

GRAFTON COUNTY
PERFORMANCE AUDIT
November 15, 2011

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November 15, 2011

Grafton County Legislative Delegation
3855 Dartmouth College Highway
North Haverhill, NH 03774

Dear Delegation:

We are pleased to submit our performance audit report for the Grafton County Legislative Delegation, New Hampshire House of Representatives (the "Delegation").

We applied the Agreed-Upon Procedures, which are described below. This engagement was solely to assist the Delegation in evaluating management practices, financial budgeting and reporting, human resource practices, operating expenses, internal controls, and other fiscal issues related to the following County Offices and facilities:

- County Commissioner's & Treasurer's Office
- Department of Corrections
- Information Technology
- County Sheriff's Office and Dispatch Center
- Nursing Home
- Register of Deeds
- Grafton County Farm
- Human Services Department
- Cooperative Extension Environmental Services
- County Attorney and Drug Court
- Maintenance Department

Our engagement to apply Agreed-Upon Procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the Agreed-Upon Procedures report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Additional Offices:

Greenfield, MA • Ellsworth, ME • Nashua, NH • Manchester, NH

Scope of Performance Audit for each department where appropriate:

- Review management practices
- Review Human Resource practices, compensation levels, and staffing
- Review financial performance relative to the current and prior County budgets and other financial reportings. Compare budget data with other counties
- Review County staff roles and responsibilities
- Review compliance with policies and procedures
- Review the acquisition, utilization and disposal of certain County assets
- Review internal controls
- Review current and prior budget performance
- Review controls and security over technology (Data storage & back-up)

Department Specific:

1. For the Nursing Home
 - Review cost reports and reimbursement performance
 - Compare budget data to other counties and to similar institutions
 - Review medical supplies procurement practices
2. For the Grafton County Farm
 - Review feasibility of continued farm operations
 - Review supervision and security of incarcerated workers
3. For Construction of New Jail
 - Review Bid and Contract Procedures
 - Review Oversight and Management
 - Review internal controls
 - Review existing jail entity

Because the agreed-upon procedures referred to above do not constitute an examination in accordance with U.S. generally accepted auditing standards, we do not express an opinion on the financial statements of the Grafton County. In addition, we have no obligation to perform any procedures beyond those listed in this agreement.

The following Executive Summary and detailed report by Department are hereby presented.

Sincerely yours,

Melanson, Heath + Company P.C.

Melanson, Heath & Company, P.C.
Certified Public Accountants

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Grafton County is one of ten Counties located in New Hampshire and is the second largest by geographic area. The 2010 population is 89,118 which increased 9% over the last decade. There are 47,801 housing units as of 2009 with a median value of \$206,300. The 2009 median household income was \$52,081 with 10.3% of the population below poverty level.

The County complex is located in the picturesque Connecticut River Valley along both sides of the Dartmouth College Highway in North Haverhill, New Hampshire. The County Complex is an attractive, well maintained facility consisting of the Administrative Office, Old and New Correctional Facilities, Nursing Home, County Courthouse, County Farm, and Drug Court.

The County has attracted and retained highly qualified Department Heads based on education and experience, demonstrated knowledge of their industry, and positions of leadership. The elected officials have served consistently in office with the exception of one Commissioner and the Register of Deeds who are both newly elected.

The County is operated and managed by a 3-member Board of Commissioners and an appointed Executive Director. The County is funded by a 26-member Delegation and subject to financial review by a 9-member Executive Committee.

All Department Heads and Elected Officials cooperated with our performance audit. They participated in interviews, produced requested records and documents, and made themselves available for questions as necessary. The Department Heads and Elected Officials report directly to the Board of Commissioners. We found that the Executive Director acts more as a coordinator to facilitate interaction between the Department Heads and the Commissioners than acting as their direct supervisor. The report details several areas where the Department Heads work independently which does not always produce the best results for the County as a whole. We would like to see more authority delegated to the Executive Director in supervising and managing the appointed Department Heads.

We believe there are opportunities to increase the financial controls while providing more resources for the departments to use in managing their individual departments. This includes having a County-wide Finance Officer and Purchasing Office and more extensive use of the capabilities of the County's financial management system.

The various departments compete for budget dollars as budgets become tighter and more of the County resources are committed to the new Correctional Facility. The past several years has seen the County end the year with significant surplus balances. That is due in part to excess receipts related to the American Reinvestment and Recovery Act as well as departments turning back unspent appropriations. The County has used those surplus funds to reduce the County tax rate. We are concerned that the elimination of the federal subsidies and a tighter 2012 budget will

reduce surplus balances in the future, resulting in less surplus to offset tax increases. This comes at a time when unemployment rates are high and the prospects for economic recovery appear limited. Accordingly, more pressure is going to be placed on reducing requested needs from the various departments as budget sessions go forward.

Grafton County, like many governmental entities nation-wide, is continuing to experience an increase in the unfunded liability for post-retirement health benefits. The County funds 100% of the employee cost of the benefits and accounting principles are now requiring that liability to be recognized over the next twenty years. This will cause the County to face the reality of the issue in the years ahead.

Significant time in our performance audit was spent on the new Correctional Facility. The Facility was divisive from the beginning when the vote to authorize the funding was contested and spent several years in court. Despite substantial reductions in both the size and cost, the Facility presents itself as a substantial upgrade from the previous jail and is larger than is necessary to meet the immediate needs. The programs and functionality of the Facility have come into question as costs are escalating at a time when voters are struggling to make ends meet. The report provides a background and as much financial analysis as possible to try and provide an understanding to assist the community in deciding what level of support to fund the programs and objectives.

Time was also spent reviewing the construction phase of the facility including the bidding and selection process, the monitoring and review process, and quality control. We believe the construction phase to be well managed and cost effective.

We have made comparisons of the 2011 budgets to the other New Hampshire counties to the extent that detailed budget information was available from public media. In some cases comparisons were easy to make and comparative criteria easy to find. In other cases, extensive work had to be performed in re-allocating costs in a way that will be comparable to the way that Grafton County classifies their expenditures. We hope these comparisons will be helpful but caution that they not be used out of context, understanding that there still may be inconsistencies in the way costs are classified or allocated from one county to the next.

COUNTY ADMINISTRATION

COUNTY ADMINISTRATION

BACKGROUND

Grafton County is one of ten New Hampshire Counties operating under New Hampshire Laws set forth in Title II. Sections 24:14 and 24:15 provide powers to the Delegation through the County Convention to appropriate detailed line items for the operation and maintenance of the County. Powers are also granted to the Executive Committee of the Delegation, including review of expenditures, authority to authorize transfers and to authorize the use of unspent appropriation balances if so ordered.

The County Commissioners are assigned the power to manage the financial affairs of the County including the power to hire various department heads and administrators. In Grafton County there are four elected officials; the Sheriff, County Attorney, Register of Deeds and Treasurer. All other Department Heads are appointed by the Commissioners including an Executive Director. Commissioners meet with Department Heads once a month while contact between the Delegates and Department Heads is limited, and most Department Heads indicated that more interaction with the Delegates would be beneficial.

STRUCTURAL ISSUES

The duties and responsibilities set for in the Executive Director's job description include:

“Under the direction of the Board of Commissioners, responsible for serving as the County Commissioners' agent for the financial, administrative, and personnel management of Grafton County. Oversees and coordinates all activities of the Nursing Home, Department of Corrections, Human Services Department, Human Resources Department, County Farm, Maintenance Department, and the Commissioners' Office. Responsible for implementing decisions of the County Commissioners and for ensuring compliance with all laws, statutes, rules, regulations, and policies governing county activities, administration, and monies. Administers the Commissioners' Office and supervises Commissioners' Office staff and operation.”

The job description further defines responsibility over appointed Department Heads as:

“Oversees and reviews operations of the County Nursing Home, Department of Corrections, County Farm, Human Services Department, Human Resources Department and Maintenance Department with department heads on a regular basis; conducts regular meetings of the Administrative Team and meets with other department heads and elected officials on a regular basis to promote communication, coordinate activities, and resolve problems; coordi-

nates vacation and personal leaves for the Nursing Home Administrator, Corrections Superintendent, Human Services Director, Human Resources Director, Farm Manager, and Director of Maintenance.”

The Organization Chart provided as Attachment I indicates a line of authority between the Executive Director and appointed Department Heads that reflects a coordinator rather than a position of oversight. Our interviews with various Department Heads and the Executive Director confirm that the Executive Director performs more as a coordinator than having supervisory authority. We found that the appointed Department Heads report directly to the Commissioners by way of written reports and attendance at Commissioner’s meetings.

We found an increasing trend of Department Heads acting independently in ways which may benefit their individual department but which may not be the most beneficial for the overall County. Examples include:

- There was a time when inmates from the correctional facility worked for various other departments such as kitchen and laundry detail at the Nursing Home and as part of the Maintenance staff. Now the inmates are only used at the Farm and outside of the County Complex.
- Previously the Nursing Home provided meals to the Corrections Facility.
- The amount of produce provided by the farm to the Nursing Home has declined and is intermittent.
- The Nursing Home has a Finance Officer (CPA) while financial management of the overall County is performed by the Executive Director.
- The Nursing Home has a Purchasing Agent while the other departments do their own purchasing with limited group purchasing opportunities.
- The Nursing Home utilizes a requisition/purchase order system while the other departments do not submit purchase requisitions for prior approval by a financial official in the County Administration office.
- The degree of utilization of Human Resources varies from department to department with little utilization by the Corrections Department.
- There is confusion over whether the Corrections Superintendent is supervisor over the Farm Manager.
- There appears to be a competitive attitude between departments for the preservation or growth limitations of their departmental budgets. This is intensified by the growing Correction’s budget needs to operate the new facility.

The County Commissioners are responsible by law for the financial management of the County but are part-time officials who are not able to commit to full time management responsibilities. The trend in county as well as state and local government is the hiring of full time professional management staff. Grafton County has moved in that direction by hiring an Executive Director. We recommend that more authority be delegated to that position with a goal of creating a more unified view of the overall

County while increasing effectiveness of County-Wide financial management. We are making the following recommendations toward that goal.

1. Appointed Department Heads should report directly to the Executive Director. This would include the Executive Director performing evaluations and participation in goal setting.
2. Department budgets should be prepared by Department Heads and submitted to the Executive Director for review and recommendation to the Commissioners.
3. A County-wide Purchasing Department should be formed to establish better controls and more efficiency in group purchasing. A similar transition was made in Strafford County where the Purchasing Department included in the Nursing Home budget lists the following Functions & Goals:

“The Purchasing Department’s main function is to provide the County with the best possible products at the lowest prices without compromising quality. The goals of this department are to implement plans that will be of benefit to the whole County, i.e., central inventory management, better pricing system through the competitive bidding process and price quotes, and central warehousing. The Purchasing Department has consolidated the ordering process for the County to combine all stationary and supply accounts, thereby taking advantage of specials on larger volume products and keeping tighter control on inventory. A requisition program for all items has also been implemented.”
4. A Finance Director should be utilized County-wide not just in the Nursing Home. The Executive Director has the expertise to perform financial management functions as her background came out of that discipline. However, increasing responsibility for more oversight of the Departments will decrease the amount of time available for those tasks.

The County developed a Master Plan in 2006 with assistance from the North Country Council. That plan provided good historical information and information about the individual departments. The plan also identified new programs and future needs. The plan fell short of looking at needs on a County-wide basis and in making suggestions for implementation schedules or prioritizing new program initiatives and funding.

We recommend that the Master Plan be updated and that a County-wide plan be established for prioritizing new initiatives and funding.

MANAGEMENT OF THE COUNTY BUDGET

New Hampshire Laws provide that “the appropriations shall be itemized in detail and a record shall be kept”. The Laws also state: “No county commissioner, or elected or appointed county officer, shall pay, or agree to pay, or incur any liability for the payment of, any sum of money for which the county convention has made no appropriation, or in excess of any appropriation so made except for the payment of judgments rendered against the county.”

As stated above, the Laws indicate that the County Convention has the power to require written authority of the Executive Committee before transferring any appropriation or for use of any unused appropriation for another purpose.

The Delegation passed by-laws in June 2011 which require the County to obtain authorization from the Executive Committee for any transfers from one department to another in excess of \$5,000. Transfers within line items of a department and transfers less than \$5,000 do not require Executive Committee authorization.

Over the last several years the County has underspent appropriations by a substantial amount. In fiscal 2009 the unspent appropriations were \$1,503,700, in fiscal 2010 \$1,298,076 and in fiscal 2011 \$2,267,063. It is noted that these unspent appropriations were returned to the taxpayers in the subsequent years through application of surplus to lower the tax rate in amounts consistent with the unspent appropriations.

Unspent appropriations were found in almost all departments. The largest unspent appropriations were in the Human Services budget for Home-Based Programs and Interim Nursing Care. A surplus in these accounts will exist for fiscal 2012 but not to the level of the past few years. See the report section for Human Services for more detail related to budgeting for those costs. Large unspent balances were also found in bonded debt and capital outlay.

Even though there were large unspent balances each year, there were several line items that were over-expended requiring transfers to avoid the prohibition against over-expenditures noted above. The County waits until the end of the year to make transfers to cover line items that are over-expended. There is not a system in place to cover line item over-expenditures as the year goes along.

We recommend that transfers be made before the commitment is made to over-expend a line item. Similarly, knowledge of large appropriations anticipated to be underspent should be shared with the Commissioners and Delegation when known.

Implementation of requisitions and purchase orders County-wide will also help identify over-expenditures earlier in the cycle.

FISCAL 2012 BUDGET

After the first six months of a current fiscal year the County must begin preparation of the next year's budget. Department Heads typically use January through March to compile their budgets, with guidance from the Commissioners, and numbers from Finance to determine fringe benefits such as health insurance and retirement. Departments submit their budgets to the Commissioners; the Executive Director then compiles a County-wide budget for review and consideration by the Commissioners. Various public meetings are held, in which the budget is scrutinized, and finally approved by the Commissioners. Their approved budget is then sent to the Executive Committee for their review and adoption, and then to the full 26-member Delegation for their approval.

The fiscal 2012 budget process differed from prior years as there were different views as to how the departments should project their costs; whether there should be drastic cuts, level-funding, or minimal increases. As such, departments submitted budgets without guidance from the Commissioners and were then required to justify their projections. The table below shows the fiscal 2012 budgets presented by the Departments, Commissioners, and Delegation as compared to 2011.

	<u>Department Request</u>	<u>Commissioner Approved</u>	<u>Delegation Approved</u>
Fiscal 2012 budget	\$ 37,072,390	\$ 36,785,693	\$ 35,885,795
	<u>Adopted Budget</u>	<u>Actual Expended</u>	<u>% Increase in Budget/Actual</u>
Fiscal 2011	\$32,912,281.00	\$30,845,136.00	9.03% 16.34%

There were budget cuts that were made by both the Commissioners and the Delegation from the Departmental requests. They were made across the County, with the Corrections Department and Nursing Home seeing the biggest reductions. Overall, the requested budget was decreased \$286,697 by the Commissioners and \$899,898 by the Delegation. However, the adopted budget was 9.03% higher than the adopted 2011 budget and 16.34% higher than the 2011 actual expended. The County also planned on using \$3,000,000 of surplus to reduce the County tax rate.

We have concerns that the County will not be able to generate the surplus balances that have been realized the last few years. The excess ARRA money discussed in the Human Services Department is not available in fiscal 2012 and the reduction in requested 2012 appropriations may result in less surplus returned at the end of the year. The lack of surplus balance will result in less funds available to reduce the County tax rate. When combined with the increases necessary to fund a full year of operations at the new Correctional Facility, there will be increased pressure to cut budget requests in fiscal 2013. The Commissioners and Delegates will have to make tough choices in where budget cuts are made considering the impact on the operations of each Department.

FINANCIAL ADMINISTRATION

The Finance Department consists of the Executive Director/Finance Director, Treasurer, a Payroll Coordinator and Accounts Payable Coordinator. There is also administrative support.

The internal control testing was done coincidentally with the County's financial statement audit for fiscal 2011. There is a management recommendation letter issued as part of that process. We are providing a few of the major highlights here as it impacts the issues discussed in this report.

- Several bank accounts are not included in the County's General Ledger.
- The financial software could be used more effectively to produce automated budget reports for use by the Departments and to utilize the budget software by the Departments, especially in the area of payroll forecasting.
- The County is not using the Purchase Order/Requisition functions of the financial software uniformly for all Departments.

Utilizing purchase orders as part of the financial management system allows for the encumbrance of expenditures against the budget providing better information than posting the transaction when the invoice is paid. It also identifies potential over-expenditures prior to the purchase being executed. The use of requisitions also provides the financial management team the ability to approve and authorize expenditures rather than delegating that responsibility solely to the Department Head. Development of policies and procedures to include the dollar amount and nature of purchases that require requisitions and purchase orders is necessary to avoid developing a burdensome system.

As indicated above, we believe the County should look to consolidate resources with the Nursing Home in the areas of financial management and purchasing. Developing those capabilities would integrate well with the purchase order/requisition implementation.

The attached County budget comparison for Administration and Finance indicates that Grafton County salaries for Administration and Finance are among the lowest of the eight counties that we have data for. Based on the FY 2011 budget data, only Sullivan and Coos had lower A&F salaries. The total budgets for Administration & Finance showed much the same comparison if taking into consideration that none of the other counties charges a maintenance allocation and Cheshire and Strafford counties did not allocate their health insurance costs to the departments.

Our 2009-2011 trend analysis indicates that the actual expenditures for Administration & Finance have increased only 2.2% over the three years.

2009	\$372,212
2010	\$361,524
2011	\$380,427

RETIREE BENEFITS AND OPEB LIABILITY

Currently, the County pays 100% of retiree health care costs if they meet certain requirements. The employee handbook outlines the conditions below:

- At age 65 active employees should apply for Medicare coverage to supplement the County.
- Once an employee retires and is at least 65 years of age, they must convert to one of the two Primex supplemental Medicare plans: Medicare Enhanced or First Seniority Freedom.
- Employees hired before June 30, 2009 – any employee who has completed 10 years of continuous full-time paid employment during which the employee was eligible for County-paid medical benefits may receive County-paid medical benefits upon retirement at age 62 or thereafter.
- Employees hired on or after June 30, 2009 – any employee who has completed 20 years of continuous full-time paid employment during which the employee was eligible for County-paid medical benefits may receive County-paid medical benefits upon retirement at age 62 or thereafter.
- An employee who has completed 30 years of continuous full-time paid employment during which the employee was eligible for County-paid medical benefits may receive County-paid medical benefits upon retirement at age 60 or thereafter.

Upon reaching the age of 65, it will be mandatory for the retiree and spouse/civil union partner to enroll in Medicare. The County will then pay 100% for the retiree only at the single rate while age 62-64 or 60-64, whichever applies, and for Freedom First Seniority Plan at age 65 and over. If at age 65, the retiree selects Medicare Enhanced plan instead of the Freedom First noted above, the retiree will pay \$66.99/month for FY 11 while the County pays the remainder of the balance. The spouse/civil union partner will be required to pay the costs of a one-person membership. The handbook further goes into potential eligibility under the New Hampshire Retirement System.

This is an area worth discussing given the recognition of the GASB 45 OPEB liability. This standard requires governments to account for other post-employment benefits (OPEB) such as healthcare benefits on an accrual basis rather than a pay-as-you-go basis. Annually the liability exceeds \$1,000,000 and the total unfunded liability as of June 30, 2011 equals \$13,897,328. The County financial statements provide detail regarding actuarial valuations and assumptions taken to arrive at the above numbers. We provided two tables, taken from the notes of the fiscal 2011 financial statements, to illustrate the costs-to-date, which are amortized over 30 years:

The County's annual OPEB (Other Post Employment Benefits) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 1,482,995	18%	\$ 3,136,699
2010	\$ 1,199,261	20%	\$ 1,925,406

The net OPEB Obligation of \$3,136,699 is a liability on the County's financial statements at June 30, 2011.

The following table shows the components of the annual OPEB cost for the year ending June 30, 2011, the amount actually contributed to the plan, and the change in the County's net OPEB obligation based on an actuarial valuation as of June 30, 2009.

