

**TOWN OF SEABROOK,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009**

TOWN OF SEABROOK, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
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DECEMBER 31, 2009

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PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen and Town Manager
Town of Seabrook
Seabrook, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Seabrook as of and for the fiscal year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Seabrook's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Seabrook as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 26 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Town of Seabrook has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2011 on our consideration of the Town of Seabrook's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

***Town of Seabrook
Independent Auditor's Report***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Seabrook's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Town of Seabrook. The combining and individual fund schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

March 8, 2011

Gregory A. Colby, CPA

PLODZIK & SANDERSON
Professional Association

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF SEABROOK, NEW HAMPSHIRE
Statement of Net Assets
December 31, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 12,499,801
Investments	2,091,112
Intergovernmental receivable	919,959
Other receivables, net of allowances for uncollectible	9,882,885
Prepaid items	4,621
Tax deeded property held for resale	3,140
Capital assets, not being depreciated:	
Land	3,554,751
Construction in progress	2,539,375
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	17,225,163
Improvements other than buildings	14,889
Equipment and vehicles	2,697,669
Infrastructure	42,741,590
Total assets	94,174,955
LIABILITIES	
Accounts payable	683,535
Accrued salaries and benefits	183,630
Intergovernmental payable	6,989,777
Accrued interest payable	106,771
Unearned revenue	8,254
Noncurrent obligations:	
Due within one year:	
Bonds	262,400
Capital leases	18,874
Compensated absences	371,072
Due in more than one year:	
Bonds	5,849,800
Capital leases	39,423
Compensated absences	463,886
Other postemployment benefits payable	194,127
Total liabilities	15,171,549
NET ASSETS	
Invested in capital assets, net of related debt	62,602,940
Restricted for:	
Perpetual care	13,531
Capital project	5,657,695
Unrestricted	10,729,240
Total net assets	\$ 79,003,406

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT B
TOWN OF SEABROOK, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,216,922	\$ 12,561	\$ 40,434	\$ -	\$ (3,163,927)
Public safety	7,361,618	421,735	349,693	-	(6,590,190)
Highways and streets	1,893,810	-	139,988	-	(1,753,822)
Sanitation	4,779,679	582,545	4,611	-	(4,192,523)
Water distribution and treatment	1,571,299	549,440	2,829	-	(1,019,030)
Health	197,469	-	-	-	(197,469)
Welfare	270,779	21,194	-	-	(249,585)
Culture and recreation	1,378,756	85,889	2,019	-	(1,290,848)
Conservation	103,817	-	55,754	-	(48,063)
Interest on long-term debt	293,261	-	-	-	(293,261)
Capital outlay	258,122	-	38,824	2,271,145	2,051,847
Total governmental activities	<u>\$ 21,325,532</u>	<u>\$ 1,673,364</u>	<u>\$ 634,152</u>	<u>\$ 2,271,145</u>	<u>(16,746,871)</u>
General revenues:					
Taxes:					
Property					14,197,329
Other					200,132
Motor vehicle permit fees					1,365,044
Licenses and other fees					423,958
Grants and contributions not restricted to specific programs					373,920
Miscellaneous					263,285
Total general revenues					<u>16,823,668</u>
Change in net assets					76,797
Net assets, beginning, as restated (see Note 13)					<u>78,926,609</u>
Net assets, ending					<u>\$ 79,003,406</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2009

