

COUNTY OF COÖS, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended December 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
County of Coös, New Hampshire

Additional Offices:

Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Coös, New Hampshire, as of and for the year ended December 31, 2013, and 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

The County's 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 misstatement, 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 of 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 qualified audit opinion on the governmental activities and unmodified audit opinion on each major fund and aggregate remaining fund information.

Basis for Qualified Opinion on Governmental Activities

Management has not adopted GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB), and accordingly has not reported the related liability and expense on the government-wide financial statements, nor has the required supplementary information, Schedule of Funding Progress, been included in these financial statements. Accounting principles generally accepted in the United States of America require that the net OPEB obligation be reported which would increase liabilities and expenses and decrease net position in the government-wide financial statements. The amount by which this departure would affect the liabilities and expenses, and net position of the government-wide financial statements is not reasonably determinable.

Qualified Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the County of Coös, New Hampshire, as of December 31, 2013, and the changes in financial position thereof for the year then ended.

Unmodified Opinions on Major Funds and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the County of Coös, New Hampshire, as of December 31, 2013, and the respective changes in financial position for the year then ended in conformity 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 Management's Discussion and Analysis and information appearing on pages 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 evidence sufficient to express an opinion or provide any assurance.

Melanson Heath

August 13, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Coös, New Hampshire (the County), we offer readers this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2013.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities include general government, public safety, corrections, human services, cooperative extension, economic development, highways and streets, sanitation, conservation, school districts, West Stewartstown nursing home, and Berlin nursing home.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows

of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements provide separate information for the General Fund and Unincorporated Places Fund, which are considered to be major funds.

An annual appropriated budget is adopted for all County funds and for Unincorporated Places. Budgetary comparison statements have been provided in order to demonstrate compliance with these budgets.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$8,223,275 (i.e., net position), a change of \$1,006,702 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$7,817,392, a change of \$1,154,462 in comparison to the prior year.
- At the end of the current fiscal year, the fund balance for the general fund was \$6,013,111, a change of \$1,892,391 in comparison to the prior year.

- Total long-term debt (i.e., notes payable) at the close of the current fiscal year was \$386,608, a change of \$(99,142) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

NET POSITION

	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Current assets	\$ 10,144,022	\$ 8,677,677
Noncurrent assets	<u>3,886,329</u>	<u>3,995,204</u>
Total assets	14,030,351	12,672,881
Current liabilities	3,821,210	2,114,759
Noncurrent liabilities	<u>1,985,866</u>	<u>3,341,549</u>
Total liabilities	5,807,076	5,456,308
Net position:		
Net investment in capital assets	3,499,721	3,509,454
Restricted	1,804,281	2,634,036
Unrestricted	<u>2,919,273</u>	<u>1,073,083</u>
Total net position	\$ <u><u>8,223,275</u></u>	\$ <u><u>7,216,573</u></u>

CHANGE IN NET POSITION

	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 12,651,831	\$ 12,349,569
Operating grants and contributions	2,936,652	3,268,819
General revenues:		
County taxes	13,060,321	13,707,964
Property taxes	134,395	260,896

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CHANGE IN NET POSITION

	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Licenses and permits	29,037	27,110
Penalties, interest, and other taxes	290,690	581,368
Grants and contributions not restricted to specific programs	18,260	18,265
Payment in lieu of taxes	860,561	843,544
Investment income	3,402	2,563
Miscellaneous	<u>455,016</u>	<u>231,064</u>
Total revenues	30,440,165	31,291,162
Expenses:		
General government	1,202,006	1,186,267
Public safety	901,479	928,985
Corrections	2,075,976	2,024,381
Human services	5,854,412	5,817,394
Cooperative extension	234,746	204,408
Economic development	126,586	431,670
Highways and streets	5,000	5,000
Sanitation	25,570	37,953
Conservation	70,000	83,950
School districts	49,223	60,259
West Stewartstown nursing home	9,087,247	9,284,168
Berlin nursing home	9,785,748	9,611,527
Interest expense	<u>15,470</u>	<u>36,576</u>
Total expenses	<u>29,433,463</u>	<u>29,712,538</u>
Change in net position	1,006,702	1,578,624
Net position - beginning of year	<u>7,216,573</u>	<u>5,637,949</u>
Net position - end of year	<u>\$ 8,223,275</u>	<u>\$ 7,216,573</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$8,223,275, a change of \$1,006,702 from the prior year.