Annual Required Contribution (ARC)	\$ 1,515,163
Interest on net OPEB obligation	77,016
Adjustment to ARC	<u>(109,184)</u>
Annual OPEB cost	1,482,995
Contributions made	<u>271,701</u>
Increase in net OPEB obligation	1,211,294
Net OPEB obligation - beginning of year	<u>1,925,405</u>
Net OPEB obligation - end of year	<u><u>\$ 3,136,699</u></u>

As indicated in this table, the annual cost was \$1,482,995 while the County only paid \$271,701. That means an expense of \$1,211,294 was added as an additional liability to the financial statements. Under the current funding method the County can expect continued costs added each year until the liability reaches the \$13M unfunded liability. In years that the County does not have such a large surplus, these costs will accumulate resulting in a negative in net assets.

The County should consider what impact this liability will have on future operations and how they plan to address rising health care costs, increases and decreases in retirees, and how retiree health benefits are funded.

GRAFTON COUNTY BUDGET COMPARISON
ADMINISTRATION & FINANCE
FISCAL 2011

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed Coos FY11	Carroll FY11
WAGES										
EXECUTIVE DIRECTOR	\$ 95,452	\$ -	\$ -	\$ 106,586	\$ 100,100	\$ 99,182	\$ -	\$ -	\$ 35,950	\$ -
COMMISSIONERS	32,688	53,125	59,250	28,500	29,712	28,938	32,141	-	18,275	-
TREASURER	6,481	-	6,500	4,850	4,061	4,842	7,507	-	3,300	-
OTHER ADMINISTRATIVE	175,840	495,434	645,098	417,242	320,539	125,565	289,731	-	85,500	-
	<u>310,461</u>	<u>548,559</u>	<u>710,848</u>	<u>557,178</u>	<u>454,412</u>	<u>258,527</u>	<u>329,379</u>	<u>-</u>	<u>143,025</u>	<u>-</u>
BENEFITS										
LONGEVITY	2,755	-	1,500	-	900	-	5,613	-	-	-
BONUS PAY	-	-	-	-	5,420	-	-	-	-	-
SOCIAL SECURITY	23,876	41,593	54,453	38,484	35,871	19,777	25,627	-	10,940	-
LIFE INS	63	-	-	3,616	-	174	-	-	125	-
HEALTH INSURANCE	56,594	100,053	121,290	NA	112,867	45,156	NA	-	17,500	-
RETIREMENT	24,810	38,043	59,894	47,557	38,008	20,587	28,296	-	9,400	-
WORKERS COMP	376	5,369	1,174	832	424	1,002	4,163	-	210	-
UNEMPLOYMENT	-	333	1,080	1,230	756	230	813	-	100	-
	<u>108,474</u>	<u>185,391</u>	<u>239,391</u>	<u>91,719</u>	<u>194,246</u>	<u>86,926</u>	<u>64,512</u>	<u>-</u>	<u>38,275</u>	<u>-</u>
	34.94%	33.80%	33.68%	16.46%	42.75%	33.62%	19.59%	-	26.76%	-
EXPENSES										
EDUCATION & CONFERENCE	1,500	6,850	20,200	700	13,000	5,850	-	-	1,000	-
CONSULTANTS & CONTRACTUAL	9,650	77,500	185,390	36,060	-	34,398	510	-	2,000	-
AUDIT SVC	18,158	22,000	-	37,000	25,000	44,500	10,850	-	11,900	-
PRINTING,BINDING & BOOKS	3,500	11,000	2,150	2,650	1,100	-	300	-	6,720	-
OFFICE SUPPLIES	4,100	3,500	13,300	4,800	5,500	8,625	11,650	-	3,025	-
DUES	14,120	3,300	500	12,339	14,000	10,825	15,000	-	-	-
POSTAGE	2,850	10,200	8,500	4,600	3,000	3,650	4,575	-	-	-
MAINTENANCE ALLOC	53,915	-	-	-	-	-	-	-	-	-
ADVERTISING & PUBLIC RELATIONS	4,650	600	-	700	5,000	1,500	500	-	900	-
TELEPHONE	3,700	6,700	2,700	3,176	7,800	4,600	4,794	-	-	-
TRAVEL & EXP - COMM	12,000	46,500	-	3,000	-	-	75	-	20,000	-
TRAVEL EXPENSE	6,750	1,100	800	1,500	1,850	9,050	13,000	-	8,530	-
OTHER	2,450	20,000	-	5,800	50,700	100	1,500	-	-	-
EQUIPMENT REPAIR & MAINT	2,000	3,600	600	-	-	500	-	-	-	-
NEW EQUIPMENT	-	500	3,600	-	1,000	3,250	-	-	-	-
EQUIPMENT RENTAL	4,500	2,500	-	1,014	-	3,954	-	-	-	-
SOFTWARE	-	-	169,980	-	16,000	-	-	-	-	-
GENERAL LIABILITY INSURANCE	1,956	-	-	-	18,790	-	-	-	1,200	-
	<u>145,799</u>	<u>215,850</u>	<u>407,720</u>	<u>113,339</u>	<u>162,740</u>	<u>130,802</u>	<u>62,754</u>	<u>-</u>	<u>55,275</u>	<u>-</u>
TOTAL ADMINISTRATION & FINANCE	\$ 564,734	\$ 949,800	\$ 1,357,959	\$ 762,236	\$ 811,398	\$ 476,255	\$ 456,645	\$ 1,459,332	\$ 236,575	\$ 243,416

NA = not allocated to department; County budgets health insurance as a separate line item

DEPARTMENT OF CORRECTIONS

DEPARTMENT OF CORRECTIONS

BACKGROUND

In December 2005 the National Institute of Corrections performed a Jail Assessment and issued a report containing several findings.

1. There were too many inmates housed in the existing facility.
2. There was a lack of space for day programs.
3. There was no sally port for safe transfer of prisoners.
4. There were no holding cells in the booking area for combatant or disorderly prisoners.
5. The jail did not provide adequate view of inmates causing insufficient supervision.
6. The mechanical locking systems were insufficient.
7. Many “essential spaces” were lacking.
8. There were inadequate ventilation, heating and air conditioning systems.
9. Increasing populations were expected to make over-crowding more problematic.

The design and development of a new facility plan took these items into consideration as well as incorporating more up-to-date trends in criminal justice systems. These included more room for inmate programs, more extensive security systems built around prisoner classifications, newer technology, and more extensive training facilities.

The County Administration and Corrections Department went through an extensive process including attendance at a National Institute of Corrections (NIC) Planning of New Institutions Program, hiring professional design and needs assessment experts, site analysis, demographic projections, and numerous public hearings and presentations. The Executive Committee approved the plans and gave the authorization to proceed.

- Original projections accommodated as many as 265 beds and a square footage of up to 126,429 square feet. Initial costs were projected up to \$65 million dollars. By 2007 the plan was scaled back to 206 beds, 108,000 square feet and an estimated cost of \$40 million.
- The initial cost projections for operating costs were as high as \$7.1 million. The operating cost projection was reduced to \$6.5 million and later reduced to an estimate of \$5.8 million. At the time the operating budget was at \$3.3 million. The projected impact on the County tax rate was an increase of 7.14% in 2009, 11.7% in 2010 and an additional 7.8% in 2011.
- The original vote approving the project in February 2008 at \$38 million was challenged in court and finally upheld in 2010. By that time the project

was scaled back even further to 98,000 square feet and to accommodate 150 beds. A new geothermal system was added to the cost of the facility. Space reductions were made in administrative space, minimum security housing unit, female housing unit, inmate programming space, and the inpatient medical area. It was also noted that core areas were not reduced in size and there were areas left for future expansion.

- The construction cost estimates were reduced to a little over \$36 million and final costs based on final contracts are now in the neighborhood of \$33 million. In May of 2010 the County provided estimates on debt service and operating cost increases of an additional \$525,382 in fiscal 2011, an increase of 2.99%, in the tax rate, an additional \$2,849,690 in fiscal 2012 for a tax rate increase of 15.76%, another increase in fiscal 2013 of \$1,850,656, a tax increase of 8.84%. Those estimates were based on a bond issue of \$35 million.
- In April 2011 a new operating cost projection was issued based on a completion date of May 2012 and a debt issue of \$33 million. The 2012 operating budget was expected to increase by \$2,070,846 in operating costs and debt service for an increase of 11.54% on the tax rate and \$2,131,851 in 2013, a tax rate increase of 10.65%.

Despite the reduction in size and scope of the project, the new facility presents itself as a substantial upgrade of the current jail and larger than immediate needs dictate. Given the current economic conditions and widespread political climate we question the County's willingness to support the costs of operating the facility at the level anticipated when the project was initially approved.

CONSTRUCTION PHASE

In August 2007 the County requested qualifications and price quotes for "at risk" construction managers. Five contractors submitted proposals. We found the format for cost proposals included in the RFQ confusing in that costs were broken out by "administration and management fee" and "general conditions fees". The contractors proposed costs submitted were not consistent in identifying home office management fees, home office project supervision, and on-site labor costs. A local contractor, HP Cummings, was selected based on price and ability to complete the project within the stated time frame. The contractor with the next closest price had already been selected for the Cheshire Corrections Facility project that was scheduled to be built around the same period of time (before the delay caused by the lawsuit). It is noted that HP Cummings was the general contractor for the Grafton County Nursing Home Construction project which ran into various construction problems. It was determined that HP Cummings stood behind their work and remediated the problems to the satisfaction of the County.

HP Cummings and the County entered into a construction management contract based on costs plus a management fee, with a guaranteed maximum price of nearly \$29 million. Subsequent contract amendments have increased the guaranteed max-

imum price to \$29,186,322. The contract provides for cost-sharing if the project comes in under budget. HP Cummings contracts all subcontractors directly and supervises their work. The County also contracted separately for architectural services and various quality control inspectors.

The County did not engage a clerk of the works for the project. A clerk of the works was hired for the Nursing Home Project but construction deficiencies were later found and the clerk did not work out. The project is monitored by a County Team made up of the Corrections Superintendent, Director of Maintenance, and the Executive Director. The Team meets with the Architect and Construction Manager on a regular basis. The Maintenance department also has staff regularly involved in visiting the site and monitoring progress.

The Architect reviews and approves all of the progress payments submitted by the construction manager. The progress payment requests provide detail of each line item as set forth in the contract plus amendments. The contract amount, amount completed, and balance remaining are calculated for each line item. All major sub-contracts are listed by line item and progress payment requests from the subcontractors are submitted as part of the billing package. The Architect reviews the subcontract requests as part of the determination of project completed to date calculations.

We had difficulty tying in the various costs included in the general conditions line item. The information provided did not contain a clear accounting over which costs were included as general conditions. We found that neither the County nor the Architect verified that calculation as part of their review process. The HP Cummings project-management labor and site-management labor are included in general conditions. It appears that the labor costs charged to date included in general conditions may exceed the original estimates. We recommend the County, Architect, and Construction Manager review the project-management and site-management labor costs included in general conditions to determine if additional contract amendments will be needed.

Independent inspections and quality assurance testing are performed by various vendors. A commissioning agent performs services related to heating, ventilation, and plumbing, including plan review, validates that plans meet NFPA criteria, tests systems for functionality, and trains County employees on all systems. A building code consultant performs plan review and site visits. Another firm performs inspections and testing for soil conditions, structural steel, concrete, masonry, and fire-proofing. They also oversee the geothermal system and tie-in to the building. Their inspection results are provided to the County Team to assist with their monitoring.

While we noted a few minor deficiencies, in our opinion, contract procurement, administration and monitoring is adequate to protect the County's interest in the Corrections Facility project.

NEW FACILITY OPERATIONS

The County is anticipating opening its newly constructed Correctional Facility in May 2012. Below is the immediate increase in the Department of Corrections requested budget for fiscal 2012 as requested by the Corrections Superintendent.

	<u>Amount</u>	
FY 12 Department of Corrections budget request	\$ 4,771,866	
FY 11 Department of Corrections adopted budget	<u>\$ 3,706,704</u>	
Increase in Department budget	<u>\$ 1,065,162</u>	28.74%

The requested operating increase of \$1,065,162 (28.74%) is more than what was projected in the Financial Impact Statement dated April 2011 discussed above of \$797,824. The departmental requested increase was made up mostly of additional correctional officers, foodservice personnel, a new physician's position, and new facility plant operations. While the facility is not opening until the end of the year, proper training and maintenance costs are necessary prior to opening and for the remainder of the fiscal year. In an effort to control expenditures, the Commissioners and Delegation each made significant reductions to the budget as a whole, with the Correctional Facility being reduced as well.

	<u>Amount</u>	
FY 12 Department of Corrections adopted budget	\$ 4,344,614	
FY 11 Department of Corrections adopted budget	<u>\$ 3,706,704</u>	
Increase in Department budget	<u>\$ 637,910</u>	17.21%

The Commissioners reduced the proposed County budget by \$286,697, with a \$62,477 reduction to the Department of Corrections. The Delegation reviewed the amended budget and reduced that further by \$899,898, with a reduction of \$364,775 to the Department of Corrections. The \$637,910 increase is less than the \$797,824 projected in the Financial Impact Statement issued in April 2011.

The staff phase-in plan that we reviewed was to take place over fiscal 2011 through 2013. Five new positions were to be added in fiscal 2011 (2.75 FTE equivalent), 19 new positions in fiscal 2012 (10.25 FTE equivalent/2.25 FTE carryover from 2011), and no new positions in fiscal 2013, but a carryover of 8.75 FTEs from fiscal 2012. This changed given the outcome of the fiscal 2012 budget process and the above reductions. The Superintendent noted that the amount of FTEs reduced totaled 5 physical positions. We were unable to obtain an estimate of the updated staffing levels projected for fiscal 2013, after considering budget cuts that have been made in fiscal 2012.

CHESHIRE COUNTY COMPARISON

During our analysis and discussions with County employees, the Cheshire Correctional Facility was one of the more comparable facilities to the new Grafton County Correctional Facility as their facility is recently constructed. We reviewed Cheshire County budget data from fiscal 2006 through fiscal 2011, which encompassed operations in their older facility and now in their new facility, to analyze how the newer facility has impacted operating costs. We have outlined the data below:

<u>Fiscal Year</u>	<u>FTEs</u>	<u>Total Budget Expenditures</u>	<u>Increase</u>
2006	42.1	\$ 1,949,412	NA
2007	42.1	\$ 2,084,963	6.95%
2008	58.6	\$ 2,455,405	17.77%
2009	63.1	\$ 3,118,931	27.02%
2010	75.8	\$ 4,760,733	52.64%
2011	76.8	\$ 4,972,298	4.44%
Overall increase from 2006 - 2011			155.07%

Comparable Grafton County Information

2009	Original budget	\$ 3,199,562	NA
2010	Original budget	\$ 3,386,939	5.86%
2011	Original budget	\$ 3,706,704	9.44%
2012	As requested	\$ 4,771,866	28.74%
2012	As adopted	\$ 4,344,614	17.21%

Overall, Cheshire County has seen an increase in their Correction's operating budget in excess of \$3,000,000, or 155.07%. This is clearly attributable to the transition into the new facility in fiscal 2008 through 2010, with expenditures only increasing a minor percentage in fiscal 2011 compared to the prior three years. Where the Cheshire facility shows similar characteristics with the new Grafton County facility, the Correction's Department and County Delegation will have to work through what level of operations will be funded going forward.

PRIOR YEAR BUDGET PERFORMANCE

Budget to actual performance for the old jail over the past three years are as follows:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>Increase</u>	<u>FY 2011</u>	<u>Increase</u>
Budget expenditures	\$ 3,199,562	\$ 3,386,939	5.86%	\$ 3,716,299	9.72%
Actual expenditures	<u>3,125,888</u>	<u>3,237,043</u>	3.56%	<u>3,470,288</u>	7.21%
Turnback of expenditures	<u>\$ 73,674</u>	<u>\$ 149,896</u>		<u>\$ 246,011</u>	

While it appears to be good performance in a budget sense, considering that actual expenditures came in well under what was appropriated, the question is what is driving this and why the difference from budget and actual continues to grow. Also, the FY 09 numbers above do not take into account a \$147,730 reduction to the adopted budget. As a result, actual expenditures were \$221,404 less than originally adopted. At year end the County moves monies from available accounts to cover other over-expenditures, which in some cases are transferred from one department to another.

The County appears to take a more conservative approach with budgeting the Corrections Facility. This is understandable given that the inmate population fluctuates throughout the year, and various line items reflect that. The biggest line items with variances between budget and actual figures are correctional officers, fringe benefits such as health insurance and retirement, inmate meals, and medical/dental services provided to inmates.

Correctional officers are needed to maintain structure throughout the facility and help the rehabilitation process for the incarcerated. This position is not one to take lightly, as the positions are very demanding on a daily basis and environments can be hostile and uncertain. Superintendent Libby stated he was lucky to have the men and women on his staff, and the officers we spoke with reciprocated the compliments by saying he provides leadership and a good environment to work in. However, over the past few years there has been turnover and retirements. Per our discussions with Superintendent Libby, the County recently restructured the daily shift from a three day “on” and three day “off” work schedule to a more traditional six day “on” six day “off” work schedule. The result is a loss of overtime. This may have led to some officers taking early retirement or moving on to other opportunities. Cheshire experienced a similar reduction in staff when the transition to the new facility occurred.

New hires at the Grafton County old facility were tough to come by as many were weary of the current facility conditions or left shortly after experiencing them. This helped from a budget standpoint as correctional officer’s appropriations turn backs were \$7,291, \$55,950, \$25,402 in FY 2009, FY 2010, and FY 2011 respectively. We saw comparable swings with fringe benefits, which are expected given they are related to employee service.

Inmates are given three meals a day, whether or not to accept or eat the meals is their choice. A sergeant is in charge of managing the foodservice operation, including maintaining adequate food levels, supervising inmates who prepare meals, and ensuring meals are provided daily to inmates. The sergeant has a background in Culinary Arts and holds a degree from Johnson & Wales College. They are typically given microwaved food, meals prepared through steaming pots, sandwiches, vegetables grown on the County Farm, snacks, milk, and soda. Inmates prepare the food for delivery to respective inmates. This used to be done by the individuals who prepare meals for the Nursing Home. However, per discussion with the Superintendent, the dietary components between the two populations were not similar and meals became costly, thus prompting the change to inmate preparation and self-service. The males currently eat their meals in their cells while the females have tables and chairs away from their cells.

Meals expenditures consistently decreased year to year, which is identified below.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Meals expenditures	\$ 391,803	\$ 318,177	\$ 281,494

Inmate population levels significantly impact these figures, but also the cost of food is a large component. As noted, we were told that one of the main reasons for the move to bring meal preparation in-house was for cost. The daily meals went from being prepared by kitchen staff at the Nursing Home to inmates supervised by a sergeant. The decreasing costs played a large role in budget turn backs, but to what degree has the quality suffered. This line item in particular should be monitored given how the kitchen setup from the old facility and new facility are radically different. The new facility is equipped with stoves, equipment, and utensils allowing for preparation of what would seem a different variety of meals for inmates. The current plan is to employ three new kitchen staff. The sergeant will continue to supervise inmates in the preparation and distribution of food at the new facility.

Medical and dental inmate expenditures, like meals, tend to fluctuate with the inmate population but inherently come with much more uncertainty. The County pays for medical and dental services for inmates. NH RSA Chapter 30B:4 III(V) states "The superintendent shall provide each prisoner in his or her custody with necessary sustenance, clothing, shelter, and medical care." Routine care is going to benefit the overall health of the inmate population, as well as benefit those that visit inmates or work daily in the same environment. However, the key here is that medical and dental expenditures may be driven up by other factors as well. Below are actual medical and dental expenditures incurred for a three-year period.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Medical and dental expenditures	\$ 138,736	\$ 194,080	\$ 154,511

There is no consistency identified here. Between fiscal 2009 and 2010 expenditures increased \$55,344, and then decreased by (\$39,569) in fiscal 2011. One major incident could wipe out the medical and dental budget, and that may cover only one inmate. For example, the Superintendent noted that there have been heart attacks and brain traumas that the County cannot anticipate, but are required to pay. This uncertainty presents a risk to the County and is an area in which there should be a plan in place to mitigate the risk. Currently, the Corrections Department utilizes its medical staff and part-time physician for inmate health and treatment, along with maintaining a non-narcotic facility to help counter the rising prices of medication.

