is a summary of changes in bonds payable:

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12	Current Portion
Public Improvement	\$ 164,494	\$ -	\$ (7,834)	\$ 156,660	\$ 7,834
Jail Construction	3,185,000	-	(535,000)	2,650,000	530,000
NH Revolving Loan	418,959	-	(139,653)	279,306	139,653
	<u>\$ 3,768,453</u>	<u>\$ -</u>	<u>\$ (682,487)</u>	<u>\$ 3,085,966</u>	<u>\$ 677,487</u>

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

	Principal	Interest	Total Debt Service
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	537,834	29,136	566,970
2018-2022	39,170	22,910	62,080
2023-2027	39,170	14,097	53,267
2028-2032	39,150	3,962	43,112
	<u>\$ 3,085,966</u>	<u>\$ 427,733</u>	<u>\$ 3,513,699</u>

COUNTY OF CARROLL, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**BUSINESS-TYPE ACTIVITIES**

The following is a summary of bonds outstanding at December 31, 2012:

\$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%.

21,644,422

Total bonds payable

\$ 21,644,422

The following is a summary of changes in bonds payable:

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12	Current Portion
General Obligation	\$ 22,847,403	\$ -	\$ (1,202,981)	\$ 21,644,422	\$ 1,202,981
	<u>\$ 22,847,403</u>	<u>\$ -</u>	<u>\$ (1,202,981)</u>	<u>\$ 21,644,422</u>	<u>\$ 1,202,981</u>

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

	Principal	Interest	Total Debt Service
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	1,175,000	624,219	1,799,219
2018-2022	5,875,000	2,401,406	8,276,406
2023-2027	5,875,000	1,299,844	7,174,844
2028-2030	3,525,000	279,062	3,804,062
	<u>\$ 21,150,000</u>	<u>\$ 7,453,907</u>	<u>\$ 28,603,907</u>

Reconciliation to Statement of Net Position:

Principal above	\$ 21,150,000
Bond premium	<u>494,422</u>
Statement of Net Position	<u>\$ 21,644,422</u>



**COUNTY OF CARROLL, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 7 - ACCRUED COMPENSATED ABSENCES**

**GOVERNMENTAL ACTIVITIES**

Summarized below are the accrued vacation and sick leave liabilities at December 31, 2012:

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12	Current Portion
Accrued compensated absences	\$ 66,774	\$ 57,527	\$ -	\$ 124,301	\$ -
Totals	<u>\$ 66,774</u>	<u>\$ 57,527</u>	<u>\$ -</u>	<u>\$ 124,301</u>	<u>\$ -</u>

**BUSINESS-TYPE ACTIVITIES**

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12	Current Portion
Accrued compensated absences	\$ 104,951	\$ 143,698	\$ -	\$ 248,649	\$ -
Totals	<u>\$ 104,951</u>	<u>\$ 143,698</u>	<u>\$ -</u>	<u>\$ 248,649</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:

2013	\$ 21,936
2014	21,936
2015	-
2016	-
2017	-

Operating lease expenditures totaled \$38,148 for the year and were reported in Public Safety.

**COUNTY OF CARROLL, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**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.

2013	\$ 46,283
2014	20,823
2015	20,824
2016	-
2017	-
	<u>87,930</u>
Less interest	<u>7,184</u>
Present value	<u><u>\$ 80,746</u></u>

The following is a summary of the changes in Capital Leases for the year ended December 31, 2012:

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12	Current Portion
Capital lease payable	\$ 69,748	\$ 77,425	\$ (66,427)	\$ 80,746	\$ 42,081
Totals	<u>\$ 69,748</u>	<u>\$ 77,425</u>	<u>\$ (66,427)</u>	<u>\$ 80,746</u>	<u>\$ 42,081</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 01/01/12	Additions	Deletions	Balance 12/31/12
Equipment	\$ 213,316	\$ 77,425	\$ -	\$ 290,741
Total capital assets	213,316	77,425	-	290,741
Less accum. depreciation	110,249	45,343	-	155,592
Net capital assets	<u>\$ 103,067</u>	<u>\$ 32,082</u>	<u>\$ -</u>	<u>\$ 135,149</u>

**COUNTY OF CARROLL, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at December 31, 2012, consisted of the following individual fund receivables and payables:

Receivable Fund	Payable Fund	Amount
Moutain View Nursing Home	General	\$ 3,806
Other Governmental	General	167,844
		<u>\$ 171,650</u>

Interfund balances represent amounts for pooled cash.