	General	Expendable Trust	Water Treatment Plant	Sewer Department	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,722,846	\$ 2,872,930	\$ 3,239,796	\$ 414,288	\$ 1,249,941	\$ 12,499,801
Investments	4,918	-	2,080,844	-	5,350	2,091,112
Receivables, net of allowance for uncollectible:						
Taxes	9,566,106	-	-	-	-	9,566,106
Accounts	11,396	-	-	82,511	222,872	316,779
Intergovernmental	344	-	766,511	-	153,104	919,959
Interfund receivable	93,075	-	-	-	19,088	112,163
Tax deeded property subject to resale	3,140	-	-	-	-	3,140
Prepaid items	4,621	-	-	-	-	4,621
Total assets	\$ 14,406,446	\$ 2,872,930	\$ 6,087,151	\$ 496,799	\$ 1,650,355	25,513,681
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 178,432	\$ -	\$ 429,456	\$ 43,489	\$ 32,158	\$ 683,535
Accrued salaries and benefits	151,276	-	-	16,726	15,628	183,630
Intergovernmental payable	6,989,777	-	-	-	-	6,989,777
Interfund payable	-	19,088	-	-	93,075	112,163
Deferred revenue	7,171	-	-	541	542	8,254
Total liabilities	7,326,656	19,088	429,456	60,756	141,403	7,977,359
Fund balances:						
Reserved for encumbrances	892,445	-	-	78,767	-	971,212
Reserved for endowments	-	-	-	-	13,531	13,531
Reserved for tax deeded property	3,140	-	-	-	-	3,140
Reserved for special purposes	1,205,219	-	5,657,695	-	35,000	6,897,914
Unreserved:						
Designated for contingency	150,000	-	-	-	-	150,000
Undesignated, reported in:						
General fund	4,828,986	-	-	-	-	4,828,986
Special revenue funds	-	2,853,842	-	357,276	1,460,421	4,671,539
Total fund balances	7,079,790	2,853,842	5,657,695	436,043	1,508,952	17,536,322
Total liabilities and fund balances	\$ 14,406,446	\$ 2,872,930	\$ 6,087,151	\$ 496,799	\$ 1,650,355	\$ 25,513,681

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-2
TOWN OF SEABROOK, NEW HAMPSHIRE
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets
December 31, 2009

Total fund balances of governmental funds (Exhibit C-1)		\$ 17,536,322
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Cost	\$ 109,349,677	
Less accumulated depreciation	<u>(40,576,240)</u>	68,773,437
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (112,163)	
Payables	<u>112,163</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(106,771)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Bonds	\$ 6,112,200	
Capital leases	834,958	
Compensated absences payable	58,297	
Other postemployment benefits payable	<u>194,127</u>	(7,199,582)
Total net assets of governmental activities (Exhibit A)		<u><u>\$ 79,003,406</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-3
TOWN OF SEABROOK, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2009

	General	Expendable Trust	Water Treatment Plant	Sewer Department	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 14,376,408	\$ -	\$ -	\$ -	\$ 21,053	\$ 14,397,461
Licenses and permits	1,789,002	-	-	-	-	1,789,002
Intergovernmental	818,903	-	1,471,145	4,579	132,722	2,427,349
Charges for services	180,421	-	-	545,252	947,690	1,673,363
Miscellaneous	881,085	40,341	38,824	23,692	111,892	1,095,834
Total revenues	<u>18,045,819</u>	<u>40,341</u>	<u>1,509,969</u>	<u>573,523</u>	<u>1,213,357</u>	<u>21,383,009</u>
Expenditures:						
Current:						
General government	2,878,008	-	-	-	-	2,878,008
Public safety	6,811,067	-	-	-	288,647	7,099,714
Highways and streets	1,254,125	-	-	-	-	1,254,125
Sanitation	1,375,136	-	-	2,239,209	-	3,614,345
Water distribution and treatment	85,536	-	-	-	1,174,275	1,259,811
Health	197,074	-	-	-	-	197,074
Welfare	270,745	-	-	-	-	270,745
Culture and recreation	886,215	-	-	-	546,121	1,432,336
Conservation	3,208	-	-	-	100,609	103,817
Debt service:						
Principal	254,745	-	-	-	-	254,745
Interest	314,737	-	-	-	-	314,737
Capital outlay	421,582	178,760	1,870,611	-	-	2,470,953
Total expenditures	<u>14,752,178</u>	<u>178,760</u>	<u>1,870,611</u>	<u>2,239,209</u>	<u>2,109,652</u>	<u>21,150,410</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,293,641</u>	<u>(138,419)</u>	<u>(360,642)</u>	<u>(1,665,686)</u>	<u>(896,295)</u>	<u>232,599</u>
Other financing sources (uses):						
Transfers in	461,405	-	-	1,256,476	1,281,982	2,999,863
Transfers out	(2,422,490)	(517,973)	-	-	(59,400)	(2,999,863)
Inception of capital leases	52,860	-	-	-	-	52,860
Total other financing sources and uses	<u>(1,908,225)</u>	<u>(517,973)</u>	<u>-</u>	<u>1,256,476</u>	<u>1,222,582</u>	<u>52,860</u>
Net change in fund balances	1,385,416	(656,392)	(360,642)	(409,210)	326,287	285,459
Fund balances, beginning	5,694,374	3,510,234	6,018,337	845,253	1,182,665	17,250,863
Fund balances, ending	<u>\$ 7,079,790</u>	<u>\$ 2,853,842</u>	<u>\$ 5,657,695</u>	<u>\$ 436,043</u>	<u>\$ 1,508,952</u>	<u>\$ 17,536,322</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-4
TOWN OF SEABROOK, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2009