The largest portion of net position \$3,499,721 reflects our investment in capital assets (e.g., land, land improvements, buildings and improvements, and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$1,804,281 represents resources that are subject to external restrictions on how they may be used.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$1,006,702. Key elements of this change are as follows:

Operating Results:

General fund	\$ 1,892,391
Unincorporated places fund	(731,124)
Nonmajor governmental funds	<u>(6,805)</u>
Subtotal operating results	1,154,462
Purchase of capital assets	356,001
Depreciation expense in excess of principal debt service	(365,734)
Change in compensated absence liability	<u>(138,027)</u>
Total	<u>\$ 1,006,702</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$7,817,392, a change of \$1,154,462 in comparison to the prior year. Key elements of this change are as follows:

General fund revenues in excess of expenditures	\$ 1,892,391
Unincorporated places fund expenditures in excess of revenues	(731,124)
Nonmajor governmental funds expenditures in excess of revenues	<u>(6,805)</u>
Total	<u>\$ 1,154,462</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,276, while total fund balance was \$6,013,111. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total budgeted expenditures. Refer to the table below.

<u>General Fund</u>	<u>12/31/13</u>	<u>12/31/12</u>	<u>Change</u>	<u>Percentage of Total Budgeted Expenditures</u>
Unassigned fund balance	\$ 1,276	\$ 149,580	\$ (148,304)	0.0%
Total fund balance	\$ 6,013,111	\$ 4,120,720	\$ 1,892,391	19.5%

The total fund balance of all funds changed by \$1,154,462 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget:	
General fund	\$ 2,620,550
Grants fund	(1,000,022)
Recycling center fund	<u>68,059</u>
Subtotal revenues in excess of budget	1,688,587
Expenditures less than appropriations:	
General fund	2,295,413
Grants fund	999,885
Transfer station fund	201
Recycling center fund	<u>5,895</u>
Subtotal expenditures less than appropriations	3,301,394
Unincorporated places budgetary results	215,753

(continued)

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Use of fund balance as a funding source:	
General fund	(3,024,222)
Recycling center fund	(80,173)
Unincorporated places fund	(947,131)
Other timing differences	254
Total all funds	<u>\$ 1,154,462</u>

E. BUDGETARY HIGHLIGHTS

There were no changes to the original budget during 2013.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$3,886,329 (net of accumulated depreciation), a change of \$(108,875) from the prior year. This investment in capital assets includes land, land improvements, buildings and improvements, and equipment and vehicles.

Additional information on capital assets can be found in the notes to financial statements.

Long-term debt. At the end of the current fiscal year, total long-term debt outstanding was \$386,608, all of which was backed by the full faith and credit of the County.

Additional information on long-term debt can be found in the notes to financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County of Coös, New Hampshire's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

County of Coös, New Hampshire
P.O. Box 10
West Stewartstown, New Hampshire 03597

COUNTY OF COÖS, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2013

	Governmental Activities
ASSETS	
Current:	
Cash and short-term investments	\$ 8,056,007
Restricted cash and investments	244,049
Receivables:	
Property taxes	127,434
Accounts	820,672
Intergovernmental	590,974
Prepaid expenses	167,119
Inventory	135,788
Other assets	1,979
Noncurrent:	
Capital Assets:	
Land	97,519
Capital assets, net of accumulated depreciation	3,788,810
TOTAL ASSETS	14,030,351
LIABILITIES	
Current:	
Accounts payable	1,467,381
Intergovernmental payable	323,703
Accrued payroll and related liabilities	492,627
Accrued expenses	42,919
Current portion of noncurrent liabilities:	
Notes payable	93,978
Compensated absences	1,400,602
Noncurrent:	
Notes payable	292,630
Compensated absences	1,693,236
TOTAL LIABILITIES	5,807,076
NET POSITION	
Net investment in capital assets	3,499,721
Restricted	1,804,281
Unrestricted	2,919,273
TOTAL NET POSITION	\$ 8,223,275

The accompanying notes are an integral part of these financial statements.