FISCAL 2012 AND FUTURE BUDGET OPERATIONS

Noted earlier in this section, the Department of Corrections proposed a budget for fiscal 2012 that included expenditures relating to the opening of the soon-to-be constructed correctional facility, which is set to open May 2012. We identified below certain budget line items or operational factors that need continuous consideration when determining impacts on future budgets and the transition from the old facility to the new facility.

Inmate Population

It is our understanding that the proposed budgeted amounts for fiscal 2012 are based on estimated inmate population levels averaging approximately 105 inmates, with range of 90 minimum to 120 as maximum. Having properly designed units based on the proper classification is a key element of the new plan. According to the floor plan of the new facility we viewed, it has the capacity to hold up to 150 inmates. Assuming that both facilities are operating at maximum capacity, the new facility can accommodate up to 45 more inmates, which is a 38.89% increase. We previously identified areas where fluctuations in population can impact the most, an increase to the new facility's capacity will have more than modest increases in every line item. An obvious addition with a larger inmate population is additional staffing, correctional officers and medical personnel, fringe benefits that come along with salaries, and meals. However, this will also impact previously smaller line items like supplies, prisoner clothing, uniforms for new staff, and availability of rehabilitation programs or personnel to name a few. The County has to determine at what capacity they plan to operate the new facility and how the change is going to impact operations.

Staffing Levels

Staffing the correctional facility appropriately is an imperative part of the planning process. It allows the County to ensure that there is a safe environment inside and outside the property and provides the inmates the opportunities they need to rehabilitate themselves and re-enter the community. To address this, the County used Pulitzer Bogard & Associates to conduct an analysis of staffing levels necessary to operate the new facility. We viewed documents presented by Superintendent Libby

that detail numerous figures presented, with the latest being 63 positions (this is not an FTE equivalent). It is our understanding that the budget figures presented in the FY 2012 budget were reflective of 60 positions, which were outlined in an organizational chart provided to us. New positions and carryover FTEs were to be phased in over fiscal 2011, 2012, and 2013. Approximately \$200,634 was reduced from correctional officers and corrections nurse salary items in the FY 2012 budget, resulting in a reduction of 5 FTEs, which strays away from what was proposed from the outside consultants. It appears that the County is increasing their work force, but taking a conservative approach with what capacity to open the facility. Below are actual expenditures for fiscal 2009 through 2011, and what was proposed by the department in fiscal 2012. This is important to note as in time the actual operating capacity may reach figures reflected by the consultants, which in turn would require staff levels originally proposed by the department.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Requested FY 2012</u>	<u>Voted FY 2012</u>
Correctional officers	\$ 1,331,971	\$ 1,396,424	\$ 1,565,500	\$ 2,031,124	\$ 1,856,470
Corrections nurse	\$ 288,471	\$ 305,181	\$ 298,082	\$ 367,420	\$ 341,440

Facility Maintenance

The new correctional facility is equipped with geothermal equipment for heating and cooling the entire facility. This technology comes with large upfront capital costs, but is also a sustainable source of energy unlike oil-dependent designs. During our tour of the new facility we were able to observe what equipment was needed to make this operational. However, it appears to be a complex system that may require the use of specialists in the case of a breakdown or emergency repairs. The County has included a new budget line item for new facility plant operations of \$120,124, but does this include potential long-term maintenance and contingency expenditures that may arise? Also, there will be an impact on electricity costs to run the new equipment.

Miscellaneous Items

Meals

The proposed meals budget is lower than any of the past three years. See below for budgeted amounts for fiscal 2009 through fiscal 2012:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Meals budget	\$ 391,830	\$ 345,337	\$ 356,423	\$ 317,331
Meals served	117,932	114,975	38,325 76,650	114,975
Approx. cost	\$ 3.49	\$ 3.00	\$ 3.70 \$ 2.80	\$ 2.76

The cost of the food decreases as the County is using more fruits and vegetables from the farm. However, the kitchen in the old facility is made up of microwaves and steam units that are limited in the meals that can be prepared. The new facility is equipped with a full kitchen including stoves, refrigerators, storage units, utensils, and cooking space. Given the comparison between the two kitchen facilities it is interesting to see the cost of meals going down. The cost of operating and maintaining the equipment is not included in the meals cost. In addition, the cost of three new kitchen staff is not included in the meals budget.

Programs Personnel

In fiscal 2012 there was a new budget line item for Programs Personnel, an increase of 1 FTE and \$41,817. During our walkthrough of the new facility we viewed various program rooms, which are to be an integral part of rehabilitating inmates through educational opportunities, substance abuse counseling, and other areas in a more structured environment. The old facility does not offer these rehab programs in an ideal setting as they are currently random rooms throughout the facility, often mixed with inmate common areas. It appears that this FTE and budgeted salary amount are only reflective of a minor portion of the fiscal year, given that the new facility is not opening until May 2012. This is a line item to watch as it could fluctuate given the success of the program, as well as the types of programs offered and the need for certain specialists. Budget cuts from proposed staffing levels will impact this area more than others.

GRAFTON COUNTY BUDGET COMPARISON
DEPARTMENT OF CORRECTIONS
FISCAL 2011

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed Coos FY11	Carroll FY11
WAGES										
SUPERINTENDENT	\$ 99,736	\$ -	\$ -	\$ 89,656	\$ -	\$ -	\$ 85,201	\$ -	\$ 68,500	\$ -
PROGRAMS PERSONNEL	-	-	39,229	-	-	-	180,440	-	20,000	-
CORRECTIONAL OFFICERS	1,590,902	-	4,286,061	1,825,723	-	-	3,272,613	-	792,800	-
ADMINISTRATIVE ASST	43,517	-	510,494	410,036	84,500	-	69,551	-	-	-
OTHER WAGES	2,850	8,670,443	-	-	1,604,400	1,745,185	78,000	-	18,100	-
	<u>1,737,005</u>	<u>8,670,443</u>	<u>4,835,784</u>	<u>2,325,415</u>	<u>1,688,900</u>	<u>1,745,185</u>	<u>3,685,805</u>	<u>-</u>	<u>899,400</u>	<u>-</u>
BENEFITS										
EMPLOYEE APPRECIATION	-	-	-	-	-	-	2,500	-	-	-
BONUS PAY	-	-	-	-	7,000	-	-	-	-	-
LONGEVITY	6,555	-	22,250	-	3,200	-	15,655	-	11,200	-
UNIFORMS	9,325	-	19,250	14,115	12,171	17,974	18,132	-	7,000	-
SOCIAL SECURITY	68,503	270,144	91,755	54,740	40,154	53,148	81,649	-	17,800	-
LIFE INS	256	-	-	19,379	-	946	-	-	400	-
HEALTH INSURANCE	339,965	1,868,000	866,654	NA	379,010	548,173	NA	-	298,100	-
RETIREMENT	251,074	1,204,555	731,282	381,597	210,000	209,193	568,160	-	175,600	-
WORKERS COMP	20,205	492,907	115,441	53,684	42,331	61,092	91,848	-	19,600	-
UNEMPLOYMENT COMP	9,595	5,700	9,090	8,847	6,174	2,346	11,760	-	1,200	-
	<u>705,478</u>	<u>3,841,306</u>	<u>1,855,722</u>	<u>532,362</u>	<u>700,040</u>	<u>892,872</u>	<u>789,704</u>	<u>-</u>	<u>530,900</u>	<u>-</u>
EXPENSES										
EDUCATION & CONFERENCE	13,790	34,250	2,000	13,701	10,200	15,428	46,767	-	7,500	-
EMPLOYEE PHYSICALS	100	-	-	-	-	-	-	-	300	-
CONSULTANTS & CONTRACTUAL	28,420	161,735	33,918	31,045	-	67,401	239,665	-	-	-
AMBULANCE SVC	4,355	-	-	-	-	-	-	-	-	-
M.H. CONSULTANT	26,900	-	-	65,726	7,200	-	-	-	-	-
DUES, LICENSES & SUBSCRIP	2,568	5,489	8,758	5,161	2,216	4,141	1,321	-	-	-
PRINTING & BINDING	-	11,755	6,461	-	-	-	-	-	500	-
POSTAGE	1,000	6,450	5,236	1,200	3,000	2,000	-	-	-	-
SUPPLIES	19,750	203,422	113,764	8,776	12,200	31,800	15,595	-	21,500	-
MEALS	356,423	720,000	832,500	722,975	200,000	339,164	798,301	-	200,000	-
LAUNDRY SERVICE	18,000	49,000	13,000	6,686	25,550	-	10,000	-	-	-
PRISONER CLOTHING/SUPPLIES	10,000	60,000	-	29,516	12,000	15,500	112,894	-	44,700	-
MEDICAL/DENTAL	546,409	905,832	1,509,729	458,177	237,000	180,500	1,579,228	-	79,000	-
TELEPHONE	7,350	17,000	33,535	7,980	4,000	15,000	57,000	-	-	-
COUNTY VEHICLE	7,500	24,000	-	25,000	3,600	9,000	-	-	4,500	-
TRAVEL	-	2,460	500	2,786	5,000	8,300	950	-	2,500	-
OTHER	-	-	175,773	51,284	15,866	54,700	270,985	-	52,300	-
INMATES AT OTHER FACILITIES	-	-	1,200,000	-	-	-	-	-	25,000	-
SECURITY EQUIPMENT & REPAIR	6,375	-	-	-	1,500	-	-	-	-	-
EQUIPMENT REPAIR & MAINT	11,500	85,000	19,340	1,200	5,000	-	-	-	6,500	-
EQUIPMENT RENTAL	-	7,764	20,825	500	-	-	-	-	-	-
NEW EQUIPMENT	-	49,800	4,880	2,450	450	-	20,417	-	6,500	-
PROPERTY INSURANCE	3,190	-	-	-	7,685	17,860	-	-	7,500	-
LIABILITY-PERSONNEL & INMATE	13,150	-	-	61,735	-	-	-	-	-	-
BUILDING ADD/RENOVATIONS	2,500	135,300	-	-	-	-	-	-	-	-
	<u>1,079,280</u>	<u>2,479,257</u>	<u>3,980,219</u>	<u>1,495,898</u>	<u>552,467</u>	<u>760,794</u>	<u>3,153,123</u>	<u>-</u>	<u>458,300</u>	<u>-</u>
TOTAL DEPARTMENT OF CORRECTIONS	\$ 3,521,763	\$ 14,991,006	\$ 10,671,725	\$ 4,353,675	\$ 2,941,407	\$ 3,398,851	\$ 7,628,632	\$ 12,976,101	\$ 1,888,600	\$ 3,163,611

NA = not allocated to department; County budgets health insurance as a separate line item.

GRAFTON COUNTY NURSING HOME

GRAFTON COUNTY NURSING HOME

BACKGROUND

In the 1800s the County originally had what was referred to as a “Poorhouse,” which was used to support dependent or needy individuals and families. In 1930 the “old building” was constructed, which is now the Administration Building, with an extension added in 1969. In 1959 the facility became officially licensed as a Nursing Home, however, it wasn’t until the early 1990s that it began running as a “Skilled-Nursing Home,” which allowed the County to become both Medicaid and Medicare eligible. However, due to skilled and acuity-based care, the building was deemed to be unsafe. The main reason for this is that the nurse’s station was not adjacent to patients to fit their immediate needs. The Administrator at the time proposed a new facility or at least an addition, which we were told would have eventually been forced due to adherence to regulations. A new building was completed in October 2003. The County opted for a low-budget project which diminished the quality of the building, leading to additional construction after completion. A major difference now is the setup of the nurses’ stations and their alignment on all four wings of the building: Profile, Granite, Maple, and Meadow. This new building is equipped for 135 beds, with the current census being 132 occupants, with an average age of 88, and a staffing level of approximately 225 employees. The heaviest populated wing is Meadow, which is a 30-bed Alzheimer’s Unit, with a waiting list to get in. There is a rising elderly population in the County and a moratorium on beds. There are currently no plans or discussion about increasing capacity.

The three referring hospitals to the County are Cottage Hospital in Woodsville, NH, Littleton Regional Hospital in Littleton, NH, and Dartmouth-Hitchcock Medical Center in Lebanon, NH. Skilled residents require a three-day stay with some of the following: need of nursing and rehab services (speech/physical therapy/occupational therapy), more than supervision, and/or treatment of an immediate medical need. The Administrator stated there is up to 100 days to receive skilled benefits. Intermediate care does not require a three-day stay.

Medicaid reimbursements are based on what was referred to as “resource-utilization”. This has to do with the State legislature determining how to allocate the federal funding across the state in an equitable manner. Over the years there have been numerous cuts in state funding and this trend is likely to continue as the political environment in Washington remains uneasy. The current system in place is called an Acuity-Based Reimbursement System that was implemented in February 1999. This uses what is called a Minimum Data Set (MDS) package that determines acuity. This package is voluminous (141 pages) and is maintained for each resident. Basic identification, insurance information, various medical assessments, treatments and programs, progress, and problem areas are all included. This information is what drives reimbursement to the County. The State uses a complex formula to arrive at what each of the 82 Nursing Homes receive. The formula takes into consideration a term that the Administrator referred to as the Budget Neutral Factor.

This is a percentage by which rates are reduced in order for total Medicaid payments to be within the State's Budget Appropriation. The Administrator noted that there is less Medicare funding received due to "swing-bed" or "skill-bed" patients that the hospitals tend to keep rather than nursing homes now because of decreases in hospital funding. Residents of the Nursing Home may go to the hospital for a stay but they do return to the Nursing Home. They are not kept by the hospital; only potential new referrals are delayed by the hospitals so that optimum Medicare reimbursement is now captured by the hospitals. The New Hampshire Association of Counties has two individuals on the Technical Advisory Committee (TAC) Committee, who help determine what the Budget Neutrality percentage is for the year.

BUDGET PERFORMANCE

When putting together the Nursing Home budget, the reimbursements from Medicare and Medicaid are conservatively estimated to determine the "gap" that will need to be funded by taxpayer dollars. The Nursing Home Finance Director, who is a certified public accountant (CPA) sends out forms to each department within the Nursing Home for them to put together a tentative budget. He then meets with each respective department head to determine needs. The Administrator and Finance Director then sit down and analyze line item by line item. The Administrator is then responsible for submitting the Nursing Home budget to the County Commissioners and Executive Committee. As far as performance and adherence to the budget, department heads meet daily with the Administrator (except Thursdays).

Revenues

Revenue performance for fiscal years 2009 through 2011 is detailed below:

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Revenue in Excess of Budget</u>
FY 2009	\$ 9,068,152	\$ 10,615,007	\$ 1,546,855
FY 2010	\$ 9,576,689	\$ 10,485,880	\$ 909,191
FY 2011	\$ 9,582,253	\$ 10,574,911	\$ 992,658

Revenue sources for the Nursing Home include Medicaid and Medicare reimbursement, bed tax, physician billings, and private room billings. As noted above, revenues exceeded budgeted amounts for the fiscal years 2009 through 2011 by at least \$909,191. However, when analyzing the activity in detail, we noted that there are large budget-to-actual shortfalls and surpluses at the line item level. The FY 2009 detail is presented below as an example.

	FY 2009 <u>Budget</u>	FY 2009 <u>Actual</u>	<u>Difference</u>
ROOM & BOARD - MED RES LIAB	\$ 800,000.00	\$ 954,173.41	\$ 154,173
ROOM & BOARD - MEDICAID	4,511,188.00	4,447,647.77	(63,540)
ROOM & BOARD - PRIVATE	2,295,850.00	1,815,385.00	(480,465)
ROOM & BOARD - MEDICARE A	760,937.00	1,497,500.55	736,564
ANCILLARY CHARGES - MED B	140,000.00	90,974.41	(49,026)
MEALS REIMBURSEMENT	31,977.00	29,549.60	(2,427)
MEDICAID PSP	-	606,895.27	606,895
MISC N. HOME REVENUE	200.00	300.70	101
PHYSICIAN BILLING	25,000.00	33,323.79	8,324
CABLE TV REIMB	3,000.00	3,840.00	840
BED TAX REVENUE	500,000.00	1,135,416.13	635,416
Nursing Home Totals	<u>\$ 9,068,152.00</u>	<u>\$ 10,615,006.63</u>	<u>\$ 1,546,854.63</u>

Similar situations existed in FY 2010 and FY 2011. Room & Board revenue showed both large shortfalls and surpluses, with no consistent trend between the three years. Bed tax revenue was consistently conservatively budgeted, with actual results ranging from \$622,516 – \$853,633. Medicaid PSP revenue was not budgeted for FY 2009 and FY 2010, although \$606,895 and \$406,534 were received, respectively. The County did budget \$300,000 in FY 2011, and then received \$906,185. It is difficult to recommend increasing the budget estimates given the problems that have surfaced in other New Hampshire Counties related to deficits in Nursing Home operations.

Expenditures

Operating a Nursing Home includes various activities including administration, nursing care, medical monitoring, rehabilitation, and maintenance. Operations from FY 2009 – FY 2011 are analyzed below at the departmental level to provide an overview of past performance and how expenditures have trended over the last few years.

Administration

Nursing Home Administration is charged with overseeing day-to-day operations and ensuring the facility is in compliance with the often changing state and federal regulations. Budget to actual performance for FY2009 – FY2011 is noted below.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Budget expenditures	\$ 1,049,999	\$ 1,241,155	\$ 1,289,868
Actual expenditures	<u>\$ 1,004,327</u>	<u>\$ 1,188,790</u>	<u>\$ 1,167,555</u>
Surplus (deficiency)	<u>\$ 45,672</u>	<u>\$ 52,365</u>	<u>\$ 122,313</u>

The Administration's budget performance has been fairly consistent year to year. In FY 2010 retiree health insurance was added as a line item for \$184,160, which accounts for the majority of the increase. The County pays 100% of retiree health insurance premiums. Other line items that attributed to the above budget surplus balances were medical malpractice insurance, the human resource allocation, and computers. Medical malpractice insurance has been trending downward which is a direct result of the nursing care and services provided by the County. The human resource allocation fluctuates as help is needed in the recruiting process or other needs. The nursing field has considerably high turnover ratios, which in recent years has required more use of the Human Resources Department, the cost of which is allocated to the Nursing Home. The computers line item will fluctuate upwards every few years due to replacement of obsolete or broken technology. The Nursing Home utilizes Personal Digital Assistants (PDAs) which link to the MDS software noted above, computers, and software applications to record all necessary data for patient files.

Dietary

The Dietary Department is responsible for providing food and nourishment to the population on a daily basis. Many patients are on structured diets and require certain nutritional components. Budget to actual performance for FY 2009 – FY 2011 is noted below.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Budget expenditures	\$ 1,423,488	\$ 1,341,290	\$ 1,498,069
Actual expenditures	<u>\$ 1,441,003</u>	<u>\$ 1,444,518</u>	<u>\$ 1,533,851</u>
Surplus (deficiency)	<u>\$ (17,515)</u>	<u>\$ (103,228)</u>	<u>\$ (35,782)</u>

As noted above, each of the three years this department overspent its budget even after transfers of \$126,163, \$95,96, \$27,391 respectively for the years reviewed. The over-expenditures were mostly attributable to food and supplies and the Department of Corrections allocation. The food and supplies line item declined but did not offset the decline in the Department of Corrections allocation. The decline in Department of Correction's allocation was due to bringing food service in-house, utilizing food grown on the farm, and other inmate-prepared meals.