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 285,459
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 2,297,809	
Depreciation expense	<u>(2,572,277)</u>	(274,468)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (2,999,863)	
Transfers out	<u>2,999,863</u>	-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.		
Repayment of bond principal	\$ 254,745	
Repayment of capital lease principal	126,835	
Capital lease inception	<u>(52,860)</u>	328,720
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 21,476	
Increase in compensated absences payable	(90,263)	
Increase in other postemployment benefits payable	<u>(194,127)</u>	(262,914)
Changes in net assets of governmental activities (Exhibit B)		<u>\$ 76,797</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT D-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2009

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 808,233	\$ 594,189
LIABILITIES		
Due to other governmental units	-	60,720
Due to others	-	533,469
Total liabilities	-	594,189
NET ASSETS		
Held in trust for special purposes	\$ 808,233	\$ -

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT D-2
TOWN OF SEABROOK, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended December 31, 2009

	Private Purpose Trust
ADDITIONS	
Contributions:	
New scholarship funds	\$ 88,391
Interest	11,108
Total additions	99,499
DEDUCTIONS	
Scholarships	(43,000)
Change in net assets	56,499
Net assets, beginning, as restated (see Note 13)	751,734
Net assets, ending	\$ 808,233

The notes to the basic financial statements are an integral part of this statement.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

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TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Seabrook are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Seabrook, New Hampshire (the Town), is a municipal corporation governed by an elected 3-member Board of Selectmen and Town Manager. The reporting entity is comprised of the primary government and any other organizations (*component units*) that are included to ensure that the financial statements are not misleading.

Component units are legally separate organizations for which the Town is financially accountable. The Town is financially accountable for an organization if the Town appoints a voting majority of the organization's governing board, and (1) the Town is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Town is legally entitled to or can otherwise access the organization's resources; (3) the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Town is obligated for the debt of the organization. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity.

1-B Basis of Presentation

Government-Wide Financial Statements - The government-wide financial statements display information about the Town as a whole. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. The effect of interfund activity has been eliminated from these statements.

The statement of net assets presents information on all of the entities assets and liabilities, with the difference between the two presented as net assets. Net assets are reported as one of three categories; invested in capital assets, net of related debt; restricted; or unrestricted.

The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (1) charges to customers or applicants for goods received, services rendered or privileges provided, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund has a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- (a) Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type;
- (b) Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined; and
- (c) In addition, any other governmental fund that the Town believes is particularly important to the financial statement users may be reported as a major fund.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

Governmental Activities – Governmental funds are identified as general, special revenue, capital projects, and permanent funds, based upon the following guidelines:

General Fund - is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Permanent Funds – are used to account for resources legally held in trust. All resources of the fund, including earnings on invested resources, may be used to support the Town.

Fiduciary Fund Types - These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. Fiduciary Fund types are not part of the reporting entity in the Government-wide financial statements, but are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are as follows:

Private Purpose Trust Funds - are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds –are used to account for resources held by the Town in a purely custodial capacity, for individuals, private organizations, and/or governmental units.