COUNTY OF COÖS, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
			Operating	
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities
Governmental Activities:				
General government	\$ 1,202,006	\$ 277,692	\$ 61,174	\$ (863,140)
Public safety	901,479	303,333	16,989	(581,157)
Corrections	2,075,976	14,379	-	(2,061,597)
Human services	5,854,412	-	2,775,011	(3,079,401)
Cooperative extension	234,746	-	-	(234,746)
Economic development	126,586	-	83,478	(43,108)
Highways and streets	5,000	-	-	(5,000)
Sanitation	25,570	-	-	(25,570)
Conservation	70,000	-	-	(70,000)
School districts	49,223	-	-	(49,223)
West Stewartstown nursing home	9,087,247	5,198,490	-	(3,888,757)
Berlin nursing home	9,785,748	6,857,937	-	(2,927,811)
Interest expense	15,470	-	-	(15,470)
Total Governmental Activities	<u>\$ 29,433,463</u>	<u>\$ 12,651,831</u>	<u>\$ 2,936,652</u>	(13,844,980)
General Revenues:				
				13,060,321
County taxes				134,395
Property taxes				29,037
Licenses and permits				290,690
Penalties, interest, and other taxes				18,260
Grants and contributions not restricted to specific programs				860,561
Payment in lieu of taxes				3,402
Investment income				455,016
Miscellaneous				
Total general revenues				<u>14,851,682</u>
Change in Net Position				1,006,702
Net Position:				
Beginning of year				<u>7,216,573</u>
End of year				<u>\$ 8,223,275</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF COÖS, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2013

	General <u>Fund</u>	Unincorporated Places <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and short-term investments	\$ 7,987,788	\$ 41,916	\$ 26,303	\$ 8,056,007
Restricted cash and investments	244,049	-	-	244,049
Receivables:				
Property taxes	-	127,434	-	127,434
Accounts	801,534	13,829	5,309	820,672
Intergovernmental	590,870	-	104	590,974
Due from other funds	-	1,427,750	159,503	1,587,253
Prepaid expenses	164,658	-	2,461	167,119
Inventory	135,788	-	-	135,788
Other assets	1,979	-	-	1,979
TOTAL ASSETS	\$ 9,926,666	\$ 1,610,929	\$ 193,680	\$ 11,731,275
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,467,381	\$ -	\$ -	\$ 1,467,381
Intergovernmental payable	323,703	-	-	323,703
Accrued payroll and related liabilities	492,627	-	-	492,627
Accrued expenses	42,919	-	-	42,919
Due to other funds	1,586,925	-	328	1,587,253
TOTAL LIABILITIES	3,913,555	-	328	3,913,883
Fund Balances:				
Nonspendable	300,446	-	2,461	302,907
Restricted	244,049	1,610,929	191,170	2,046,148
Committed	1,074,618	-	-	1,074,618
Assigned	4,392,722	-	-	4,392,722
Unassigned	1,276	-	(279)	997
TOTAL FUND BALANCES	6,013,111	1,610,929	193,352	7,817,392
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,926,666	\$ 1,610,929	\$ 193,680	\$ 11,731,275

The accompanying notes are an integral part of these financial statements.

COUNTY OF COÖS, NEW HAMPSHIRE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

DECEMBER 31, 2013

Total governmental fund balances	\$ 7,817,392
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,886,329
<ul style="list-style-type: none">• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Notes payable	(386,608)
Compensated absences	<u>(3,093,838)</u>
Net position of governmental activities	\$ <u>8,223,275</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF COÖS, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2013

	General <u>Fund</u>	Unincorporated Places <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
County taxes	\$ 14,438,133	\$ -	\$ -	\$ 14,438,133
Property taxes	-	134,395	-	134,395
Licenses and permits	-	29,037	-	29,037
Penalties, interest, and other taxes	-	290,690	-	290,690
West Stewartstown nursing home	5,198,490	-	-	5,198,490
Berlin nursing home	6,857,937	-	-	6,857,937
Charges for services	545,053	-	50,351	595,404
Intergovernmental	2,841,955	29,479	83,478	2,954,912
Payment in lieu of taxes	228,948	631,613	-	860,561
Investment income	3,232	135	35	3,402
Miscellaneous	379,310	2,656	73,050	455,016
Total Revenues	30,493,058	1,118,005	206,914	31,817,977
Expenditures:				
Current:				
General government	947,588	263,527	-	1,211,115
Public safety	721,225	55,082	130,104	906,411
Corrections	2,022,310	-	-	2,022,310
Human services	5,854,412	-	-	5,854,412
Cooperative extension	236,789	-	-	236,789
Economic development	48,457	2,915	83,615	134,987
Highways and streets	-	5,000	-	5,000
Sanitation	-	25,570	-	25,570
Conservation	-	70,000	-	70,000
County taxes	-	1,377,812	-	1,377,812
School districts	-	49,223	-	49,223
West Stewartstown nursing home	8,870,320	-	-	8,870,320
Berlin nursing home	9,651,203	-	-	9,651,203
Capital outlay	133,751	-	-	133,751
Debt service:				
Principal	99,142	-	-	99,142
Interest	15,470	-	-	15,470
Total Expenditures	28,600,667	1,849,129	213,719	30,663,515
Excess (deficiency) of revenues over expenditures	1,892,391	(731,124)	(6,805)	1,154,462
Fund Equity, at Beginning of Year, as restated	4,120,720	2,342,053	200,157	6,662,930
Fund Equity, at End of Year	\$ 6,013,111	\$ 1,610,929	\$ 193,352	\$ 7,817,392