Nursing Services

Nursing Services is responsible for providing in-house care to residents. This department tends to the needs of patients around the clock providing a comfortable and healthy environment. Budget to actual performance for FY 2009 – FY 2011 is noted below.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Original budget	\$ 6,913,867	\$ 6,885,012	\$ 6,905,987
Final budget	<u>\$ 6,865,200</u>	<u>\$ 6,991,638</u>	<u>\$ 7,115,608</u>
Budget increase (reduction)	<u>\$ (48,667)</u>	<u>\$ 106,626</u>	<u>\$ 209,621</u>
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Budget expenditures	\$ 6,865,200	\$ 6,991,638	\$ 7,115,608
Actual expenditures	<u>\$ 6,812,807</u>	<u>\$ 6,937,814</u>	<u>\$ 7,091,721</u>
Surplus (deficiency)	<u>\$ 52,393</u>	<u>\$ 53,824</u>	<u>\$ 23,887</u>

Overall, the Nursing Home was able to minimize increased expenditures over the three-year period, experiencing only increases of 1.83% from FY 2009 to FY 2010 and 2.21% from FY 2010 to FY 2011. However, when looking at performance at the line item level, some areas tend to be volatile. As noted above, the original budgets were adjusted to account for additional or reduced actual expenditures. The main reason for this is related to the high turnover rate of nurses, which in FY 2010 was 21.47%. This is not a County-specific issue as this turnover rate is around the national average, and nursing shortages have become a common theme. The Administrator also attributed the Family and Medical Leave Act (FMLA) and high absenteeism as a cause for the need for contracted services.

FY 2010 and FY 2011 seemed to be the toughest of the three years, with the County utilizing contracted nurses totaling \$145,469 and \$181,617 respectively. These services were not budgeted, and transfers had to be made to account for the unforeseen expenditures. While the high turnover rate does free up monies from salary and other fringe benefit line items, it is concerning that the County had to transfer \$106,626 and \$209,621 for FY 2010 and FY 2011 respectively, to cover additional expenditures incurred

Physical Therapy

The Physical Therapy Department works in conjunction with the Nursing Department providing various services to help maximize the quality of life for the residents. From a budget standpoint, this department performed well over the three-year period reviewed. Actual expenditures decreased each year, with turn-backs of \$3,169, \$18,779, and \$16,904 respectively for FY 2009 – FY 2011, and the Administrator asserts that the quality of service being provided did not suffer despite the tough budget constraints.

Health Information Management

The Health Information Management department maintains and cares for the residents' health records. This department plays a vital role in nursing care as the residents' medical records detail a history of medical issues, treatments, and prescriptions to help aid the Nursing Home staff in providing the highest quality and safest care for their patients. This was another department that had consistent budget performance over the period being reviewed.

Therapeutic Recreation

The Therapeutic Recreation department provides for and improves the residents function through an activities-based approach; broadening therapy methods for each patient, and creating an atmosphere where the resident does not have to rely on the structure of community living. Budget performance over the three years reviewed was consistent, however, expenditures increased each year which appears to be related to rising health insurance costs.

Laundry/Housekeeping

In fiscal 2009 these departments were accounted for separately, but in fiscal 2010 the County combined them. The two departments provide a comfortable environment for the residents with clean clothes and linens, as well as a healthy and clean living or visiting environment. The combining of the departments appears to have been beneficial to the County, as the budget for fiscal 2009 was the highest of the three years reviewed, exceeding FY 2010 and FY 2011 by approximately \$75,000.

Contract Services

These services include physician visits, pharmaceutical costs, dental work, mental health consulting, and outside therapy. Over the three years reviewed, financial performance was beneficial to the County, seeing the budget decrease year to year, and actual expenditures decreasing approximately \$108,000. It should be noted that this is an area that may experience inconsistent fluctuations in the future, given the expenditures are driven on patient needs and utilizing outside services, where expenditures are trending upwards.

Social Services

The Social Services department is responsible for admission, stay, and discharge of residents, as well as assisting families in the decision-making process. Similar to other departments, budget-to-actual activity was reasonably consistent, with expenditures increasing each year mainly due to rising health care costs.

Debt

The County makes payments of principal and interest on the bonded debt directly related to the Nursing Home. Payments over the course of three years have been decreasing, which will continue as the County pays down the outstanding balance, which will lower the annual interest to be paid. The decrease in interest costs, when compared to the payment in the prior year, was \$17,264 and \$18,080 for fiscal 2010 and fiscal 2011, respectively.

ANALYSIS OF FISCAL 2012 BUDGET

The following schedule details the fiscal budget requested by the Nursing Home, approved by the Commissioners, and adopted by the Delegation. We also note the change in the approved budget over the prior year adopted budget and prior year actual expenditures.

	<u>Department Request</u>	<u>Commissioner Approved</u>	<u>Delegation Approved</u>
Fiscal 2012 budget	\$ 14,429,062	\$ 14,320,073	\$ 14,215,599
	<u>Adopted Budget</u>	<u>Actual Expended</u>	<u>% Increase In Budget/Actual</u>
Fiscal 2011	\$ 13,729,429	\$ 13,728,985	3.5411% 3.5444%

The following areas impacted the increase in the Nursing Home's fiscal budget request:

- The Commissioners reduced the department requested health insurance allocations by a total of \$221,171. A health reimbursement account was established for employees totaling \$85,000, resulting in a net reduction of \$136,171.
- Increase of \$43,000 in retiree health insurance.
- Decrease of \$60,000 in medical malpractice, building, and equipment insurance.
- The Dietary department no longer allocates cost to the Department of Corrections, which in the prior year was budgeted at \$142,059. As such, the dietary department now absorbs all costs and did not see an offsetting reduction in the cost of food.
- Nursing services had the largest increase in its request, approximately \$434,000 mostly attributable to nurse salaries, health insurance, and retirement. The County continues not to budget for contracted nursing services which it has utilized over the last few years.

- The majority of the Delegation's reductions were removing increases made by the Commissioners, which for the most part were salary and fringe benefits line items. Other items included fuel and miscellaneous supplies.

The Delegation adopted a fiscal 2012 budget that increased approximately \$486,170 or 3.5% over the prior year's adopted budget. As noted above, the main increases were for salaries and fringe benefits, as well as the impact of not allocating dietary costs to additional departments who utilize the services. The approach to approving the budget was consistent for all departments, and the increase was comparable to other departments in the County.

OTHER ITEMS

In our discussions with Nursing Home staff and other County employees, the following items were brought to our attention:

- The MDS has been upgraded from version 2.0 to 3.0, which is further putting a burden on staff to adequately document the patient activity during their stay in the Nursing Home.
- There was not a great relationship between the Nursing Home and Correctional Facility. Inmates used to work in the Nursing Home preparing food in the cafeteria and doing laundry. However, no Correctional Officer was there to supervise, forcing Nursing Home staff to supervise and take away from their daily duties. Inmate behavior was an issue, more so the male inmates around the younger nurses. The appearance of inmates was disheveled and did not offer a good first impression for new or potential families. The Administrator also indicates that due to changes in New Hampshire regulations and federal CMS expectations, all people working/volunteering or training in a nursing home must have an acceptable criminal background check. All employees/volunteers/students/contractors must sign an attestation form that they have not had any felony charges or sanctions against their license or person or have been reported to any state agency for elder abuse, neglect, mistreatment or financial misappropriation. This precludes inmates from working in the Nursing Home.
- The Nursing Home used to prepare the food for inmates at a cost of approximately \$5.85. This was an issue for Corrections given budget constraints. Medical information was also not disclosed to the Nursing Home to be used in preparing adequate meals. This eventually led to the Correctional Facility preparing its own meals which is further discussed in the narrative for the Correctional Facility.
- The Nursing Home receives some food from the County Farm. The Nursing Director noted there is an order in which food is disbursed to the County. The Farm Stand receives the best crops first for sale, then the inmates for meals, and finally to the Nursing Home. The Nursing Home Director noted that the food is generally not useable. It was further stated the need to comply with federal regulations and specialized diets, not being able to serve certain foods

each day, cold storage, and costs were more than outside suppliers. There is also a lack of predictability as to what the Nursing Home's share of distribution would be. The Administrator concluded that the Commissioners want the Nursing Home to buy more food from the Farm and do not understand the limitations.

County Comparable Data

During our discussions with Nursing Home staff and analyzing data provided, the most comparable counties with Grafton were Belknap, Cheshire, and Sullivan for operating Nursing Homes. The data below is a summary of fiscal 2011 budgets for each of the four Counties. We have combined some activities below for comparability purposes and calculated the percentage of the total budget for each category.

	Fiscal Year 2011 Budget Expenditures							
	<u>Sullivan</u>		<u>Grafton</u>		<u>Cheshire</u>		<u>Belknap</u>	
Administration	\$ 1,738,379	11%	\$ 1,528,631	11%	\$ 1,155,430	7%	\$ 1,028,014	9%
Dietary	1,843,546	12%	1,640,128	12%	1,548,022	10%	1,448,393	13%
Nursing Service	7,357,008	49%	7,115,608	49%	7,388,044	48%	5,902,673	52%
Physical Therapy	737,753	5%	260,223	2%	1,112,688	7%	362,125	3%
Therapeutic Recreation	401,053	3%	432,796	3%	1,676,995	11%	354,134	3%
Plant Operation	1,272,380	8%	947,356	7%	1,101,127	7%	741,807	7%
Laundry/Housekeeping	970,384	7%	803,216	6%	848,200	5%	613,568	5%
Contract Services	376,425	3%	366,628	3%	246,793	2%	180,652	2%
Social Services	138,790	1%	189,134	1%	264,786	2%	69,398	1%
Debt Service	11,475	1%	809,100	6%	192,375	1%	576,361	5%
Total fiscal 2011 budget	<u>\$ 14,847,193</u>	(a)	<u>\$ 14,092,820</u>		<u>\$ 15,534,460</u>		<u>\$ 11,277,125</u>	
Total beds	156		135		148		94	
Average expenditure per bed	\$ 95,174		\$ 104,391		\$ 104,963		\$ 119,969	

(a) = Removed capital reserve transfer of \$ 276,500 from Sullivan budget for comparability

Based on the number of beds, the Counties are very comparable. Sullivan appears to have the lowest expenditure per bed, mostly attributable to the largest number of beds, but also due to minimal debt service. The Nursing Home Administrator noted that Sullivan also has a major referral from Dartmouth-Hitchcock Hospital. Grafton and Cheshire were in the middle of comparison, with only a \$572 difference between the two. One significant difference between these two budgets was physical therapy and therapeutic recreation. This is due to the fact Cheshire has a behavioral unit, or Therapeutic Living Center (TLC), providing a separate environment for certain residents with behavioral needs. Belknap appears to have the highest expenditure per bed, which is attributable to the much lower number of beds. The Nursing Home Administrator noted that a difference between Grafton and Belknap is that Belknap utilizes inmates for various services.

COUNTY ATTORNEY

COUNTY ATTORNEY

BACKGROUND

The duties of the County Attorney are set forth in New Hampshire laws, Title I, Chapter 7:34 Duties-County Attorneys.

“The county attorney of each county shall be under the direction of the attorney general, and, in the absence of the latter, he or she shall perform all the duties of the attorney general’s office for the county. If no other representation is provided, under the direction of the county commissioners he or she shall prosecute or defend any suit in which the county is interested. The county attorney shall tax all costs arising in state or county suits in his or her county for the consideration of the court.”

Chapter 7:6 further states “... with the aid of the county attorneys, the attorney general shall enforce the criminal laws of the state.”

The County Attorney and an Assistant County Attorney are on call 24 hours per day for responding to untimely or suspicious deaths and for ordering autopsies where appropriate.

The County also has a victim/witness program which enforces the victim rights and “assists victims and witnesses to deal with the criminal justice system, informs victims and witnesses about every phase of the criminal prosecution, and ensures that victims have input into the dispositions of cases involving them.”¹

There are numerous other responsibilities including extradition filings, sexual assault victims HIV testing, elder abuses and child neglect cases, commitment of sexually violent predators, and law enforcement requests for wiretapping and eavesdropping. The office is staffed with the County Attorney, Deputy County Attorney, three Assistant County Attorneys, an Office Manager, and three Administrative Staff. The victim/witness program is staffed with one staff and one assistant. There is also a 20-hour per week investigator. There is little turnover in the department.

The department is also active in the drug and mental health courts which takes up a significant amount of time.

The department reports opening 580 cases last calendar year and has already opened 733 cases in calendar 2011, an increase of 24%. Despite sizeable caseload increases in recent years the department has not added staff in the last five years. The County Attorney reports that professional staff works an excessive number of hours.

¹ Memo from County Attorney to Grafton County Commissioners dated March 17, 2011.

The current case management software is not web-based but grant money is available for software upgrades which should be ready for implementation in May 2012. The office does not have access to LexisNexis and is using outdated services.

Caseload management standards and staffing requirements are difficult to calculate or compare on a national or even regional basis. A guide published by the American Prosecutors Research Institute determined that data fluctuates too significantly to be useful in setting caseload standards. They alternatively provided guidelines for internal caseload assessment methodologies.

The New Hampshire Public Defenders office provides case statistics which at least gives relative case activity by county. Counties which have caseloads somewhat similar to Grafton County are Cheshire, Stafford, and Belknap. Caseload surveys taken by the Grafton County Attorney’s office also indicate similar caseloads for those County offices.

Budget comparisons for comparable County offices indicate that Grafton is right in the middle.

	<u>Cases Opened</u>	<u>Cases Per Atty</u>	<u>Total Budget</u>	<u>County Attorney</u>	<u>Assistant Attorneys</u>	<u>Administrative</u>
Stafford	819	117	\$964,418	\$80,340	\$308,576	\$ 283,566
Grafton	580	136	\$710,227	\$74,875	\$246,200	\$ 162,824
Belknap	409	136	\$626,417	\$89,164	\$148,856	\$ 152,093
Cheshire	???	???	\$541,800	\$70,000	\$231,089	\$ 93,442

The caseload per Attorney for Grafton County is based on a case load of 580. Now that the case load is substantially higher, the number of cases per Attorney has also increased substantially. We do not have information about caseload increases in the other Counties.

A complete comparison of County Attorney offices is included at the end of this section. Based on increasing caseload and high caseload per Attorney combined with the number of hours worked, there appears to be justification for additional legal staff. The 733 cases opened in fiscal 2012 have already exceeded the 580 for all of 2011.

We found that the County Attorney’s office also has space problems. Located in the County Courthouse, they do not have office space to house additional staff or legal internship opportunities. There is an adjacent room made available for interns if not in use but not as a permanent solution.

GRAFTON COUNTY BUDGET COMPARISON
COUNTY ATTORNEY
FISCAL 2011

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed Coos FY11	Carroll FY11
WAGES										
COUNTY ATTORNEY	\$ 74,875	\$ 83,000	\$ 85,000	\$ 70,000	\$ 89,164	\$ 72,698	\$ 80,340	\$ -	\$ 70,000	\$ -
ASST COUNTY ATTORNEY	246,200	NA	1,148,380	231,089	148,856	143,631	308,576	-	55,000	-
CLERICAL	162,824	NA	488,190	93,442	152,093	78,582	283,566	-	35,000	-
OTHER WAGES	2,100	2,741,298	-	4,000	-	5,484	26,000	-	1,250	-
	<u>485,999</u>	<u>2,824,298</u>	<u>1,721,570</u>	<u>398,531</u>	<u>390,113</u>	<u>300,395</u>	<u>698,482</u>	<u>-</u>	<u>161,250</u>	<u>-</u>
BENEFITS										
BONUS PAY	-	-	-	-	5,168	-	-	-	-	-
LONGEVITY	1,235	-	5,250	-	900	-	2,925	-	800	-
SOCIAL SECURITY	37,113	216,983	152,536	47,615	35,718	22,981	61,903	-	12,400	-
LIFE INS	63	-	-	4,552	-	121	-	-	50	-
HEALTH INSURANCE	88,672	441,755	256,540	NA	82,485	50,188	NA	-	34,000	-
RETIREMENT	45,141	229,812	192,168	49,156	42,224	28,427	84,555	-	17,500	-
WORKERS COMP	765	9,000	2,961	1,363	855	1,842	12,155	-	500	-
UNEMPLOYMENT	-	1,500	3,132	1,360	1,008	303	2,170	-	150	-
	<u>172,989</u>	<u>899,050</u>	<u>612,587</u>	<u>104,046</u>	<u>168,358</u>	<u>103,862</u>	<u>163,708</u>	<u>-</u>	<u>65,400</u>	<u>-</u>
	35.59%	31.83%	35.58%	26.11%	43.16%	34.58%	23.44%	-	40.56%	-
EXPENSES										
EDUCATION & CONFERENCE	800	5,000	20,000	3,073	5,800	3,500	8,000	-	1,500	-
CONTRACTED SERVICES	8,000	45,000	-	-	5,225	11,100	2,000	-	5,000	-
PRINTING, BINDING & BOOKS	1,300	22,000	-	5,300	2,550	-	6,000	-	2,000	-
OFFICE SUPPLIES	5,085	7,500	45,000	3,350	5,200	6,200	8,000	-	3,500	-
DUES, LICENSES, & SUBSCRIP	3,000	21,000	12,000	3,800	-	14,500	24,000	-	1,500	-
POSTAGE	1,000	12,500	11,000	1,900	2,000	1,500	5,000	-	1,000	-
MAINTENANCE ALLOC	20,592	-	-	-	-	-	-	-	-	-
TELEPHONE	3,800	20,200	15,000	4,000	3,000	7,200	21,228	-	5,000	-
TRAVEL & CONFERENCES EXPENSE	800	14,000	20,000	5,900	1,000	5,000	5,000	-	3,000	-
VEHICLE R&M	1,278	-	-	-	-	-	-	-	-	-
EQUIPMENT REPAIR & MAINT	722	9,960	56,950	-	1,000	500	2,000	-	1,000	-
EQUIPMENT RENTAL	1,515	1,200	-	-	-	-	-	-	-	-
EQUIPMENT NEW	-	-	4,000	-	-	-	1,000	-	-	-
INSURANCE	3,347	-	-	-	3,245	-	-	-	800	-
OTHER	-	55,500	63,400	11,900	38,926	21,000	20,000	-	17,600	-
COMPUTER SOFTWARE	-	-	8,000	-	-	-	-	-	-	-
	<u>51,239</u>	<u>213,860</u>	<u>255,350</u>	<u>39,223</u>	<u>67,946</u>	<u>70,500</u>	<u>102,228</u>	<u>-</u>	<u>41,900</u>	<u>-</u>
	<u>\$ 710,227</u>	<u>\$ 3,937,208</u>	<u>\$ 2,589,507</u>	<u>\$ 541,800</u>	<u>\$ 626,417</u>	<u>\$ 474,757</u>	<u>\$ 964,418</u>	<u>\$ 2,187,801</u>	<u>\$ 268,550</u>	<u>\$ 459,777</u>

NA = not allocated to department; County budgets health insurance as a separate line item

COUNTY FARM

COUNTY FARM

BACKGROUND

Historically, Counties used their farms as a means for the population residing in poorhouses to work on the farm and have food and shelter in return. This has since shifted over time, as inmates in the Correctional Facility perform the majority of the work on the farm under the supervision of farm staff and correctional officers.

The County has approximately 780 acres of farmland surrounding the County Complex and along both sides of Route 10. On the farmland the County grows corn and vegetables; grazes cattle; houses piglets, hens, and heifers; cuts timber to be sold; and provides an area for inmates from the correctional facility to work. The latest information we received indicated there were 68 cows being milked and 30 piglets to be sold. Three employees currently operate the farm; a farm manager, a herdsman, and an assistant herdsman. The County has been fortunate with their employees, experiencing very little turnover, with the farm manager being employed by the County for 30 years.