Major Funds - The Town reports the following major governmental funds:

General Fund – All general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

Expendable Trust Fund – This special revenue fund accounts for the legally established funds for future costs.

Water Treatment Plant – The capital project fund accounts for the activity pertaining to the construction of a municipal water treatment plant.

Sewer Department Fund– The sewer department fund accounts for the operation of the sewer treatment plant, pumping station and sewer lines in the Town.

The Town also reports ten nonmajor governmental funds.

1-C Measurement Focus

Government-Wide and Fiduciary Fund Financial Statements - The government-wide and fiduciary fund financial statements, except for agency funds which have no measurement focus, are reported using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable

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and available only when cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis revenue is recorded when the exchange takes place in the fiscal year in which the resources are measurable and become available.

Revenues- Nonexchange Transactions - Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all grantor imposed eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions also must be available (i.e., collected within 60 days) before it can be recognized, with the exception of property taxes which are recognized if expected to be collected in time to be used to pay the liability to the school district which is due over the next six months.

1-D Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

New Hampshire statutes require that the Town treasurer have custody of all money belonging to the Town and pay out the same only upon orders of the Town Manager. The treasurer shall deposit all such moneys in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Investments are stated at fair value based on quoted market prices.

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1-F Receivables

Receivables in the government-wide financial statements represent amounts due to the Town at December 31, recorded as revenue, which will be collected in the future and consist primarily of taxes, accounts, and intergovernmental receivables.

Tax revenue is recorded when a warrant for collection is committed to the tax collector. As prescribed by law, the tax collector executes a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax deeded to the Town.

Accounts receivable include various service charges which are recorded as revenue for the period when serviced was provided. These receivables are reported net of any allowances for uncollectible accounts.

1-G Interfund Balances

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds are eliminated in the statement of net assets.

1-H Capital Assets

General capital assets are those assets of a capital nature which the Town owns. All capital assets are capitalized at cost (or estimated at historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of \$10,000 and more than five years of estimated useful life. Improvements to capital assets are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset’s life are expensed.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. All reported capital assets are depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

	Years
Buildings and building improvements	20-100
Improvements other than buildings	5
Equipment and vehicles	5-100
Infrastructure	20-50

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

1-I Allowances for Uncollectible Accounts

An allowance for uncollectible accounts has been recorded for the following purposes:

Taxes- an allowance has been established by management where collectability is in doubt.

Ambulance- an allowance has been established for all receivables that are older than 120 days, and where collectability is in doubt.

1-J Deferred/Unearned Revenue

In the government-wide financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to their being earned. In the governmental fund financial statements deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the “available” criterion for revenue recognition under the modified accrual basis of accounting. On the government-wide statements of net assets, deferred revenue is classified as unearned revenue.

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1-K Compensated Absences

The Town's policy allows certain employees to earn varying amounts of vacation and sick pay based on the employee's length of employment. Upon retirement or termination of employment, employees are paid in full for any accrued leave earned as set forth by personnel policy.

Vested amounts of both vacation and sick pay are reported as long-term liabilities in the statement of net assets.

1-L Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide statements.

1-M Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

1-N Equity Classifications

Government-Wide Statements- Equity is classified as net assets and displayed in three components:

- a) *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested capital assets, net of related debt.
- b) *Restricted net assets-* Consists of net assets with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net assets-* All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements- Governmental fund equity is classified as fund balance. Fund balance is classified as reserved and unreserved. Reserved fund balances represent amounts not available for appropriation, or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative management plans that are subject to change. Undesignated fund balance amounts represent amounts available for use in future periods.

1-O Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds are eliminated in the statement of net assets.

Interfund Transfers - Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

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1-P Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates and the differences could be material.