The accompanying notes are an integral part of these financial statements.

COUNTY OF COÖS, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

Net changes in fund balances - Total governmental funds **\$ 1,154,462**

- Governmental funds report capital asset purchases as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital asset purchases	356,001
Depreciation	(464,876)

- The issuance of long-term debt (e.g., notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayments of notes payable	99,142
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- Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	<u>(138,027)</u>
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Change in net position of governmental activities **\$ 1,006,702**

The accompanying notes are an integral part of these financial statements.

COUNTY OF COÖS, NEW HAMPSHIRE
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2013

	Agency Funds
<u>ASSETS</u>	
Cash and short-term investments	\$ <u>213,725</u>
Total Assets	\$ <u><u>213,725</u></u>
<u>LIABILITIES</u>	
Due to others	\$ <u>213,725</u>
Total Liabilities	\$ <u><u>213,725</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF COÖS, NEW HAMPSHIRE

Notes to Financial Statements

1. **Summary of Significant Accounting Policies**

The accounting policies of the County of Coös, New Hampshire (the County) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The County is a municipal corporation governed by an elected Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the County and applicable component units for which the County is considered to be financially accountable. In 2013, it was determined that no entities met the required GASB 39 criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers all property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.
- The *Unincorporated Places Fund* accounts for the various unincorporated places within the County. Under New Hampshire RSA 28:7-b, the County Commissioners are designated as the governing body for any unincorporated places in the County.

The *Agency Fund* is used to account for money held by the County on behalf of others (e.g., inmate funds, patient funds, and Unincorporated Place of Livermore in Grafton County).

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

E. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

F. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method.

G. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	8 - 10
Building and improvements	5 - 40
Equipment and vehicles	3 - 15

H. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The County's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent.
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.

- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the County (i.e., the County Delegation).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the County uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

L. Reclassifications

The accompanying financial statements reflect various changes in classification from the prior year.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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.

The Unincorporated Places budget is submitted by the County Commissioners to the County Delegation for approval. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

B. Budgetary Basis

The final appropriations appearing on the "Budget and Actual" pages of the supplemental information represents the final amended budgets after all transfers and supplemental appropriations.

C. Deficit Fund Equity

The grants fund had a deficit of \$(279) as of December 31, 2013. This deficit will be eliminated through future revenues and transfers from other funds.

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. RSA 29:1, II states, "The amount of collected funds on deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus." The County's deposit policy states that safety of principal is the primary investment objective and that each investment transaction shall seek to first ensure that losses are avoided.

As of December 31, 2013, \$2,885 of the County's bank balance was exposed to custodial credit risk as uninsured or uncollateralized.

4. Taxes Receivable

The County bills property taxes annually in December. Property tax revenues are recognized in the year for which taxes have been levied. Property taxes are due in January of the subsequent year. Delinquent accounts are charged 12% interest. In the next year, a lien is recorded on delinquent property at the Registry of Deeds. The County purchases all the delinquent accounts by paying the delinquent balance, recording costs and accrued interest. The accounts that are lienied by the County will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent

accounts will be charged interest at a rate of 18%. The County annually budgets amounts (overlay for abatements) for property tax abatements and refunds. The county taxes assessed to the unincorporated places are eliminated on the government-wide financial statements. At December 31, 2013, taxes receivable consist of 2013 real estate taxes

5. Accounts Receivable

This balance primarily represents amounts owed to the County for nursing home residents' daily room charges during 2013.

6. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in 2013.