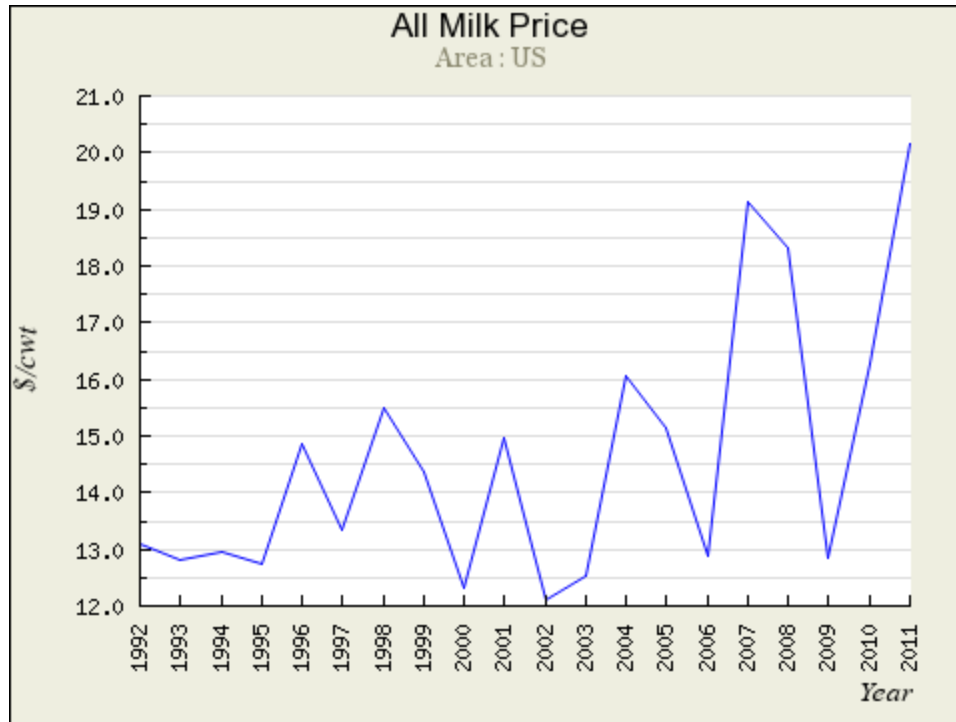
BUDGET PERFORMANCE

Detailed below is revenue activity from fiscal 2009 through 2011.

	<u>Budget Revenue</u>	<u>Actual Revenue</u>	<u>Surplus (deficiency)</u>
Fiscal 2009	\$ 486,882	\$ 409,371	\$ (77,511)
Fiscal 2010	419,083	369,183	(49,900)
Fiscal 2011	421,083	477,611	56,528

The sale of milk is the most volatile revenue line item over the three fiscal years reviewed. Over the past few years the price of milk has fluctuated in both directions, putting pressures on farmers nationally. The perishability of the product and demand make future price forecasting and activity highly uncertain. Data below shows trends in milk prices from 1992 through 2011, illustrating that milk price has not behaved in a consistent manner. The price chart explains the under collection of revenue in 2009 and the decline in 2010.

The revenue recognized does not include produce used at the Correctional Facility and the Nursing Home. It also does not reflect produce that is donated to area food banks and food shelters. The County tracks some of that information but does not include the revenue in the farm's financial statements.



Obtained from Agricultural and Applied Economics

Detailed below is expenditures activity from fiscal 2009 through 2011.

	<u>Budget Expenditures</u>	<u>Actual Expenditures</u>	<u>Surplus (deficiency)</u>
Fiscal 2009	\$ 538,095	\$ 536,909	\$ 1,186
Fiscal 2010	503,816	470,491	33,325
Fiscal 2011	520,953	511,354	9,599

Plant operation, feed and dairy products; seed, fertilizers, and sprays make up the majority of farm expenditures other than salary and benefits. These expenditures have been trending upwards, having a direct effect on the price of crops and grains. Again, this is not something specific to the County, but a trend that is being felt throughout the country. Establishing a Farm Risk Management team as recommended by the USDA would be beneficial to the County as it can discuss and address uncertainties in prices, changes in federal regulations, contracting sales and purchases, or investing in different types of revenue insurance.

Operating Profit/Loss

The County Farm has operated a loss over the period analyzed, 2009 to 2011. As indicated above, the loss varies based on the price of milk and cost of feed. The following chart reflects these items.

	<u>Actual Revenue</u>	<u>Actual Expenditures</u>	<u>Surplus (deficiency)</u>
Fiscal 2009	\$ 409,371	\$ 536,909	\$ (127,538)
Fiscal 2010	369,183	470,491	\$ (101,308)
Fiscal 2011	477,611	511,354	\$ (33,743)

Farm operations should not just be looked at from a numbers perspective. The farm is not a self-sustaining activity based on revenues and expenditures, and taxpayer dollars must be utilized to keep operations ongoing. However, something that does not encompass the budget or revenues and expenditures is the inmates being able to work on the farm. The County is currently trying to gain a better understanding as to how much some of the rehabilitation programs are going to cost in the new Correctional facility. If the County ceases farm operations it would appear to increase the need for some of those programs. Working on the farm is providing the inmates with an activity for a good portion of the day, getting them out of the facility. The work on the farm is serving as its own rehabilitation program, providing the inmates with opportunities to learn skilled labor, develop a work ethic, and manage responsibilities. This also may impact how the Correctional Facility is staffed, given that a large portion of inmates may remain in their cells or common areas, as opposed to working on the farmland during the day.

Beyond the programmatic value to the Corrections Department is the contribution to County needs through produce donations. Finally, the use of produce in the Correctional Facility and Nursing Home are not reflected in the numbers.

County Comparable Data

Based on fiscal 2011 budget figures, only four of the ten Counties had budget information for operating farms.

	<u>Grafton</u>	<u>Coos</u>	<u>Cheshire</u>	<u>Carroll</u>
Fiscal 2011 expenditures	\$ 451,070	\$ 424,150	\$ 215,029	\$ 186,077

RECOMMENDATIONS

Most of the counties that had operating farms have discontinued operations because the farms have not been profitable and the impact on the County tax rate is too high. Grafton County, like others, has looked for ways to increase their revenue base. The farm stand has increased revenues substantially. Other initiatives include looking at pasteurizing equipment to produce milk that can be used at the Correctional Facility. Federal Food and Drug Administration regulations and requirements

from other agencies make it difficult for a small farm to process and market meat and poultry products.

There are few active farms in New Hampshire for the same reason that Counties have eliminated farms, the inability to generate sustained profitability. Grafton County must weigh the opposing factors in determining whether to continue farm operations. We identify the benefits and costs to assist in making that decision.

Benefits

- Sustaining a County tradition of agricultural presence
- Providing a program for correctional inmates
- Providing low-cost produce to County facilities
- Providing low-cost, high-quality produce for local residents
- Donating to area food shelters

Costs

- Annual financial losses ranging from \$150,000 to near break-even
- Risk due to floods, freezes, disease, and other weather conditions
- Unfunded benefit costs such as post-retirement benefits
- Time spent by various Departments administering the farm (indirect costs)

COUNTY FARM STAND

Grafton County maintains a farm stand which is operated by the Department of Corrections. The County sells, and in some instances donates, various crops that are grown on the farm. Many of the seedlings are purchased from Collins Farm. Many crops need to be grown in a timeframe that is not conducive to the County, given it does not have sufficient greenhouse capacity to avoid the harsh weather conditions northern New Hampshire may offer. The County purchases and plants these items around the first of May. Some of the items the County offers are:

- | | | |
|-----------------------|-------------------|-----------------|
| • Red/White Potatoes | • Zucchini Squash | • Soldier Beans |
| • Buttercup Squash | • Cucumbers | • Cabbage |
| • Butternut Squash | • String Beans | • Onions |
| • Blue Hubbard Squash | • Pumpkins | • Watermelon |
| • Summer Squash | • Carrots | |
| | • Corn | |

Other items that are sold include Sophie-Marie salsa, butter, condiments and dressings. These are items donated by a woman in Lisbon, NH.

One inmate is charged with running the farm stand. Per George Baldwin and Sgt. Webster, the inmate must have an educated background with an emphasis on math skills. This is determined as part of the classification process which is a mandatory procedure for all new inmates and continues through their incarceration. Generic information obtained about the inmate includes the following:

- Medical, physical, and mental condition
- Current security risk
- Educational background
- Issues with substance abuse
- Prior work experience (especially skilled labor)

Crime and behavior also play a big role in determining whether the inmate is deemed to be low risk. Numerous individuals are involved in this process including the Superintendent, various Sergeants, Substance Abuse Counselor, and Nursing Home staff if needed.

The Corrections Officer on duty takes the cash drawer to the cash register at the farm stand each morning and verifies that coin and cash are correct. The drawer should contain \$175 in bills along with \$25 in coins. Cash or check is the only acceptable payment method, with some individuals receiving discounts. County employees along with senior citizens were given a 20% discount on items purchased; however, this amount has been reduced to 10%. The County does not require the elderly individuals to provide a valid driver's license due to safety/privacy concerns over divulging that information to the inmate working. The price of an individual's transaction is computed using a digital scale, which is calibrated every year, the price per specific item, and finally accounting for the discount.

At day's end, cash out procedures are performed. The money in the drawer (less \$200 to start the day) is reconciled with the cash register tape. Also, the inmate on duty is required to keep a record of all the items that are sold, which is later input into an Excel file to track daily sales and sales by each item. This is done using pre-numbered receipt forms that maintain a running total, used for two reasons: it allows the officer on duty to analyze whether the cash records appear adequate given crops sold, as well as to maintain a listing of popular items that can be helpful when determining which crops should be grown for the remainder of the year and subsequent years. Further discussion also noted that to minimize theft or misappropriation of cash a video camera was installed over one of the entry ways to the farm stand and is pointed directly at the cash register. However, the video feed only has a hard drive life of approximately 30 days, which is then written over with a current stream.

After the cash out has been reconciled, a deposit ticket is prepared, with monies being deposited usually three times a week. After the money has been deposited by George Baldwin, copies of the deposit ticket, voucher, and receipt from the bank are provided to the County Treasurer. This becomes part of the County's General Fund.

RECOMMENDATIONS

While certain procedures are followed on a daily basis, a formal written policy should be adopted to strengthen controls. This provides a benchmark to what the cash collection and cash out processes are measured against on a daily basis. It also may benefit the inmate working by providing an outline of his or her duties; ensuring their understanding, and demonstrating the importance of cash handling. Also, part of the policies and procedures may include better controls over the safeguarding of cash and checks overnight. Currently, monies are brought back to the correctional facility at the end of the day and signed out the next morning. The Treasurer's office may be better equipped to store cash safely overnight. A receipt can be obtained from the Treasurer when the Sergeant and inmate turn over funds each night, and the cash drawer with \$200 can be signed out the following morning, segregating duties between departments.

GRAFTON COUNTY BUDGET COMPARISON
COUNTY FARM
FISCAL 2011

	Grafton FY11	Cheshire FY11	Proposed	
			Coos FY11	Carroll FY11
WAGES				
FARM MANAGER	\$ 57,259	\$ 55,950	\$ -	\$ -
FARMERS	72,813	25,594	93,300	-
	<u>130,072</u>	<u>81,544</u>	<u>93,300</u>	<u>-</u>
BENEFITS				
LONGEVITY	2,660	-	400	-
SOCIAL SECURITY	10,131	6,238	6,500	-
LIFE INS	32	566	50	-
HEALTH INSURANCE	32,664	NA	23,000	-
RETIREMENT	12,198	8,256	12,000	-
WORKERS COMP	2,050	1,704	2,500	-
UNEMPLOYMENT	-	376	125	-
	<u>59,735</u>	<u>17,140</u>	<u>44,575</u>	<u>-</u>
	45.92%	21.02%	47.78%	
EXPENSES				
VETERINARY FEES	6,458	4,500	7,000	-
BREEDING, TESTING & REGIST	8,352	4,000	5,000	-
SUPPLIES	18,975	6,000	26,500	-
OUTSIDE SERVICES	-	2,000	-	-
ADVERTISING & PUBLIC RELATIONS	205	-	-	-
TRAVEL EXPENSE	67	-	750	-
DUES, MEMBERSHIPS	-	195	-	-
GAS & OIL	21,330	-	12,000	-
VEHICLE REPAIR & MAINT	5,451	-	6,500	-
SEED, FERTILIZER & SPRAY	33,652	6,000	22,400	-
CUSTOM CROPPING	2,586	-	-	-
FEED, DAIRY	95,450	40,000	142,325	-
BEDDING & SAWDUST	32,567	7,150	21,000	-
FEED, SWINE	500	-	-	-
FEED, CHICKENS	4,000	-	-	-
BLDG REPAIR & MAINT	3,028	-	7,500	-
EQUIPMENT REPAIR & MAINT	13,183	25,000	20,000	-
NEW EQUIPMENT	-	-	900	-
OTHER	-	2,500	8,200	-
REAL ESTATE TAXES	9,359	19,000	5,000	-
INSURANCE BLDG & EQUIPMENT	6,100	-	1,200	-
	<u>261,263</u>	<u>116,345</u>	<u>286,275</u>	<u>-</u>
TOTAL COUNTY FARM	<u>\$ 451,070</u>	<u>\$ 215,029</u>	<u>\$ 424,150</u>	<u>\$ 186,077</u>

NA = not allocated to department; County budgets health insurance as a separate line item.

HUMAN RESOURCES

HUMAN RESOURCES

BACKGROUND

The Human Resources Department (HR) helps manage the workforce of the County. It is involved in the recruiting/hiring/termination process, maintaining job descriptions, collective bargaining and compensation, administering fringe benefits, and monitoring compliance with applicable labor laws and regulations. Currently the department is staffed with three employees: a Director, HR Generalist, and clerk. The Human Resource Department was utilized as a County-wide function starting around 2000. The current director started working for the County in October 2009, while the Generalist and clerk have been with the department for a number of years.

The following items were discussed when meeting with the director:

- Some departments utilize HR as a means of employee screening while others do not. If so, the Director, Generalist and Clerk are involved. An example provided was the County Attorney, who is very much reliant on HR for screening and advertisements of open positions.
- HR is involved each year with establishing wage schedules. Back in 2001 the County set out to determine equitable wage schedules and conducted surveys with other Counties and utilized Human Resource Partners, LLC. The director has incorporated some of the methodologies used in those studies to build the County's current database. The bulk of the information is obtained from the New Hampshire Association of Counties. This information is given to the Executive Director, Commissioners, and Delegation.
- The Nursing Home Union belongs to the United Electrical, Radio and Machine Workers of America Local 278, whose contract is negotiated for three-year periods. The Employee Council represents non-bargaining unit employees as a way to create effective lines of communication between employees and the Board of Commissioners. Each year wages and benefits are revisited for non-bargaining unit employees. The Human Resource Department will negotiate with the Employee Council.
- The Director indicated that performance evaluations are performed on an annual basis per the employee handbook, however, the County has been lacking in this area. He noted that probationary evaluations (3 months and 6 months for new employees) and annual evaluations are not done in a timely fashion. This is especially true for Appointed Department Heads and in many cases performance evaluations are not done on an annual basis. The County uses a generic evaluation form to conduct performance evaluations. Department Heads submit a self-evaluation to the Commissioners who then put together their own assessments as well. This documentation is maintained in the respective employee file.

We inquired as to what role Human Resources plays in conflict resolution and it appears to be somewhat limited. We also inquired about disciplinary problems and

how human resources is involved. The Director indicated that Human Resources is the “go to” department for these situations, except for Department of Correction’s employees. The disciplinary decisions made by Corrections are communicated to Human Resources, but after the fact.

Other Issues Noted

- Department of Corrections turnover – the new schedule (moving from 12-hour shifts to 8-hour shifts) and the impending change in facility has added to morale being low and the County has seen Corrections senior level employees leave.
- High turnover at the Nursing Home - percentage appears to be high; however, this is consistent with the national averages.

BUDGET PERFORMANCE

Outlined below are the budgeted expenditures for Human Resources for periods fiscal 2009 through fiscal 2011, and how they are allocated.

	<u>FY 2009</u>		<u>FY 2010</u>		<u>FY 2011</u>		
Total human resources	\$	283,956	\$	280,731	\$	250,862	
Allocation to Nursing Home		227,198	80%	224,585	80%	193,206	77%
Governmental budget	\$	56,758	20%	\$ 56,146	20%	\$ 57,656	23%

The Human Resource budget was relatively consistent in fiscal 2009 and 2010, but declined in fiscal 2011. There was a new Director hired at a lower pay grade and one staff left who was not replaced. The allocation formula to the Nursing Home also changed in 2011. The Human Resources Department picked up 100% of the maintenance allocation. The 80% allocation to the Nursing Home did not apply to the maintenance allocation as it had in previous years resulting in a reduction of Nursing Home allocation that was larger than the other cost savings resulting in a higher portion of the total costs being picked up by the Human Resources Department.

2012 BUDGET

The Human Resources budget decreased slightly in 2012. However, due to the maintenance allocation increasing by \$1,532 which is absorbed 100% by the Department, the Department budget increased while the Nursing Home allocation decreased.

County Comparable Data

Comparable County data is listed below. We were able to find detailed comparable data for only six of the ten Counties. Two counties, Coos and Strafford, do not have Human Resource Departments. Two other Counties did not segregate detail for their Human Services budgets in the versions that we obtained. The other Counties not displayed below were disproportionate to Grafton County.

	<u>Cheshire</u>	<u>Grafton</u>	<u>Sullivan</u>
Wages	\$ 87,111	\$ 149,490	\$ 134,994
Benefits	16,514	47,401	82,800
Other expenses	30,643	53,971	76,220
Total budget	<u>\$ 134,268</u>	<u>\$ 250,862</u>	<u>\$ 294,014</u>
County budget	\$ 41,232,995	\$ 33,112,199	\$ 29,172,395
% of total budget	0.33%	0.76%	1.01%

RECOMMENDATIONS

- As indicated in the employee handbook, evaluations are one of the most “basic elements considered in salary increments and continued employment.” The County should implement a process to ensure that all evaluations are done annually and on a timely basis. A database or master file of County personnel should be developed, indicating what actions are taken throughout the year, with a mechanism that will trigger an alert to human resources that a task is upcoming or overdue. We question whether self-evaluations are the most effective management tool. Management should be setting goals and standards and measuring performance against those standards.
- There appears to be no clear cut process as to what course of action employees are to take if there are conflicts. There is a “Grievance Procedure” outlined in the employee handbook, but the County would not follow this course of action for all situations. While not all conflicts need to rise to the level of notifying Commissioners, they should be involved before any action is taken. Human Resources should be the “go to” department on these matters with follow up with Commissioners based on the severity of the situation at hand. Employees should be required to sign off on the employee handbook when hired, and a subsequent sign-off should be made when material changes occur.

- The Department of Corrections handling their own employee relations matters is an area that the County may be exposed. The laws and policies related to labor changes rapidly and a Department Head is not able to keep up with this specialized field. That is the primary reason to employ a Human Resources Department. There have not been any cases of an employee lawsuit against the County in recent years. The County should establish a more centralized Human Resource Department to provide advice and not have two departments operating independently.

HUMAN SERVICES

HUMAN SERVICES

BACKGROUND

The Human Services Department has gone through substantial changes over the last several years as legislation has changed and the State has taken over much of the administration of the programs paid for by the Counties. In fiscal 2008 three full-time employees were reduced to two in the Human Services Department. In fiscal 2009 the staff reduced to one. The State took over much of the paperwork related to juvenile cases, placements, and review of the bills to be paid.

Currently there is one staff member, the Human Services Director. The County is assessed by the State Department of Health & Human Services (HHS) for Interim Nursing Care (INC) and Community Based Home Care (HCBC). The State determines eligibility and sends the County liability forms. The County reviews the forms to determine if Grafton County has the liability. A monthly bill is sent to the County by HHS which is entered into the billings database. The billing is reconciled and sent to finance for payment. The County keeps track and audits the bills thereby determining if the County is under or over the maximum local commitment (CAP). The state does not bill in excess of the CAP. Other Counties have gone to a payment plan rather than entering data into the database and comparing the data to the bills. Accordingly, those counties do not benefit if the billings are lower than the CAP as they are working off a payment plan rather than actual billings.

BUDGET ANALYSIS

HHS also generates revenue which is shared by the Counties. If a nursing home client sells a home then Medicaid costs are refunded to the State. The County benefits to the extent that they shared in the original cost. The County does not get an itemization of the money or information about the nature of the reimbursement. The fiscal 2011 reimbursement was \$116,578. The CAP for INC and HCBC costs were not available at budget time. The County has budgeted \$5,394,928 INC and \$1,764,000 HCBC for a total of \$7,158,928 in fiscal 2012. The CAP came in at \$6,777,338 for an appropriation surplus of \$381,590.