NOTE 2 - CUSTODIAL CREDIT RISK FOR DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2009, none of the Town's bank balances of \$12,022,465 was exposed to custodial credit risk as uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash and cash equivalents per statement of net assets (Exhibit A)	\$ 12,499,801
Cash and cash equivalents per statement of fiduciary net assets (Exhibit D-1)	<u>1,402,422</u>
Total cash and cash equivalents	<u><u>\$ 13,902,223</u></u>

NOTE 3 - INVESTMENTS

As of December 31, 2009, the Town had the following investments:

Certificate of deposit	\$ 2,080,844
New Hampshire Public Deposit Investment Pool	<u>10,268</u>
	<u><u>\$ 2,091,112</u></u>

NOTE 4 - TAXES RECEIVABLE

The property tax year is from April 1 to March 31 and all property taxes are assessed on the inventory taken in April of that year. The net assessed valuation as of April 1, 2009, upon which the 2009 property tax levy was based is:

For the New Hampshire education tax	\$ 1,388,070,800
For all other taxes	\$ 2,735,365,300

The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Under this method, tax bills are due on or around July 1 and December 1 of each year, with interest accruing at a rate of 12% on bills outstanding after the due date. The first billing is considered an estimate only and is one half of the previous year's tax billing. The remaining balance of taxes due is billed in the fall after the New Hampshire Department of Revenue Administration has calculated and approved the Town's tax rate for the fiscal year.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for abatements and refunds of property taxes, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any tax allowance at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Seabrook School District, Winnacunnet Cooperative School District, and Rockingham County, which are remitted as required by law. The ultimate responsibility for the collection of taxes rests with the Town.

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The tax rates and amounts assessed for the year ended December 31, 2009 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.28	\$ 14,443,792
School portion:		
State of New Hampshire	\$2.31	3,201,758
Local	\$4.40	12,026,110
County portion	\$0.96	2,639,071
Total		\$ 32,310,731

During the current fiscal year, the tax collector executed a lien on April 27 for all uncollected 2008 property taxes.

Taxes receivable at December 31, 2009, are as follows:

Property:	
Levy of 2009	\$ 9,153,147
Unredeemed (under tax lien):	
Levy of 2008	268,511
Levy of 2007	135,230
Levies of 2006 and prior	39,579
Less: allowance for estimated uncollectible taxes	(30,361)
Net taxes receivable	\$ 9,566,106

NOTE 5 - OTHER RECEIVABLES

Receivables at December 31, 2009, consisted of accounts (billings for ambulance, water, sewer, police details, and other user charges) and intergovernmental amounts arising from grants.

Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2009 for the Town's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	General Fund	Water Treatment Plant	Sewer Department Fund	Nonmajor Funds	Total
Accounts	\$ 11,396	\$ -	\$ 82,511	\$ 616,807	\$ 710,714
Intergovernmental	344	766,511	-	153,104	919,959
Less: allowance for uncollectible amounts	-	-	-	(393,935)	(393,935)
Net receivables	\$ 11,740	\$ 766,511	\$ 82,511	\$ 375,976	\$ 1,236,738

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NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 consisted of the following:

	Balance, beginning, as restated	Changes	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 3,554,751	\$ -	\$ 3,554,751
Construction in progress	477,120	2,062,255	2,539,375
Total capital assets not being depreciated	4,031,871	2,062,255	6,094,126
Being depreciated:			
Buildings and building improvements	26,843,473	27,257	26,870,730
Improvements other than buildings	-	15,673	15,673
Equipment and vehicles	6,327,965	72,978	6,400,943
Infrastructure	69,848,559	119,646	69,968,205
Total capital assets being depreciated	103,019,997	235,554	103,255,551
Total all capital assets	107,051,868	2,297,809	109,349,677
Less accumulated depreciation:			
Buildings and building improvements	(9,013,287)	(632,280)	(9,645,567)
Improvements other than buildings	-	(784)	(784)
Equipment and vehicles	(3,267,563)	(435,711)	(3,703,274)
Infrastructure	(25,723,113)	(1,503,502)	(27,226,615)
Total accumulated depreciation	(38,003,963)	(2,572,277)	(40,576,240)
Net book value, capital assets being depreciated	65,016,034	(2,336,723)	62,679,311
Net book value, all capital assets	\$ 69,047,905	\$ (274,468)	\$ 68,773,437