7. Interfund Fund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the December 31, 2013 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 1,586,925
Unincorporated Places Fund	1,427,750	-
Nonmajor Governmental Funds:		
Grants Fund	-	328
Recycling Center Fund	100,284	-
Transfer Station Fund	59,219	-
Total	<u>\$ 1,587,253</u>	<u>\$ 1,587,253</u>

8. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 378	\$ -	\$ -	\$ 378
Buildings and improvements	7,362	89	(577)	6,874
Equipment and vehicles	<u>1,980</u>	<u>267</u>	<u>(221)</u>	<u>2,026</u>
Total capital assets, being depreciated	9,720	356	(798)	9,278
Less accumulated depreciation for:				
Land improvements	(307)	(17)	-	(324)
Buildings and improvements	(4,277)	(251)	577	(3,951)
Equipment and vehicles	<u>(1,238)</u>	<u>(197)</u>	<u>221</u>	<u>(1,214)</u>
Total accumulated depreciation	<u>(5,822)</u>	<u>(465)</u>	<u>798</u>	<u>(5,489)</u>
Total capital assets, being depreciated, net	3,898	(109)	-	3,789
Capital assets, not being depreciated:				
Land	<u>98</u>	<u>-</u>	<u>-</u>	<u>98</u>
Total capital assets, not being depreciated	<u>98</u>	<u>-</u>	<u>-</u>	<u>98</u>
Governmental activities capital assets, net	<u>\$ 3,996</u>	<u>\$ (109)</u>	<u>\$ -</u>	<u>\$ 3,887</u>

Depreciation expense was charged to functions of the County as follows (in thousands):

Governmental Activities:	
General government	\$ 12
Public safety	54
Corrections	30
Cooperative extension	4
Nursing homes	<u>365</u>
Total depreciation expense - governmental activities	<u>\$ 465</u>

9. Accounts Payable

Accounts payable represents 2013 expenditures paid after December 31, 2013.

10. Anticipation Notes Payable

The following summarizes anticipation notes payable activity during 2013:

	<u>Issue Amount</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance Beginning of Year</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance End of Year</u>
Tax anticipation	\$ 10,000,000	02/22/13	0.85%	\$ <u>-</u>	\$ <u>6,000,000</u>	\$ <u>(6,000,000)</u>	\$ <u>-</u>

11. Long-Term Debt

A. Notes Payable

The County has entered into agreements to provide funds for the construction of major capital facilities. At December 31, 2013, notes payable outstanding were as follows:

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/13</u>
2007 West Stewartstown nursing home addition	12/31/17	1.87%	\$ <u>386,608</u>
Total Governmental Activities			\$ <u>386,608</u>

B. Future Debt Service

The annual payments to retire notes payable as of December 31, 2013 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 93,978	\$ 7,229	\$ 101,207
2015	95,735	5,472	101,207
2016	97,526	3,681	101,207
2017	<u>99,369</u>	<u>1,858</u>	<u>101,227</u>
Total	\$ <u>386,608</u>	\$ <u>18,240</u>	\$ <u>404,848</u>

The general fund has been designated as the source that will repay the long-term debt outstanding as of December 31, 2013.

C. Changes in General Long-Term Liabilities

During the year ended December 31, 2013, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 1/1/13	Additions	Reductions	Total Balance 12/31/13	Less Current Portion	Equals Long-Term Portion 12/31/13
<u>Governmental Activities</u>						
Notes payable	\$ 486	\$ -	\$ (99)	\$ 387	\$ (94)	\$ 293
Compensated absences	2,956	138	-	3,094	(1,401)	1,693
Totals	<u>\$ 3,442</u>	<u>\$ 138</u>	<u>\$ (99)</u>	<u>\$ 3,481</u>	<u>\$ (1,495)</u>	<u>\$ 1,986</u>

12. Restricted Net Position

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

13. Fund Balances

The following is a summary of fund balances at June 30, 2013:

	General Fund	Unincorporated Places Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid expenses	\$ 164,658	\$ -	\$ 2,461	\$ 167,119
Inventory	135,788	-	-	135,788
Total Nonspendable	300,446	-	2,461	302,907
Restricted:				
Decommission fund	168,822	-	-	168,822
Deeds surcharge account	20,603	-	-	20,603
Agrimark equity investment	54,624	-	-	54,624
Unincorporated places	-	1,610,929	-	1,610,929
Recycling center	-	-	131,930	131,930
Transfer station	-	-	59,240	59,240
Total Restricted	244,049	1,610,929	191,170	2,046,148