The mix of HHS reimbursements and charges has changed over the last several years. The way that receipts and costs have been accounted for in the Grafton budget has also changed. In looking at the net Human Services Department costs, both receipts and expenses must be included. The chart below indicates that there have been substantial surplus balances in the Human Services accounts over the last several years. The surplus in 2010 was \$1,291,421 and in 2011 \$1,448,958. These large surplus balances are a result of additional funding passed through from the American Recovery and Reinvestment Act (ARRA) plus the state billing less than the CAP. The ARRA funding expired in fiscal 2011 and is not available in fiscal 2012. The large surpluses have accounted for much of the overall surplus balances

reported by the County as discussed in the budget section of the Administration Department. As noted in that section, the surplus balances have been returned to the taxpayers as applications to the subsequent year's tax rates. The calculation below indicates a surplus for 2012 as a minimum of \$325,890. The surplus may be larger if the costs are below CAP for the year. In FY 2009 the state billed up to the CAP. In FY 2010 state billed \$108,114 less than the CAP and in FY 2011 the state billed \$1,029,833 less than the CAP.

	FY 2009	FY 2010	FY 2011	FY 2012
BUDGETED REVENUE:				
INCENTIVE	\$ 238,017			
FMAP (ARRA)		\$ 600,000		
RECOVERIES			\$ 35,000	\$ 55,000
ACTUAL REVENUE:				
INCENTIVE	\$ 670,259			
FMAP (ARRA)		\$ 1,783,307		
RECOVERIES			\$ 116,578	
BUDGETED EXPENSES				
INCENTIVE	\$ 5,025,047	\$ 5,093,861	\$ 5,840,759	\$ 5,394,928
HCBC	\$ 1,473,543	\$ 1,639,547	\$ 1,696,904	\$ 1,764,000
FMAP (ARRA)			\$ (830,000)	
TOTAL BUDGETED	\$ 6,498,590	\$ 6,733,408	\$ 6,707,663	\$ 7,158,928
ACTUAL EXPENSES				
				BASED ON CAP
INC	\$ 5,024,961	\$ 5,093,852	\$ 4,810,927	
HCBC	\$ 1,473,421	\$ 1,531,442	\$ 1,696,903	
FMAP (ARRA)			\$ (1,167,547)	
TOTAL EXPENDED	\$ 6,498,382	\$ 6,625,294	\$ 5,340,283	\$ 6,777,338
REVENUE SURPLUS	\$ 432,242	\$ 1,183,307	\$ 81,578	\$ (55,000)
APPR. SURPLUS	\$ 208	\$ 108,114	\$ 1,367,380	\$ 381,590
TOTAL SURPLUS	\$ 432,450	\$ 1,291,421	\$ 1,448,958	\$ 326,590

In comparing Human Services budgets to the other Counties it is noted that many of the other Counties do not have staffing for the Human Services Department. As noted above, those Counties agree to a payment schedule rather than tracking actual costs charged and have not been able to take advantage of costs billed below the CAP. Comparisons are included at the end of this section. We have also provided billing schedules from HHS for 2008 through 2012.

Due to the reduced workload in the Human Services Department, the Director has accepted additional responsibilities outside of the HHS billing and administration duties. The Director coordinates property and liability coverage and billings. She also collaborates with Goodwill Industries hosting a workforce site. The County provides space and grants provide computers and equipment for job search services. The Director also coordinates the Molar Express program. She also reports and tracks social service grants from the County to numerous outside agencies.

GRAFTON COUNTY BUDGET COMPARISON
HUMAN SERVICES
FISCAL 2011

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed Coos FY11	Carroll FY11
WAGES										
HUMAN SERVICE DIRECTOR	\$ 71,573	\$ -	\$ 79,259	\$ -	\$ -	\$ 31,732	\$ -	\$ -	\$ -	\$ -
HUMAN SERVICE OTHER	-	580,232	-	-	-	-	-	-	-	-
	<u>71,573</u>	<u>580,232</u>	<u>79,259</u>	<u>-</u>	<u>-</u>	<u>31,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BENEFITS										
LONGEVITY	1,805	-	1,750	-	-	-	-	-	-	-
OTHER WAGES	-	-	-	-	-	939	-	-	-	-
SOCIAL SECURITY	5,602	44,249	12,569	-	-	2,499	-	-	-	-
LIFE INS	16	-	-	-	-	-	-	-	-	-
HEALTH INSURANCE	15,615	125,350	23,950	-	-	NA	-	-	-	-
RETIREMENT	6,743	53,150	16,636	-	-	-	-	-	-	-
WORKERS COMP	205	5,100	350	-	-	182	-	-	-	-
UNEMPLOYMENT COMP	-	350	180	-	-	46	-	-	-	-
	<u>29,986</u>	<u>228,199</u>	<u>55,435</u>	<u>-</u>	<u>-</u>	<u>3,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	41.90%	39.33%	69.94%			11.55%				
EXPENSES										
EDUCATION & CONFERENCE	-	4,000	1,500	-	-	-	-	-	-	-
CONTRACTUAL	-	13,000	900	-	-	2,500	-	-	-	-
STATE AUDIT	21,600	-	-	-	-	-	-	-	-	-
PRINTING, BINDING & BOOKS	65	1,000	-	-	-	-	-	-	-	-
DUES, LICENSE & SUBSCRIP	-	6,400	150	-	-	80	-	-	-	-
POSTAGE	2,500	750	200	-	-	150	-	-	-	-
SUPPLIES	1,650	3,000	500	-	-	150	-	-	-	-
O.A.A	-	-	-	-	-	-	-	-	-	-
SUPPL APTD	-	-	-	-	-	-	-	-	-	-
INTERM NSG CARE	5,840,759	30,163,895	13,336,496	5,443,076	5,909,500	3,012,000	9,728,000	-	4,782,750	-
MEDICAL	-	-	-	-	-	-	-	-	-	-
HCBC	1,696,904	-	-	1,360,770	-	1,888,982	-	-	1,233,750	-
PROVIDER PAYMENTS	(830,000)	-	-	-	-	-	-	-	-	-
JUVENILE EXPENSE	-	-	-	-	-	-	-	-	-	-
INCENTIVE FUNDS	-	-	-	-	-	-	-	-	-	-
MAINTENANCE ALLOC	11,633	-	-	-	-	-	-	-	-	-
TELEPHONE	1,500	10,000	250	-	-	600	-	-	-	-
TRAVEL EXPENSE	2,000	32,000	-	-	-	1,500	-	-	-	-
OTHER	-	-	5,500	-	-	-	-	-	22,000	-
EQUIPMENT REPAIR & MAINT	100	1,100	-	-	-	-	-	-	-	-
EQUIPMENT RENTAL	1,500	-	-	-	-	-	-	-	-	-
NEW EQUIPMENT	-	-	-	-	-	-	-	-	-	-
GENERAL LIABILITY INSURANCE	665	-	-	-	-	-	-	-	-	-
COMPUTERS	-	-	1,000	-	-	-	-	-	-	-
	<u>6,750,876</u>	<u>30,235,145</u>	<u>13,346,496</u>	<u>6,803,846</u>	<u>5,909,500</u>	<u>4,905,962</u>	<u>9,728,000</u>	<u>-</u>	<u>6,038,500</u>	<u>-</u>
TOTAL HUMAN SERVICES	<u>\$ 6,852,435</u>	<u>\$ 31,043,576</u>	<u>\$ 13,481,190</u>	<u>\$ 6,803,846</u>	<u>\$ 5,909,500</u>	<u>\$ 4,941,360</u>	<u>\$ 9,728,000</u>	<u>\$ 12,041,812</u>	<u>\$ 6,038,500</u>	<u>\$ 3,200,000</u>

NA = not allocated to department; County budgets health insurance as a separate line item.

INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY

BACKGROUND

The County historically used outside vendors to support their technology and computer related issues. The 2006 Master Plan recommended hiring a full time in-house Information Technology (IT) person to service the needs of the County. The current IT Manager was hired in response to the recommendation.

At the time the IT Manager came on board the County had multiple computer brands, various software programs, many without valid licenses, and various disconnected networks lacking any documentation. His earliest tasks were to get all of the computers configured with common operating system software and valid licenses as well as reverse engineer and start documentation of the various networks. There was some resistance as the software for office products was Open Source Software which is free software. Some of the users were tied to other software such as Microsoft products and Word Perfect.

There are 330 computer user accounts on the County Complex using 6 different separate networks. There are 168 computers, 60 Mobile Data Terminals in the Sheriff's Department, and 34 Personal Data Assistants (PDAs) in the Nursing Home. The Manager set up Kerio Connect Email\Groupware server in his second year as a County-wide e-mail server to serve the needs of all departments.

The Manager found that he was spending most of his time addressing what is termed "help desk" issues which is assisting users with problems on their local computers and access issues to the various networks and programs. In response, he sought out and was approved to hire a second staff person to deal with the everyday help desk issues, so that he could address more complex network and County-wide issues. That position has been filled for the last two years. At the present time he is also supervising the technology systems for the new Correctional Facility and is in the process of consolidating five of the County networks into one to reduce IT man hours and network management time, increase security, and allow IT staff to remotely service department staff for helpdesk calls. That project is a \$160,000 project which includes installing new fiber optics lines to all departments to the NOC, installing and configuring new layer three POE switches, setup of dual core redundant routers, creation of VLANS to isolate and separate the departments new networks, new Domain Controller servers, and design and building of a new central core network. Plans for next year to add new Data Duplication Software, a Storage (SAN) and ROLET out of VMWARE to reduce the amount of servers, and increase redundancy, fault tolerance and uptime.

Our discussions with various Departments regarding technology support was generally positive, noting that the IT Department is still spread relatively thin based on workload but has been responsive to their needs. There has been some push-back regarding the concern over quality of the Open Source products but they

suffice for most of the office applications that are needed. A few Departments continue to use Microsoft products on computers.

Other than availability, the single most significant issue is the lack of formal computer training of many of the users. As in many organizations, the users are only minimally trained in the office applications and specialized software programs that they use day to day. Also, there are standard protocol issues related to using computers and understanding the operating systems which take up much of the IT resources in resolving issues that could be avoided with a little training and understanding of how their computers work.

We recommend a program used in our office that we call lunch-and-learns. Many Fridays we have lunch brought into the offices and have staff connect via "Join Me," a free conferencing connection. Each Friday we have a staff person give tips and training in applications anywhere from simple diagnostics to word processing and spreadsheet tips. We also talk about storage and access issues and archiving e-mails.

BUDGET ANALYSIS

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Budget expenditures	\$ 227,997	\$ 246,488	\$ 242,922
Actual expenditures	<u>\$ 182,684</u>	<u>\$ 206,335</u>	<u>\$ 230,506</u>
Surplus (deficiency)	<u><u>\$ 45,313</u></u>	<u><u>\$ 40,153</u></u>	<u><u>\$ 12,416</u></u>

The numbers reported above do not take into consideration the \$40,000 allocation to the Nursing Home. The increase in 2010 reflects the full time status of the second employee in the IT Department. Other than that increase, the budget and actual expenditures have been stable.

2012 BUDGET

	<u>Department Request</u>	<u>Commissioner Approved</u>	<u>Delegation Approved</u>
Fiscal 2012 budget	\$ 255,361	\$ 252,274	\$ 241,324
	<u>Adopted Budget</u>	<u>Actual Expended</u>	<u>% Increase In Budget/Actual</u>
Fiscal 2011	\$ 242,922	\$ 230,506	-0.66% 4.69%

The numbers reported above do not take into consideration the \$40,000 allocation to the Nursing Home. The reduction from Department requested to Delegation approved was applied to internet access and equipment repair and maintenance.

OTHER RECOMMENDATIONS

All purchases of technology related items should go through the IT Department. Not only can they get the best price but they can make assurances that the technology is compatible with the County systems.

The IT Department should have more input in assisting departments in identifying and prioritizing their IT needs in the future.

COUNTY COMPARISONS

The attached comparisons show significant differences between counties in their IT costs and operations. Hillsborough and Rockingham have IT Departments that are larger than Grafton County. Cheshire, Strafford, and Merrimack also had budgets larger than Grafton. The only County which had a lower budget than Grafton was Belknap. They do not have full-time, in-house staff and are paying outside vendors for support. We could not find IT costs in the Sullivan and Coos budgets.

GRAFTON COUNTY BUDGET COMPARISON
INFORMATION TECHNOLOGY
FISCAL 2011

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed Coos FY11	Carroll FY11
WAGES										
IT MANAGER SALARY	\$ 65,500	NA	\$ 71,119	\$ 51,735	\$ -	\$ -	\$ 68,494	\$ -	\$ -	\$ -
OTHER WAGES	43,642	193,960	-	73,582	-	-	87,072	-	-	-
LONGEVITY	-	-	300	-	-	-	525	-	-	-
	<u>109,142</u>	<u>193,960</u>	<u>71,419</u>	<u>125,317</u>	<u>-</u>	<u>-</u>	<u>156,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
BENEFITS										
SOCIAL SECURITY	8,237	14,837	5,368	9,478	-	-	11,941	-	-	-
LIFE INSURANCE	32	-	-	914	-	-	-	-	-	-
HEALTH INSURANCE	19,977	54,399	11,974	-	-	-	1,335	-	-	-
RETIREMENT	9,994	17,766	7,105	12,544	-	-	15,804	-	-	-
WORKER'S COMP	92	1,505	123	179	-	-	3,528	-	-	-
UNEMPLOYMENT	-	125	90	324	-	-	407	-	-	-
	<u>38,332</u>	<u>88,632</u>	<u>24,660</u>	<u>23,439</u>	<u>-</u>	<u>-</u>	<u>33,015</u>	<u>-</u>	<u>-</u>	<u>-</u>
	35.12%	45.70%	34.53%	18.70%			21.15%			
EXPENSES										
EDUCATION & CONFERENCE	1,000	2,500	5,000	2,630	-	-	15,000	-	-	-
CONTRACTED SERVICES	1,500	10,000	117,500	-	49,900	-	313,800	-	-	-
OFFICE SUPPLIES	1,000	1,200	10,300	18,000	-	-	1,500	-	-	-
POSTAGE	250	250	-	250	-	-	-	-	-	-
DUES	-	400	-	-	-	-	4,500	-	-	-
SUPPLIES	-	500	-	-	1,000	-	-	-	-	-
TELEPHONE	1,600	3,300	26,500	100	-	-	29,793	-	-	-
INTERNET ACCESS	10,000	46,600	-	-	-	-	-	-	-	-
TRAVEL EXPENSE	1,000	2,250	-	100	-	-	15,000	-	-	-
EQUIPMENT REPAIR & MAINT	14,000	25,000	-	98,571	-	-	20,000	-	-	-
GENERAL LIABILITY INSURANCE	540	-	-	-	-	-	-	-	-	-
NEW EQUIPMENT	5,100	38,882	47,500	1,230	42,400	-	50,000	-	-	-
SOFTWARE	2,927	10,000	22,734	-	3,080	-	-	-	-	-
SOFTWARE MAINT. & RENEWAL	56,531	196,500	-	39,540	-	-	25,000	-	-	-
	<u>95,448</u>	<u>337,382</u>	<u>229,534</u>	<u>160,421</u>	<u>96,380</u>	<u>-</u>	<u>474,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL INFORMATION TECHNOLOGY	<u>\$ 242,922</u>	<u>\$ 619,974</u>	<u>\$ 325,613</u>	<u>\$ 309,177</u>	<u>\$ 96,380</u>	<u>\$ -</u>	<u>\$ 663,699</u>	<u>\$ 435,510</u>	<u>\$ -</u>	<u>\$ -</u>

NA = not allocated to department; County budgets health insurance as a separate line item.

MAINTENANCE DEPARTMENT

MAINTENANCE DEPARTMENT

BACKGROUND

The Maintenance Department is responsible for maintenance of all buildings and grounds for the County Complex. There are eight maintenance staff and the Director of Maintenance. In addition there are four custodians. Of the maintenance staff seven are skilled and one is unskilled. The current positions are not licensed with the exception of one master electrician. The staff is experienced and there is little turnover.

The Maintenance Department has hired one additional position for the new Correctional Facility who is a licensed electrician included in the eight positions above. A second position is anticipated to be hired in April of 2012 for the Correctional Facility. The hope is that position will have HVAC experience or a gas fitter's license to avoid necessity to contract out those services.

Currently there are numerous outside contracts for services that maintenance staff are not able to perform. Contracts in excess of \$5,000 are competitively bid.

There is a complex system of maintenance allocations to the various departments. The County accounting system maintains a system of accounts which allocates, in part, the maintenance costs by department. The Director of Maintenance maintains a spreadsheet each month which accumulates costs tied into purchases. The Director receives reports from the financial management system and reconciles to spreadsheets on a monthly basis. There are concerns that we have about the present system:

1. The account structure in the financial system appears inconsistent in terms of accounting for the allocations by department. See the budget analysis at the end of this section.
2. The financial management system should be able to provide adequate information so that a complex spreadsheet system would not have to be maintained.
3. Comparisons to the other Counties indicates that departmental breakdowns for Nursing Home and Department of Corrections maintenance is common but allocations of maintenance to all of the various departments within the basic County structure is not being done by the other Counties. We question the need to allocate at such a level. As indicated throughout this report, the departments are too segregated causing competition for budget dollars and other divisive issues. Allocation of maintenance costs to every department not only requires more work but causes friction and argument over the allocation methodology.

Capital Projects

The Maintenance Department is involved in various capital projects as well as normal maintenance operations. As discussed in the section on the construction of the new Corrections Facility, the Maintenance Department is deeply involved in the project. As there is no clerk of the works overseeing the project, the Director of Maintenance and his staff are actively participating in the project.

The Director and selected staff go over to the site several times per week. They review specifications, inspect the work and make suggestions, and raise concerns over the construction. They are also being trained in the systems that they will eventually have to maintain. They have noted that in the first year of operations, many of the systems will be supported by warranties. After that, they will either have to maintain the systems or execute maintenance contracts for some of the more complex systems.

The Director started to put together cost projections to maintain the new facility once it is operational, but those projections have not been completed.

The Director is not planning on using inmates for maintenance and custodial functions. He indicates that inmates go first to the Farm and then the outside community, and the quality of inmates assigned to the Maintenance Department has not worked out. The Superintendent of Corrections is planning on using inmates to do cleaning of the new Facility and to assist in lawn work around the Facility under the supervision of Correctional Department staff.

In addition to the new Corrections Facility, there has been time and resources spent on the Water Tank. There was a fire in a farm building which drained the available water in the system. In addition, the system was inadequate to service the new Corrections Facility.

The County built a new tank and distribution system which remediated the pressure problem. However, the water turnover rate was inadequate for DEP standards and testing revealed TTHM and other chemical residuals which were in excess of accepted standards. The immediate issue has been remediated by the Woodsville Water District closing down the valve to the Southern District. A special study came up with alternatives including drilling new wells to serve the County complex and a neighboring farm for an estimated cost of \$700,000. The other alternative is to install automated valves to the Woodsville system at an estimated cost of \$95,000. The Commissioners voted for the latter alternative.

As indicated elsewhere, the County has not updated the master plan and developed a long-term capital plan to identify, prioritize and identify funding for future capital needs.

BUDGET ANALYSIS

The maintenance budget includes line items for anticipated costs and also allocations to the various departments for a net cost of zero. We looked at the total cost of the maintenance budget without allocation to departments.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Budget expenditures	\$ 1,829,662	\$ 1,724,163	\$ 1,758,221
Actual expenditures	<u>\$ 1,731,410</u>	<u>\$ 1,557,865</u>	<u>\$ 1,666,060</u>
Surplus (deficiency)	<u>\$ 98,252</u>	<u>\$ 166,298</u>	<u>\$ 92,161</u>

The Maintenance Department has stayed within budget each of the three years without need for a transfer to cover over-expenditures. In addition, the amount budgeted has decreased over the three year period.

2012 BUDGET

The 2012 budget has increased substantially with some of the largest increases for any department. The costs are actually passed on to the departments through allocations and show up in their increases also.