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

General government	\$ 134,013
Public safety	249,754
Highways and streets	649,236
Sanitation	1,232,476
Water distribution and treatment	302,256
Culture and recreation	4,542
Total	\$ 2,572,277

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at December 31, 2009, are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 93,075
Nonmajor	Expendable trust	19,088
		\$ 112,163

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Interfund transfers during the year ended December 31, 2009 are as follows:

	Transfers In:			Total
	General Fund	Sewer Department Fund	Nonmajor Funds	
Transfers out:				
General fund	\$ -	\$ 1,256,476	\$ 1,166,014	\$ 2,422,490
Expendable trust fund	402,005	-	115,968	517,973
Nonmajor funds	59,400	-	-	59,400
Total	<u>\$ 461,405</u>	<u>\$ 1,256,476</u>	<u>\$ 1,281,982</u>	<u>\$ 2,999,863</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 - INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2009 consist of the following:

General fund:		
Balance of 2009-2010 district assessment due to the Seabrook School District		\$ 4,221,507
Balance of 2009-2010 district assessment due to the Winnacunnet Cooperative School District		2,666,361
Miscellaneous fees due to the Internal Revenue Service		344
Miscellaneous fees due to the Massachusetts Department of Revenue		1,431
Miscellaneous fees due to Town of Goffstown, New Hampshire		550
Miscellaneous fees due to the Treasurer, State of New Hampshire		291
Miscellaneous fees due to U.S. Treasury		273
Retirement fees due to the New Hampshire Retirement System		98,954
Copy fees due to Rockingham County		66
Total		<u>\$ 6,989,777</u>

NOTE 9 - DEFERRED/UNEARNED REVENUE

Deferred/unearned revenue at December 31, 2009 of \$8,254 consists of \$7,171 of property taxes collected in advance for the 2010 levy; \$541 of sewer charges collected in advance; and \$542 of water charges collected in advance.

NOTE 10 - LONG-TERM LIABILITIES

Changes in the Town's long-term obligations consisted of the following for the year ended December 31, 2009:

	General Obligation Bonds Payable	Capital Leases Payable	Compensated Absences Payable	Total
Balance, beginning	\$ 6,366,945	\$ 132,272	\$ 744,695	\$ 7,243,912
Additions	-	52,860	90,263	143,123
Reductions	(254,745)	(126,835)	-	(381,580)
Balance, ending	<u>\$ 6,112,200</u>	<u>\$ 58,297</u>	<u>\$ 834,958</u>	<u>\$ 7,005,455</u>

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Long-term liabilities payable are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2009	Current Portion
General obligation bonds payable:						
Arsenic removal	\$ 462,000	2007	2012	4.29	\$ 277,200	\$ 92,400
Water treatment plant	\$ 6,000,000	2008	2037	4.0-4.5	5,835,000	170,000
					<u>6,112,200</u>	<u>262,400</u>
Capital leases payable:						
Acorn recorder	\$ 11,340	2007	2011	10.92	3,666	1,844
Canon Image Runner	\$ 9,024	2008	2011	N/A	5,382	2,710
Police vehicle	\$ 14,439	2008	2012	5.95	8,644	2,717
Recreation vehicle	\$ 33,900	2009	2013	4.13	26,385	6,083
Toshiba copier	\$ 9,600	2009	2012	N/A	7,200	2,400
Canon Image Runner	\$ 9,360	2009	2011	N/A	7,020	3,120
					<u>58,297</u>	<u>18,874</u>
Compensated absences payable:						
Vested sick leave					319,858	163,615
Accrued vacation leave					515,100	207,457
					<u>834,958</u>	<u>371,072</u>
Total					<u>\$ 7,005,455</u>	<u>\$ 652,346</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2009, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2010	\$ 262,400	\$ 279,311	\$ 541,711
2011	267,400	267,572	534,972
2012	272,400	254,733	527,133
2013	185,000	241,413	426,413
2014	195,000	231,438	426,438
2015-2019	1,035,000	999,175	2,034,175
2020-2024	770,000	785,454	1,555,454
2025-2037	3,125,000	996,616	4,121,616
Totals	<u>\$ 6,112,200</u>	<u>\$ 4,055,712</u>	<u>\$ 10,167,912</u>