(continued)

(continued)

	<u>General Fund</u>	<u>Unincorporated Places Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Committed:				
Delegation voted reserves	<u>1,074,618</u>	<u>-</u>	<u>-</u>	<u>1,074,618</u>
Total Committed	1,074,618	-	-	1,074,618
Assigned:				
Use of fund balance for for 53rd payroll	265,000	-	-	265,000
Use of fund balance for subsequent year budget	<u>4,127,722</u>	<u>-</u>	<u>-</u>	<u>4,127,722</u>
Total Assigned	4,392,722	-	-	4,392,722
Unassigned:				
Funds in deficit	-	-	(279)	(279)
Remaining fund balance	<u>1,276</u>	<u>-</u>	<u>-</u>	<u>1,276</u>
Total Unassigned	<u>1,276</u>	<u>-</u>	<u>(279)</u>	<u>997</u>
Total Fund Balances	<u>\$ 6,013,111</u>	<u>\$ 1,610,929</u>	<u>\$ 193,352</u>	<u>\$ 7,817,392</u>

14. Commitments and Contingencies

Outstanding Legal Issues - There are several pending legal issues in which the County is involved. The County's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

15. Pension Plan

The County follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to employees' retirement funds.

A. Plan Description

The County contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer contributory defined benefit pension plan. NHRS provides service, disability and death, and vested retirement benefits to plan members and beneficiaries. NHRS is administered by a 13-member Board of Trustees. The Board of Trustees formulates administrative policies and procedures and authorizes benefit payments to members and their beneficiaries. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301-8507.

B. Funding Policy

Covered sheriff and correctional plan members and all other employee plan members are required to contribute 11.55% and 7%, respectively, of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rate for sheriff and correctional plan members is 19.95% of covered payroll through June 30, 2013 and 25.30% thereafter. The rate for all other employees is 8.80% of covered payroll through June 30, 2013 and 10.77% thereafter. The County's contributions to NHRS for the years ended December 31, 2013, 2012, and 2011 were \$824,240, \$713,965, and \$718,995, respectively, equal to the required contributions for each year.

The payroll for employees covered by the System for the year ended December 31, 2013 was \$7,070,110. Contribution requirements for the year ended December 31, 2013, were as follows:

County contributions	\$ 824,240
Employees' contributions	<u>541,003</u>
Total	<u>\$ 1,365,243</u>

16. 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; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

17. Beginning Fund Balance Restatement

The beginning (January 1, 2013) balances of the County have been restated as follows:

	Governmental Funds				Business-Type Activities		
	General Fund	Unincorporated Places	Nonmajor Governmental Funds	Total	Berlin Nursing Home	West Stewartstown Nursing Home	Total
As previously reported	\$ 4,060,846	\$ 2,315,970	\$ 291,983	\$ 6,668,799	\$ (330,355)	\$ 614,385	\$ 284,030
Reclassification of nursing homes from enterprise fund to governmental fund	284,030	-	-	284,030	330,355	(614,385)	(284,030)
To convert nursing homes to modified accrual basis	(315,982)	-	-	(315,982)	-	-	-
Reverse deferred revenue for property taxes	-	26,083	-	26,083	-	-	-
Reclassification of contingency fund and Registry of Deeds surcharge fund	91,826	-	(91,826)	-	-	-	-
As restated	<u>\$ 4,120,720</u>	<u>\$ 2,342,053</u>	<u>\$ 200,157</u>	<u>\$ 6,662,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

18. Implementation of New GASB Standards

The GASB has issued Statement 68 *Accounting and Financial Reporting for Pensions*, which is required to be implemented in 2015. Management's current assessment is that this pronouncement will have a significant impact on the County's basic financial statements by recognizing as a liability and expense, the County's applicable portion of the New Hampshire Retirement Systems' actuarially accrued liability.