	<u>Department Request</u>	<u>Commissioner Approved</u>	<u>Delegation Approved</u>
Fiscal 2012 budget	\$ 2,117,898	\$ 2,105,210	\$ 2,023,916
	<u>Adopted Budget</u>	<u>Actual Expended</u>	<u>% Increase In Budget/Actual</u>
Fiscal 2011	\$ 1,758,221	\$ 1,666,060	15.1116% 21.4792%

We found the increases in maintenance attributable to all departments at various percentages. A comparison of allocation by department from the 2011 adopted budget to the 2012 adopted budget is as follows:

	<u>FY 2011 Adopted</u>	<u>FY 2012 Adopted</u>	<u>Percent Increase</u>
Administrative	\$ 20,021	\$ 23,647	18.11%
Courthouse	304,293	338,968	11.40%
1930 Building	214,632	246,742	14.96%
Nursing Home	954,856	1,016,176	6.42%
Corrections Including New Facility	194,536	321,684	65.36%
Farm	69,883	76,699	9.75%
Total	<u>\$ 1,758,221</u>	<u>\$ 2,023,916</u>	<u>15.11%</u>

The increase in maintenance costs are primarily a result of the new Corrections Facility of \$120,124 and increased costs in utilities including electricity and fuel costs for the other departments.

COMPARISON TO OTHER COUNTIES

The attached schedule compares maintenance costs for most of the New Hampshire Counties. We did not have data to grade Counties by factors such as square footage of buildings. Comparison to other New Hampshire Counties is difficult due to the way that maintenance is classified. Grafton County was the only County that had allocations by department within the maintenance budget. Most Counties would include utilities and building maintenance in certain departments such as the Nursing Homes and Correctional Facilities. The remaining maintenance costs were included in the Maintenance Department budget. We reclassified costs to fit the Grafton account structure to the extent possible in order to provide meaningful comparisons.

Counties we considered comparable are:

Grafton	\$ 1,758,221
Cheshire	1,970,871
Belknap	1,329,453
Sullivan	1,597,074
Strafford	2,302,943

It is also interesting to compare maintenance costs by Department (see attached schedule), although caution must be used as inconsistency in budget structure between Counties can lead to misleading conclusions. The Grafton County Corrections Facility had maintenance costs of \$194,536 in fiscal 2011 and increased to \$321,684 in fiscal 2012 to include the new facility for part of the year. The 2011 maintenance costs for the Cheshire County Correctional Facility were \$513,574. Grafton County will experience similar increases when the new facility is operating for a complete year.

GRAFTON COUNTY
MAINTENANCE COMPARISON
FY 2011 BUDGET

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed COOS FY11	Carroll NA
SUPERINTENDENT	\$ 72,967	\$ -	\$ 205,818	\$ 71,106	\$ 56,740	\$ -	\$ 66,955	\$ -	\$ 44,200	
MAINTENANCE SALARIES	297,401	286,516	1,051,267	367,416	202,108	355,750	421,746	-	173,800	
COURT HSE CUSTODIAL	56,774	-	-	-	-	-	-	-	-	
CUSTODIAL - 1930 BLDG	59,077	-	-	-	-	-	-	-	-	
OTHER WAGES	2,700	-	-	11,719	2,977	2,118	14,500	-	-	
OVERTIME	3,879	9,282	45,000	18,750	7,920	9,000	12,000	-	-	
BONUS PAY	-	-	-	-	1,500	500	-	-	-	
WAGES	492,798	295,798	1,302,085	468,991	271,245	367,368	515,201	-	218,000	-
LONGEVITY	3,420	-	10,400	-	1,250	-	4,000	-	3,400	
SOCIAL SECURITY	37,960	22,667	99,717	36,267	18,334	28,070	39,719	-	17,000	
UNEMPLOYMENT	-	250	2,430	1,710	945	376	1,763	-	350	
LIFE INS	172	-	-	3,335	-	17,622	-	-	100	
HEALTH INSURANCE	110,709	85,000	254,754	-	81,067	140,597	NA	-	70,550	
RETIREMENT	45,982	25,522	131,978	48,000	27,279	33,596	51,083	-	31,750	
WORKERS COMP	6,200	-	35,564	9,049	5,763	8,382	12,442	-	5,100	
BENEFITS	204,443	133,439	534,843	98,361	134,638	228,643	109,007	-	128,250	-
EDUCATION & CONFERENCE	5,300	-	-	-	-	2,500	-	-	700	
CONTRACTED SVC - COMPLEX	9,647	-	2,500	22,947	21,723	9,925	78,690	-	-	
CONTRACTED SVC - N. HOME	27,656	51,201	-	136,544	52,312	93,020	85,137	-	47,900	
CONTRACTED SVC - COURTHOUSE	7,561	38,000	-	40,399	1,800	9,925	-	-	-	
CONTRACT SVC - 1930 BLDG	8,805	-	-	-	-	-	-	-	-	
CONTRACT SVC - DOC	9,970	-	-	12,254	-	-	-	-	-	
CONTRACT SVC - ADMIN BLDG	684	-	-	-	-	-	-	-	-	
CONTRACT SVC - NEW BLDG	438	-	-	-	-	-	-	-	-	
SECURITY	-	-	-	-	-	-	-	-	-	
CUSTODIAL SUPPLIES	8,740	1,000	-	11,500	7,200	26,900	32,546	-	21,000	
UNIFORMS	2,776	-	4,400	2,370	1,600	-	-	-	-	
CONTRACTUAL & OTHER	81,577	90,201	6,900	226,014	84,635	142,270	196,373	-	69,600	-
ELECTRIC - COMPLEX	53,498	72,000	156,300	16,500	90,000	34,140	115,000	-	NA	
ELECTRIC - COURTHOUSE	95,719	32,000	-	53,000	-	3,700	-	-	-	
ELECTRIC - N. HOME	239,656	185,000	390,000	152,000	210,000	173,750	220,000	-	181,000	
ELECTRIC - DEPT OF CORRECTIONS	42,385	331,200	316,000	312,000	-	55,000	310,000	-	23,500	
ELECTRIC - FARM	23,955	-	-	15,558	-	-	-	-	3,300	
ELECTRIC MAINT/FARM SHOP	2,445	-	-	-	-	-	-	-	-	
ELECTRIC	457,658	620,200	862,300	549,058	300,000	266,590	645,000	-	207,800	-

(continued)

GRAFTON COUNTY
 MAINTENANCE COMPARISON
 FY 2011 BUDGET

(continued)

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed COOS FY11	Carroll NA
WATER - 1930 BLDG	1,679	-	-	-	-	-	-	-	-	-
WATER - COMPLEX/COURTHOUSE	2,486	7,800	23,500	4,200	10,900	835	3,220	-	-	-
WATER - ADMIN. BLDG	198	-	-	27,890	-	1,325	-	-	-	-
WATER - NURSING HOME	20,702	29,500	-	-	13,000	-	56,500	-	46,500	-
WATER - DEPT OF CORRECTIONS	13,765	42,000	-	56,000	-	-	71,000	-	-	-
WATER - FARM	5,432	-	-	-	-	-	-	-	-	-
WATER MAINT/FARM SHOP	355	-	-	-	-	-	-	-	-	-
SEWAGE - 1930S BLDG	578	-	-	-	-	-	-	-	-	-
SEWAGE - COURTHOUSE	901	2,000	-	-	-	1,400	-	-	-	-
SEWAGE - ADMIN BLDG	67	3,100	27,500	28,860	-	1,200	3,839	-	-	-
SEWAGE - NURSING HOME	15,327	49,600	-	-	19,000	63,500	-	-	64,500	-
SEWAGE - DEPT OF CORRECTIONS	9,518	146,400	-	-	-	13,250	79,157	-	4,000	-
SEWAGE - FARM	729	-	-	-	-	-	-	-	-	-
SEWAGE - MAINT/FARM SHOP	50	-	-	-	-	-	-	-	-	-
IRRIGATION	-	-	11,250	-	-	-	-	-	-	-
WATER & SEWER	71,787	280,400	62,250	116,950	42,900	81,510	213,716	-	115,000	-
GENERATOR PLANT	-	-	8,750	-	-	-	-	-	-	-
FUEL - NURSING HOME	187,606	201,030	484,000	131,429	205,000	206,800	161,200	-	171,000	-
FUEL - COMPLEX	69,157	93,600	94,600	12,500	80,000	-	-	-	-	-
FUEL - COURTHOUSE	54,698	15,000	-	-	-	4,000	-	-	-	-
PROPANE - ADMIN. BLDG	3,917	775	10,500	-	-	4,000	22,621	-	-	-
PROPANE - CORRECTIONS	-	120,000	-	120,400	-	-	-	-	-	-
PROPANE - N. HOME	-	-	-	49,000	-	32,000	21,000	-	32,900	-
GAS & OIL	3,290	23,400	133,300	23,600	2,500	15,000	20,000	-	-	-
FUEL - MAINT/FARM SHOP	3,380	-	-	-	-	-	-	-	-	-
FUEL - FARM	4,648	-	-	9,165	-	-	-	-	-	-
FUEL - DOC	-	105,300	182,000	3,500	-	50,000	200,000	-	19,800	-
FUEL	326,696	559,105	913,150	349,594	287,500	311,800	424,821	-	223,700	-

(continued)

GRAFTON COUNTY
 MAINTENANCE COMPARISON
 FY 2011 BUDGET

(continued)

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed COOS FY11	Carroll NA
TELEPHONE	140	-	225	31,990	3,200	-	-	-	-	-
POSTAGE	-	-	300	-	-	-	-	-	-	-
OFFICE SUPPLIES	-	-	3,000	7,200	-	-	-	-	-	-
OFFICE	140	-	3,525	39,190	3,200	-	-	-	-	-
VEHICLE REPAIR & MAINT	5,572	6,500	50,650	1,000	5,000	6,000	20,000	-	10,500	-
VEHICLE LEASE	-	-	33,000	-	-	-	-	-	-	-
CARE OF GROUNDS	10,527	4,500	41,500	1,200	7,800	22,000	5,000	-	16,000	-
REPAIR & MAINT - COURTHOUSE	8,217	65,000	-	8,000	-	7,500	-	-	-	-
REPAIR & MAINT - ADMIN BLDG	4,405	73,000	154,000	1,500	2,000	9,100	13,000	-	-	-
REPAIR & MAINT - DOC	10,125	135,300	135,750	6,000	-	23,000	80,000	-	20,000	-
REPAIR & MAINT - N. HOME	47,130	45,000	91,500	54,000	50,000	94,000	59,200	-	44,900	-
REPAIR & MAINT - SHERIFF	-	-	25,000	-	-	-	-	-	-	-
R & M - 1930 BLDG	13,871	-	-	-	30,000	-	-	-	-	-
R & M - MAINT/FARM	1,170	-	-	9,500	-	-	-	-	7,500	-
R & M - NEW DOC FACILITY	-	-	-	-	-	-	-	-	-	-
ASSISTED LIVING	-	-	149,750	-	-	-	-	-	-	-
BUILDING IMPROVEMENTS	-	-	-	-	23,000	-	-	-	-	-
EQUIPMENT REPAIR	-	26,000	-	14,200	-	4,750	-	-	-	-
NEW EQUIPMENT	2,800	-	-	800	30,000	500	5,700	-	7,950	-
SMALL TOOLS, MISC	1,700	-	-	-	-	-	-	-	-	-
OTHER	-	65,596	9,515	26,513	47,500	9,781	15,925	-	33,650	-
REPAIR & MAINTENANCE	105,517	420,896	690,665	122,713	195,300	176,631	198,825	-	140,500	-
LIABILITY INS - COURTHOUSE	8,233	-	-	-	-	-	-	-	-	-
LIABILITY INS - 1930 BLDG	5,292	-	-	-	-	-	-	-	-	-
Prop/Liability Ins - Maint Bui	590	-	-	-	-	-	-	-	-	-
LIABILITY INSURANCE - WATER TA	515	-	-	-	-	-	-	-	-	-
GENERAL LIABILITY INSURANCE	2,975	-	-	-	10,035	22,262	-	-	-	-
INSURANCE	17,605	-	-	-	10,035	22,262	-	-	-	-
TOTAL	\$ 1,758,221	\$ 2,400,039	\$ 4,375,718	\$ 1,970,871	\$ 1,329,453	\$ 1,597,074	\$ 2,302,943	\$ -	\$ 1,102,850	

NA=Not Allocated

(continued)

GRAFTON COUNTY
 MAINTENANCE COMPARISON
 FY 2011 BUDGET (Continued)

(continued)

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed COOS FY11	Carroll NA
ALLOCATED - COUNTY COMPLEX	20,021	265,575		64,547	650,646	94,472	374,413	-	-	
ALLOCATED - COURTHOUSE	304,293	160,500		260,176	-	77,972	-	-	-	
ALLOCATED - 1930 BLDG	214,632	-		-	-	-	-	-	-	
ALLOCATED - NURSING HOME	954,856	1,081,764	NOT	1,030,502	678,807	1,272,380	1,188,373	-	1,024,750	
ALLOCATED - DEPT OF CORRECTIONS	194,536	892,200	ALLOCATED	513,574	NA	152,250	740,157	-	65,500	
ALLOCATED - FARM	69,883	-		48,322	-	-	-	-	12,600	
	<u>\$ 1,758,221</u>	<u>\$ 2,400,039</u>	<u>\$ 4,375,718</u>	<u>\$ 1,917,121</u>	<u>\$ 1,329,453</u>	<u>\$ 1,597,074</u>	<u>\$ 2,302,943</u>	<u>\$ -</u>	<u>\$ 1,102,850</u>	

NA=Not Allocated

REGISTER OF DEEDS

REGISTER OF DEEDS

BACKGROUND

The Grafton County Register of Deeds is responsible for recording, managing, and preserving real property records or documents. Services provided by the County are governed by New Hampshire RSA 478. The County Register of Deeds is currently located at the County Complex in the Administration building. It has been in this location since 2005, when it was moved from the courthouse to accommodate the much needed space of the department. Individuals or agencies also have the ability to utilize the County's website to search County records, view rates, and obtain other pertinent information.

The current department is made up of a county register, deputy register, imaging operator, imaging tech, computer tech, and records clerk. Each one of the employees is cross-trained to do another's task in the case of absence or emergency. The register's position is an elected 2-year term, which is voted at every state general election. State and County elections are governed by New Hampshire RSA 653:1.

As noted earlier, the register's position is governed by New Hampshire RSA 478. The statute outlines the duties of the elected official as follows:

478:1 Duties. – The register of deeds shall carefully keep in the office provided by the county at all times, except when he may be required by a court to produce them as evidence or when the same may be removed for the purposes of repair, all books, records, files and papers belonging thereto, and when not in use shall keep them in a safe location where their protection from fire, theft, water and the elements is insured, and he shall permit no paper there deposited for record to be taken from his office before it is recorded. Whenever any of the volumes of records in his office shall be in need of repair, he shall seasonably cause them to be suitably repaired at the expense of the county, and, if necessary, he may allow such volumes to be taken out of his office for a reasonable time for that purpose.

The County uses a deeds recording software created by Connor & Connor, of which they do not have access to source code. Overnight backups are performed on all activity (cashiering, indexing, and imaging).

BUDGET PERFORMANCE

	<u>Budget Revenue</u>	<u>Actual Revenue</u>	<u>Surplus (deficiency)</u>
Fiscal 2009	\$ 989,000	\$ 944,583	\$ (44,417)
Fiscal 2010	875,000	925,826	50,826
Fiscal 2011	900,000	958,901	58,901

Revenues activity appears to be consistent with the real estate market downturn. Fiscal 2009 revenue was below projected levels, and further declined in fiscal 2010. In fiscal 2011 activity appears to be leveling off as it surpassed prior years. The County combated the uncertainties of inflows by conservatively budgeting revenue estimates, and also on the other side by keeping expenditures to necessary items. Expenditure trend analysis is detailed below.

	<u>Budget</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>Surplus</u> <u>(deficiency)</u>
Fiscal 2009	\$ 599,975	\$ 554,045	\$ 45,930
Fiscal 2010	572,543	557,944	14,599
Fiscal 2011	545,914	529,438	16,476

Budgeted expenditures decreased over \$50,000 during the fiscal 2009 through fiscal 2011 timeframe, and actual expenditures were under budget authorizations. The decreases can be attributable to the following line items: computers, repairs, postage, new equipment, and equipment repair.

OTHER ISSUES

- During our tour of the department we noted that paper records were not kept in a secure location in accordance with RSA 478:1. Records are to be stored in a safe location that minimizes the exposure to fire, theft, and water. Theft does not appear to be an issue, as access is limited to staff and the door to the room is locked during operating hours, but fire and water damage are possible. A sprinkler system circulates through the room, and documents or records are not stored in an enclosed fashion that would prevent or limit potential damage.
- The Department backs up every document on film and on a worm platter. Worm platters are stored at the Probate Office and microfilm is stored at Iron Mountain. They are also in the process of working back to store older paper documents to digital form. That process has not been completed.
- In accordance with RSA 478:17-j, the register of deeds is able to establish an equipment account not to exceed \$500,000, funded through surcharge fees (\$2 per document), to modernize the office and for equipment purchases. Currently, the funds are being used for rental and maintenance contracts, which are operating rather than capital in nature. The Register would rather see the County utilize the funds for capital equipment.
- Surcharge fees are collected and deposited into a Register account on a daily basis. The balance in the account is turned over to the Treasurer once a month. While this is in accordance with the statute, the County should be turning over funds from the Register account more timely, minimizing the risk of theft, destruction, or loss; as well as benefiting from interest income earned

on deposits (see also the fiscal 2011 audit management recommendation letter related to internal controls over bank accounts).

COUNTY COMPARABLE DATA

County fiscal 2011 budget data and 2010 census data are detailed below for Grafton County, as well as comparable counties of Belknap, Cheshire, and Strafford.

	<u>Cheshire</u>	<u>Strafford</u>	<u>Belknap</u>	<u>Grafton</u>
Register of Deeds	\$ 54,000	\$ 52,920	\$ 68,415	\$ 56,891
Other Wages	212,621	263,601	188,317	216,020
Fringe Benefits	50,981 (a)	68,338	128,972	77,964
Other Expenses	102,490	126,944	133,147	195,039 (b)
	<u>\$ 420,092</u>	<u>\$ 511,803</u>	<u>\$ 518,851</u>	<u>\$ 545,914</u>
Population	77,117	123,143	60,088	89,118
Housing Units	33,987	50,916	36,109	47,801
Average value (\$)	\$ 193,600	\$ 228,300	\$ 230,900	\$ 206,300

(a) = Does not include health insurance; not broken out by department

(b) = Includes maintenance allocation of \$97,786, not included in other County's budgets

Without adjusting for these items the County appears to be on the high side of appropriations. However, there are some factors to consider. Grafton allocates maintenance costs to each department, which in the fiscal 2011 budget was \$97,786. None of the other departments had similar maintenance expenditures. Cheshire County does not allocate health insurance to departments, but rather maintains a separate budget line item. Belknap appeared to make capital upgrades as we noted expenditures for various computers and equipment. After considering these items, the comparison places Grafton County more in line with the budgets we have seen in other Counties, as well as with the population data shown above.

SHERIFF'S DEPARTMENT

SHERIFF'S DEPARTMENT

BACKGROUND

The County Sheriff position is an elected position. The Sheriff's office is located in the County Courthouse on the bottom floor. The Sheriff has been involved with the Department for 21 years, and this is his 7th year as Sheriff. There are 11 full-time deputies and 2 civilian positions that help out with the duties of the office. One part-time deputy position was eliminated in the FY 12 budget. Fourteen Court officers are staffed for the various on-site courts including District, Circuit, Superior, and Probate. Dispatch also falls under the Sheriff's Department, which services approximately 63 agencies including Vermont and Coos County. There are 25 full-time Special Duty Deputies, who are also Certified Police Officers.

The Sheriff's Department is governed by the following New Hampshire RSAs:

- Chapter 104 – Sheriffs and Constables
- Chapter 105 – Police Officers and Watchmen
- Chapter 106 – Various agencies and topics discussed

The Sheriff provided us with other RSAs that impact the duties, such as Chapter 623 Temporary removal of prisoners, Chapter 135-C NH Mental Health Services System, Chapter 100-A NH Retirement System, Chapter 103 Policemen's Retirement System, and Chapter 510 Service of Writs.

The RSAs state the Sheriff's duties and powers as follows:

104:5 Duties. –

I. The sheriff and the sheriff's deputies shall serve and execute all writs and other precepts directed to the sheriff's department and issued from lawful authority.