Interfund transfers at December 31, 2012 consisted of the following:

Transfers In:				
Transfers Out:	General	Other Governmental	Mountain View Nursing Home	Amount
General	\$ -	\$ -	\$ 2,881,991	\$ 2,881,991
Other Governmental	-	-	-	-
Mountain View Nursing Home	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,881,991</u>	<u>\$ 2,881,991</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, 2012, the components of fund balance are as follows:

	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund					
Not in spendable form	\$ 200,756	\$ -	\$ -	\$ -	\$ -
Encumbrances	-	-	-	11,566	-
Unspecified	-	-	-	-	1,133,224
Other Governmental Funds					
Deeds surcharge	-	70,829	-	-	-
Juvenile program	-	46,708	-	-	-
Hales Location	-	166,238	-	-	-
Capital projects	-	-	156,450	-	-
Total	<u>\$ 200,756</u>	<u>\$ 283,775</u>	<u>\$ 156,450</u>	<u>\$ 11,566</u>	<u>\$ 1,133,224</u>

COUNTY OF CARROLL, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**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:

	2012	2011	2010
County contribution	\$ 872,712	\$ 842,742	\$ 774,280
State contribution	-	50,188	75,472
Total requirement	<u>\$ 872,712</u>	<u>\$ 892,930</u>	<u>\$ 849,752</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 184 participants in the retiree health insurance benefit plan of which 14 are retired employees.

**COUNTY OF CARROLL, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**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 \$403,876 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, 2012 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 18 - MANAGEMENT REVIEW**

Management has reviewed subsequent events as of March 30, 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, 2012**

	Proposed Budget	Approved Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes from cities and towns	\$ 13,215,222	\$ 13,215,222	\$ 13,215,222	\$ -
Charges for services	978,860	978,860	1,122,999	144,139
Intergovernmental	83,176	83,176	61,123	(22,053)
Farm	148,500	148,500	157,665	9,165
Jail	66,443	66,443	49,317	(17,126)
Interest earned	376	376	186	(190)
Miscellaneous	141,501	141,501	126,285	(15,216)
<b>TOTAL REVENUES</b>	<b>14,634,078</b>	<b>14,634,078</b>	<b>14,732,797</b>	<b>98,719</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,400,468	2,400,468	2,425,309	(24,841)
Public safety	2,545,399	2,545,399	2,589,319	(43,920)
Human services	3,959,704	3,959,704	4,007,498	(47,794)
Corrections	3,317,546	3,317,546	3,160,090	157,456
Farm	186,834	186,834	178,183	8,651
Debt service:				
Principal retirement	682,487	682,487	682,487	-
Interest expense	312,056	312,056	239,514	72,542
<b>TOTAL EXPENDITURES</b>	<b>13,404,494</b>	<b>13,404,494</b>	<b>13,282,400</b>	<b>122,094</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES BEFORE OTHER</b>				
<b>FINANCING SOURCES (USES)</b>	<b>1,229,584</b>	<b>1,229,584</b>	<b>1,450,397</b>	<b>220,813</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year surplus utilization	1,400,000	1,400,000	-	-
Bond proceeds	-	-	-	-
Proceeds from capital leases	-	-	77,425	77,425
Operating transfers in	-	-	-	-
Operating transfers out	(2,629,584)	(2,629,584)	(2,881,991)	(252,407)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,229,584)</b>	<b>(1,229,584)</b>	<b>(2,804,566)</b>	<b>(174,982)</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES AFTER OTHER</b>				
<b>FINANCING SOURCES (USES)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,354,169)</b>	<b>\$ 45,831</b>

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, 2012**

**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	\$ 14,732,797
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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>-</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 14,732,797</u></u>
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Expenditures:

Actual amounts (budgetary basis) from the budgetary comparison schedule	13,282,400
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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.	-
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Accrued wages and related payroll taxes are not budgeted for and therefore are removed from the budgetary comparison schedule.	<u>14,804</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 13,297,204</u></u>
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**COUNTY OF CARROLL, NEW HAMPSHIRE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 3 – OVERSPENT APPROPRIATIONS**

The following are material overspent appropriations:

Operating transfers out	\$252,407
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