COUNTY OF COÖS, NEW HAMPSHIRE

BUDGETED COUNTY FUNDS

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenues and Other Sources:				
General Fund:				
County taxes	\$ 14,438,133	\$ 14,438,133	\$ 14,438,133	\$ -
West Stewartstown nursing home	5,278,500	5,278,500	5,198,490	(80,010)
Berlin nursing home	6,165,000	6,165,000	6,857,937	692,937
Charges for services	521,725	521,725	545,053	23,328
Intergovernmental	1,207,450	1,207,450	2,841,955	1,634,505
Payment in lieu of taxes	235,000	235,000	228,948	(6,052)
Investment income	1,700	1,700	3,232	1,532
Miscellaneous	25,000	25,000	379,310	354,310
Other Funds:				
Grants	1,083,500	1,083,500	83,478	(1,000,022)
Transfer station	26,000	26,000	26,000	-
Recycling center	109,550	109,550	177,609	68,059
Other Financing Sources:				
Use of fund balance	3,024,222	3,024,222	3,024,222	-
Total Revenues and Other Sources	32,115,780	32,115,780	33,804,367	1,688,587
Expenditures:				
General Fund:				
General government	1,076,245	1,076,245	947,588	128,657
Public safety	855,220	855,220	721,225	133,995
Corrections	2,495,550	2,495,550	2,022,310	473,240
Human services	6,283,508	6,283,508	5,854,412	429,096
Cooperative extension	264,820	264,820	236,789	28,031
Economic development	50,000	50,000	48,457	1,543
West Stewartstown nursing home	9,287,280	9,287,280	8,870,320	416,960
Berlin nursing home	10,074,665	10,074,665	9,651,203	423,462
Capital outlay	256,650	256,650	133,751	122,899
Debt service - principal	99,142	99,142	99,142	-
Debt service - interest	153,000	153,000	15,470	137,530
Other Funds:				
Grants	1,083,500	1,083,500	83,615	999,885
Transfer station	26,650	26,650	26,449	201
Recycling center	109,550	109,550	103,655	5,895
Total Expenditures	32,115,780	32,115,780	28,814,386	3,301,394
Excess of revenues and other sources over expenditures	\$ -	\$ -	\$ 4,989,981	\$ 4,989,981

See Independent Auditors' Report.

COUNTY OF COOS, NEW HAMPSHIRE

UNINCORPORATED PLACES

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues and Other Sources:				
Property taxes	\$ 134,141	\$ 134,141	\$ 134,141	\$ -
Licenses and permits	21,500	21,500	29,037	7,537
Penalties, interest, and other taxes	265,506	265,506	290,690	25,184
Intergovernmental	155	155	29,479	29,324
Payment in lieu of taxes	616,382	616,382	631,613	15,231
Investment income	-	-	135	135
Miscellaneous	2,293	2,293	2,656	363
Other financing sources:				
Use of fund balance	947,131	947,131	947,131	-
Total Revenues and Other Sources	1,987,108	1,987,108	2,064,882	77,774
Expenditures:				
General government	290,471	290,471	263,527	26,944
Public safety	92,675	92,675	55,082	37,593
Economic development	50,000	50,000	2,915	47,085
Highways and streets	5,000	5,000	5,000	-
Sanitation	31,350	31,350	25,570	5,780
Health and welfare	1,000	1,000	-	1,000
Culture and recreation	5,000	5,000	-	5,000
Conservation	70,000	70,000	70,000	-
County taxes	1,377,812	1,377,812	1,377,812	-
School districts	60,800	60,800	49,223	11,577
Capital outlay	3,000	3,000	-	3,000
Total Expenditures	1,987,108	1,987,108	1,849,129	137,979
Excess of revenues and other sources over expenditures	\$ -	\$ -	\$ 215,753	\$ 215,753

See Independent Auditors' Report.

COUNTY OF COÖS, NEW HAMPSHIRE

Notes to Required Supplementary Information

Budget/GAAP Reconciliation

The budgetary data for the general fund, grants fund, transfer station fund, recycling center fund, and unincorporated places fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>Budgeted County Funds*</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures - (GAAP Basis)	\$ 30,699,972	\$ 28,814,386
Recognize use of fund balance as a funding source - general fund	3,024,222	-
Recognize use of fund balance as a funding source - recycling center	<u>80,173</u>	<u>-</u>
Budgetary Basis	\$ <u>33,804,367</u>	\$ <u>28,814,386</u>

*General fund and nonmajor governmental funds.

<u>Unincorporated Places</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures - (GAAP Basis)	\$ 1,118,005	\$ 1,849,129
Adjust tax revenue to accrual basis	(254)	-
Recognize use of fund balance as a funding source	<u>947,131</u>	<u>-</u>
Budgetary Basis	\$ <u>2,064,882</u>	\$ <u>1,849,129</u>

See Independent Auditors' Report.