II. The sheriff and the sheriff's deputies and bailiffs shall perform the duties of crier of the court.

III. The sheriff's bailiffs shall provide adequate security in all state courts, except the supreme court.

IV. The sheriff's bailiffs shall comply with such background investigation checks, physical and mental standards, and training appropriate to their duties as the police standards and training council may require. The council shall consult with the New Hampshire Sheriffs Association and the administrative office of the courts prior to adopting these standards.

104:6 Powers. –

I. Sheriffs and their deputies shall have throughout the state the same power and authority to serve criminal or civil processes, investigate crimes and to pursue and apprehend criminals that they have in their respective counties.

II. Notwithstanding any law to the contrary, sheriffs and their deputies shall have authority to enforce civil orders issued by any court.

Normal hours of operation for the Sheriff's Department are 7 am – 12 am. From 12 am – 7 am one person is on call in case of emergencies which include transport to State hospitals, assaults at the Correctional Facility, juvenile transports, or emergency assistance to County Towns. The County conducted approximately 6,100 transports last year. Daily shifts are 8½ hours, with overtime being paid for anything in excess in 42½ hours for the week. Per the Sheriff, average overtime in dollars for the past 5 years is approximately \$36,500. There has been no pressure to make cuts to overtime. Sherriff's Department and Dispatch are not moving to the new Correctional Facility, however, the holding unit between the Sheriff's Department and the Correctional Facility will require a supervisor for prisoners who await their court appearance.

Capital Needs and IT

Constant capital needs are vehicles. Normally there are 3 vehicles replaced each year when they reach 125,000 – 145,000 miles. However, in fiscal 2010 and fiscal 2011 the County replaced 1 per year that was around 180,000 – 185,000. Repairs on the old vehicles started happening more frequently, and in fiscal 2012 the County reverted back to the old schedule, as the budget included 3 new vehicles. All repairs are done at the Ford Garage located in Woodsville, NH. The vehicles are equipped with 85 PDAs, which transmit data back and forth via UHF radio. The County also purchased a Mobile Command Trailer and Ford Excursion through grant funding approximately 4 years ago.

BUDGET PERFORMANCE

The Sheriff's Department has various revenue sources, most of which are billed to outside agencies or the State. A checking account is also maintained for civil services. Some of the sources are fees and fines, White Mountain forest patrol, district court prisoner security, juvenile transport, and special details. Budget to actual activity for the fiscal years 2009 through 2011 Revenue is as follows:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Sheriff's adopted budget	\$ 390,854	\$ 423,744	\$ 438,844
Sheriff's actual	<u>445,118</u>	<u>440,006</u>	<u>468,195</u>
Revenue surplus	<u>\$ 54,264</u>	<u>\$ 16,262</u>	<u>\$ 29,351</u>

The department enjoyed success from a budget standpoint over the years reviewed, noting revenue surpluses of at least \$16,000 each year. Similar success was shown

with expenditures as well, which is outlined below. We did note that various transfers were made between expenditure line items to avoid over-expending, but the net result of transfers was zero, meaning no additional funds needed to be utilized from other departments.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Sheriff adopted budget	\$ 1,252,249	\$ 1,276,221	\$ 1,341,765
Sheriff expenditures actual	<u>1,212,494</u>	<u>1,243,369</u>	<u>1,265,839</u>
Surplus (deficiency)	<u><u>39,755</u></u>	<u><u>32,852</u></u>	<u><u>75,926</u></u>

FISCAL 2012 BUDGET

We compared budget figures from the fiscal 2012 budget with the prior year. The data is detailed below:

	<u>Amount</u>	
FY 2012 Sheriff's Department budget request	\$ 1,362,159	
FY 2011 Sheriff's Department adopted budget	<u>\$ 1,341,765</u>	
Increase in Department budget per request	<u><u>\$ 20,394</u></u>	1.52%

	<u>Amount</u>	
FY 2012 Sheriff's Department adopted budget	\$ 1,287,077	
FY 2011 Sheriff's Department adopted budget	<u>\$ 1,341,765</u>	
Decrease in Department budget	<u><u>\$ (54,688)</u></u>	-4.08%

The department request was slightly higher than the prior year, seeing moderate increase in health insurance costs, other fringe benefits, and gas and oil, with decreases in liability insurance and cruiser repairs. The reductions made by the Commissioners and the Delegation were in health and insurance and Captain salaries.

GRAFTON COUNTY BUDGET COMPARISON
SHERIFF'S DEPARTMENT
FISCAL 2011

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed Coos FY11	Carroll FY11
SHERIFF										
WAGES										
SHERIFF	\$ 58,588	\$ 60,000	\$ 67,000	\$ 50,000	\$ 74,304	\$ 62,791	\$ 60,000	\$ -	\$ 50,000	\$ -
CLERICAL	76,441	-	181,958	56,981	-	-	96,648	-	34,800	-
DEPUTIES - OT	36,500	84,000	80,000	26,780	45,000	12,668	34,000	-	12,000	-
DEPUTIES	528,317	2,098,562	1,060,917	393,441	513,500	262,024	485,346	-	192,300	-
BAILIFFS	109,344	1,002,703	300,000	79,000	200,000	52,550	123,323	-	63,700	-
OTHER	22,100	-	537,765	-	40,000	51,851	22,000	-	40,600	-
SPECIAL DEPUTIES	52,853	398,569	-	10,600	40,000	-	175,000	-	-	-
SPECIAL DETAILS	-	-	-	-	-	-	35,000	-	12,000	-
	884,143	3,643,834	2,227,640	616,802	912,804	441,884	1,031,317	-	405,400	-
BENEFITS										
LONGEVITY	5,890	-	7,600	-	3,500	-	6,929	-	3,300	-
BONUS PAY	-	-	-	-	10,000	-	-	-	-	-
SOCIAL SECURITY	37,590	72,864	79,749	19,938	65,000	23,602	66,020	-	21,900	-
UNEMPLOYMENT	-	1,200	2,610	2,934	5,544	552	8,814	-	500	-
LIFE INS	140	-	-	3,897	-	110	-	-	100	-
HEALTH INSURANCE	114,656	450,000	278,702	NA	266,460	56,036	NA	-	69,600	-
RETIREMENT	85,248	303,476	247,439	58,749	101,200	28,233	48,941	-	29,600	-
WORKERS COMP	23,500	100,000	49,724	13,876	25,000	11,806	23,901	-	8,400	-
	267,024	927,540	665,824	99,394	476,704	120,339	154,605	-	133,400	-
	30.20%	25.46%	29.89%	16.11%	52.22%	27.23%	14.99%	-	32.91%	-
EXPENSES										
EDUCATION & CONFERENCE	5,500	10,000	-	3,291	7,250	3,000	7,200	-	8,000	-
OTHER	-	6,300	1,575	525	22,050	-	7,010	-	19,000	-
OUTSIDE SERVICES	-	-	-	2,816	18,281	11,758	4,683	-	-	-
PRINTING, BINDING & BOOKS	2,100	8,000	-	2,280	1,800	-	-	-	-	-
OFFICE SUPPLIES	3,000	10,000	20,500	1,520	5,000	1,500	5,500	-	2,500	-
POSTAGE	4,000	19,000	10,390	1,600	3,000	1,400	2,500	-	1,200	-
DUES	-	800	1,000	2,215	-	1,500	1,500	-	1,750	-
OTHER SUPPLIES	1,200	9,000	15,110	-	3,700	1,500	700	-	1,000	-
UNIFORM ALLOWANCE	6,000	15,000	14,600	6,650	12,650	1,000	4,000	-	5,000	-
MAINT ALLOC	27,173	-	25,000	-	-	-	-	-	-	-
TELEPHONE	9,000	53,600	60,000	8,278	20,000	10,200	12,960	-	9,000	-
EXPENSE OUT OF STATE & MILEAGE	14,000	2,250	4,900	1,500	-	-	10,500	-	1,500	-
CRUISER REPAIR & MAINT	23,000	4,080	-	18,880	10,000	4,500	25,000	-	15,000	-
CRUISER GAS & OIL	47,800	95,000	-	37,000	25,000	19,880	40,000	-	38,200	-
EQUIPMENT REPAIR & MAINT	2,500	42,800	1,000	-	4,500	7,449	2,000	-	600	-
GENERAL LIABILITY INS	38,550	-	-	-	15,673	5,200	-	-	2,400	-
EQUIPMENT RENTAL	-	5,520	113,169	-	7,200	-	41,031	-	8,700	-
NEW EQUIPMENT	-	148,816	40,576	16,838	4,100	-	3,950	-	2,100	-
NEW CRUISERS	-	-	-	-	38,233	-	-	-	22,000	-
COMPUTER SOFTWARE	-	-	9,100	-	-	-	-	-	-	-
EXTRADITION	-	10,000	2,500	-	15,000	-	-	-	6,500	-
VEHICLE INSURANCE	6,775	-	-	-	-	-	-	-	-	-
	190,598	440,166	319,420	103,393	213,437	68,887	168,534	-	144,450	-
TOTAL SHERIFF	\$ 1,341,765	\$ 5,011,540	\$ 3,212,884	\$ 819,589	\$ 1,602,945	\$ 631,110	\$ 1,354,456	\$ 2,103,013	\$ 683,250	\$ 1,707,552

NA = not allocated to department; County budgets health insurance as a separate line item.

DISPATCH

DISPATCH

BACKGROUND

The Dispatch Unit is part of the Sheriff's Department and is made up of the Director of Communications and 9 staff members. The Director oversees 2 Communications Supervisors and 7 full-time dispatchers. Ten part-time employees have been authorized, but currently the County only staffs 7. Shifts are 24/7, with a minimum of 2 people on the "floor" at a time. An additional third person will be staffed with the normal 2 for approximately 100 hours per week. Dispatch works with approximately 63 agencies including Vermont and Coos County. Participating Towns contract with Grafton County for dispatch services. Bills are prepared based on data provided by Communications, for determination by usage percentage. Dispatch is located in the County Courthouse, in the old space occupied by the Register of Deeds.

Dispatch IT

Four years ago the IT Department was created. The Communications Department had already upgraded their technology by that time. Dispatch uses IMC Prime Care Software, which provides computer-aided dispatch capabilities that record both civil and general data. There is good IT support during the regular work week but none on the weekends. The Sheriff's Department and Dispatch are supported by two servers in different locations. Backups are done six times per day, which are then stored offsite at the Nursing Home. The servers have battery back-up which allow the Dispatchers to function normally in case of server failure.

Other Items Noted

- Very little turnover in Dispatch – few retirements
- Staffing issues for both Sheriff and Dispatch – no clerical support and short one operating position each
- The Sheriff noted that vehicles are moving to in-car camera monitoring – future capital needs

BUDGET PERFORMANCE

The following revenues have been collected over the past three years:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Dispatch adopted budget	\$ 570,510	\$ 580,597	\$ 508,563
Dispatch Fees actual	<u>567,282</u>	<u>506,018</u>	<u>536,219</u>
Surplus (deficiency)	<u>(3,228)</u>	<u>(74,579)</u>	<u>27,656</u>

Dispatch fee revenue has been inconsistent over the three fiscal years reviewed. Per our discussion with the Director of Communications this may be attributable to both needs and capacity.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Dispatch adopted budget	\$ 923,650	\$ 918,476	\$ 947,071
Dispatch expenditures actual	<u>855,711</u>	<u>883,200</u>	<u>891,530</u>
Surplus	<u>\$ 67,939</u>	<u>\$ 35,276</u>	<u>\$ 55,541</u>

Budget amendments or reductions of (\$34,913), \$2,835, and \$145 were noted for fiscal 2009, 2010, and 2011 respectively. The line items that were driving the surpluses noted above were dispatcher salaries, fringe benefits, and lease communication equipment.

FISCAL 2012 BUDGET

	<u>Amount</u>	
FY 2012 Dispatch budget request	\$ 1,004,163	
FY 2011 Dispatch adopted budget	<u>\$ 947,071</u>	
Increase in Department budget per request	<u>\$ 57,092</u>	6.03%

The costs increasing the Department's request for fiscal 2012 were dispatcher salaries, fringe benefits, and leased communication equipment.

	<u>Amount</u>	
FY 2012 Dispatch adopted budget	\$ 986,716	
FY 2011 Dispatch adopted budget	<u>\$ 947,071</u>	
Decrease in Department budget	<u>\$ 39,645</u>	4.19%

The reductions made by the Commissioners were related to health insurance, which was consistent with reductions to other departments.

GRAFTON COUNTY BUDGET COMPARISON
DISPATCH DEPARTMENT
FISCAL 2011

	Grafton FY11	Hillsborough FY11	Rockingham FY11	Cheshire FY11	Belknap FY11	Sullivan FY11	Proposed Strafford FY11	Merrimack FY11	Proposed Coos FY11	Carroll FY11
DISPATCH										
WAGES										
DIRECTOR OF COMMUNICATIONS	\$ 67,476	\$ 75,435	\$ -	\$ 50,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DISPATCHERS	519,813	-	1,047,676	383,533	466,000	-	448,232	-	-	-
OVERTIME	21,000	-	76,000	10,000	15,000	-	20,000	-	-	-
OTHER WAGES	1,800	-	-	-	-	-	13,000	-	-	-
	<u>610,089</u>	<u>75,435</u>	<u>1,123,676</u>	<u>444,481</u>	<u>481,000</u>	<u>-</u>	<u>481,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
BENEFITS										
LONGEVITY	4,655	-	5,800	-	-	-	2,550	-	-	-
SOCIAL SECURITY	47,115	-	82,812	34,003	-	-	37,009	-	-	-
LIFE INS	94	-	-	3,676	-	-	-	-	-	-
HEALTH INSURANCE	100,841	-	194,334	NA	-	-	NA	-	-	-
RETIREMENT	45,746	-	114,876	38,081	-	-	44,309	-	-	-
WORKERS COMP	610	-	3,282	640	-	-	822	-	-	-
UNEMPLOYMENT COMPENSATION	145	-	1,890	2,250	-	-	1,763	-	-	-
	<u>199,206</u>	<u>-</u>	<u>402,994</u>	<u>78,650</u>	<u>-</u>	<u>-</u>	<u>86,453</u>	<u>-</u>	<u>-</u>	<u>-</u>
	32.65%		35.86%	17.69%			17.96%			
EXPENSES										
EDUCATION & CONFERENCE	7,520	-	4,000	420	-	-	5,000	-	-	-
PRINTING,BINDING & BOOKS	875	-	-	-	-	-	-	-	-	-
OFFICE SUPPLIES	3,825	-	20,000	500	-	-	1,000	-	-	-
POSTAGE	480	-	-	-	-	-	-	-	-	-
MAINT ALLOC	37,519	-	-	-	-	-	-	-	-	-
CONTRACTUAL	-	-	39,906	13,725	-	-	8,010	-	-	-
DUES & MEMBERSHIPS	-	-	-	300	-	-	-	-	-	-
UNIFORMS	-	-	-	766	-	-	-	-	-	-
TELEPHONE	16,600	-	-	4,280	-	-	2,988	-	-	-
TRAVEL	-	-	-	1,500	-	-	-	-	-	-
VEHICLE R & M	6,000	-	-	-	-	-	-	-	-	-
VEHICLE FUEL & OIL	4,000	-	-	-	-	-	-	-	-	-
EQUIPMENT REPAIR & MAINT	41,001	-	1,000	3,000	44,350	-	4,000	-	-	-
NEW EQUIPMENT	-	-	35,030	74,500	-	-	-	-	-	-
COMPUTER SOFTWARE	-	-	4,000	-	-	-	-	-	-	-
GENERAL LIAB INS	3,777	-	-	-	-	-	-	-	-	-
VEHICLE INSURANCE	424	-	-	-	-	-	-	-	-	-
LEASE COMMUNICATION EQUIP	15,900	-	18,000	-	-	-	-	-	-	-
	<u>\$ 137,921</u>	<u>\$ -</u>	<u>\$ 121,936</u>	<u>\$ 98,991</u>	<u>\$ 44,350</u>	<u>\$ -</u>	<u>\$ 20,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL DISPATCH	<u>\$ 947,216</u>	<u>\$ 75,435</u>	<u>\$ 1,648,606</u>	<u>\$ 622,122</u>	<u>\$ 525,350</u>	<u>\$ -</u>	<u>\$ 588,683</u>	<u>\$ 736,566</u>	<u>\$ -</u>	<u>\$ 741,591</u>
MEDICAL REFEREE	\$ 43,000	\$ 75,000	\$ 40,504	\$ 11,600	\$ 10,000	\$ 9,000	\$ 18,000	\$ 35,000	\$ 15,000	\$ 14,402

NA = not allocated to department; County budgets health insurance as a separate line item.

GRAFTON COUNTY COOPERATIVE EXTENSION

GRAFTON COUNTY COOPERATIVE EXTENSION

BACKGROUND

The Cooperative Extension provides New Hampshire residents with various educational opportunities in youth development, family issues, and economic development. This is an outreach program sponsored in part by the University of New Hampshire to all 10 New Hampshire Counties. Specialists from UNH, County staff, and volunteers are all needed to meet the goals and mission outlined by the program. This also means that the program is funded with federal, state, and local monies. Some of the County programs include the following:

- 4-H Youth Developmental Program
- Family & Consumer Resources
- Nutrition Connection Program
- Agricultural Resources Program
- Dairy Program
- Forestry & Wildlife Program
- Community Profile Program

The Director of Cooperative Extension was very enthusiastic about the program and said that her staff was equally as passionate. They have great attendance and participation for their programs throughout the County and could certainly be able to help more individuals with additional resources. They have been moving forward with the use of social media, mostly Facebook, to provide a cheap and accessible avenue for citizens to find out about their programs. Also weekly columns are written in the newspaper by all staff, who switch-off every week. For people who do not use Facebook or may not read the newspaper, there is an electronic calendar on the Extension's website detailing the time, date, location, and program each day if applicable.

In addition to the programs carried out by the Grafton County Cooperative Extension noted above, there are other programs or workshops throughout the year. The Extension will first ensure that the objectives of the proposed program are in line with the mission of the extension, then whether there will be an interest, and finally hire the agency or specialist. If volunteers are required for any program, UNH does background checks, volunteers must then sign service agreements, receive extensive training, as well as come in for an interview.

We then inquired about the program moving forward and what short-/long-term vision the County has. The Director said that it is up in the air at the moment due to state funding being cut by 48% for FY 2013. She noted that more than half of the program is funded by State appropriations so this is going to have a big impact moving forward. She anticipated that there will be a reduction in staff, although she was unsure as to how drastic. She indicated that as part of the budget process they

tend to stray to the conservative or “worst-case scenario” side, keeping staffing levels and programs to necessity only and consistent with prior years as much as possible.

IT support comes from the University of New Hampshire (UNH). The computer software is integrated with the UNH campus, which also provides tech support immediately. The County IT department is used as a second line of defense, if the campus is having problems or if there may be some type of emergency.

BUDGET PERFORMANCE

We reviewed budget to actual data for fiscal years 2009 through 2011 and noted that the County Extension performed well from a budget standpoint. Details are noted below.

<u>Fiscal Year</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Budget Variance Favorable (Unfavorable)</u>
2009	\$ 316,684	\$ 271,182	\$ 45,502
2010	\$ 304,718	\$ 287,380	\$ 17,338
2011	\$ 308,758	\$ 289,827	\$ 18,931

Total budgets for the three years remained relatively flat, with actual expenditures coming comfortably under budget. The amounts included above do not include either grant or funding from the UNH.

County budget comparisons for the County Extension Program are detailed below:

<u>County</u>	<u>Total Budget</u>	<u>County Extension</u>	<u>Percentage of Total Budget</u>
Cheshire	\$ 41,232,995	\$ 191,980	0.47%
Grafton	\$ 32,912,281	\$ 308,758	0.94%
Rockingham	\$ 74,560,154	\$ 423,045	0.57%
Hillsborough	\$ 87,564,569	\$ 461,330	0.53%
Sullivan	\$ 28,687,397	\$ 247,668	0.86%
Merrimack	\$ 76,940,101	\$ 438,307	0.57%
Coos	\$ 30,679,600	\$ 181,250	0.59%

ATTACHMENT

ORGANIZATIONAL CHART OF GRAFTON COUNTY