The annual requirements to amortize the capital leases payable as of December 31, 2009, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2010	\$ 18,874	\$ 2,285	\$ 21,159
2011	20,085	1,455	21,540
2012	12,210	935	13,145
2013	7,128	387	7,515
Totals	<u>\$ 58,297</u>	<u>\$ 5,062</u>	<u>\$ 63,359</u>

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The Town has established an expendable trust fund for the compensated absences. The balance in the expendable retirement fund at December 31, 2009 was \$113,527, which is part of the fund balance in the expendable trust fund. Funds were disbursed from the expendable retirement fund in 2009 to cover payments to employees leaving employment. This amount totaled \$8,898.

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

NOTE 11 – GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2009 include the following:

Invested in capital assets, net of related debt:	
Capital assets, net of accumulated depreciation	\$ 68,773,437
Less:	
General obligation bonds payable	(6,112,200)
Capital leases payable	(58,297)
Total invested in capital assets, net of related debt	<u>62,602,940</u>
Restricted for special purposes:	
Perpetual care	13,531
Capital projects	5,657,695
Unrestricted	10,729,240
Total net assets	<u><u>\$ 79,003,406</u></u>

NOTE 12 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2009 include the following:

Reserved:	
Major funds:	
General	\$ 1,707,697
Capital project	5,657,695
Sewer department	78,767
Nonmajor funds:	
Special revenue	35,000
Permanent	13,531
Total reserved fund balance	<u>7,492,690</u>
Unreserved-designated:	
Major fund:	
General	<u>150,000</u>
Unreserved-undesignated:	
Major funds:	
General	5,222,093
Expendable trust	2,853,842
Sewer department	357,276
Nonmajor funds:	
Special revenue	1,460,421
Total unreserved-undesignated fund balance	<u>9,893,632</u>
Total governmental fund balances	<u><u>\$ 17,536,322</u></u>

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NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Fund equity at January 1, 2009 was restated to give retroactive effect to the following prior period adjustments:

	Government-Wide Statements	Private Purpose Trust
To record capital assets not previously reported	\$ 31,023,543	\$ -
To remove funds not considered private purpose trusts	-	(40,414)
Net assets, as previously reported	47,903,066	792,148
Net assets, as restated	\$ 78,926,609	\$ 751,734

NOTE 14 - EMPLOYEE RETIREMENT PLAN

The Town participates in the New Hampshire Retirement System (the System) which is the administrator of a cost-sharing multiple-employer contributory pension plan and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Provision for benefits and contributions are established and can be amended by the New Hampshire Legislature. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Police officers and firefighters are required to contribute 9.3% of gross earnings. For the first six months of 2009, the Town contributed 11.84% for police and 15.92% for fire. As of July 1, those rates increased to 13.66% for police, and 17.28% for fire. The contribution requirements for the Town of Seabrook for the fiscal years 2007, 2008 and 2009 were \$460,483, \$496,611 and \$535,142, respectively, which were paid in full in each year.

For the first six months of 2009, the State of New Hampshire funded 35% of employer costs for police officers and firefighters employed by the Town. As of July 1, the funding rate decreased to 30% of employer costs. This amount, \$254,994, is reported as an "on-behalf payment" as an expenditure and revenue on the governmental fund operating statement, and as an expense and revenue on the government-wide statements of activities.

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to pension benefits described in Note 14, the Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the Town's agreements, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The Town funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the Town subsidizing the remaining costs. Expenses for the postretirement health care benefits are recognized as eligible employee claims are paid.

The Governmental Accounting Standards Board (GASB) issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement 45, was implemented by the Town during fiscal year 2009, and requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement 45 does not mandate the pre-funding of postemployment benefit liabilities. Nevertheless, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements.

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The Town has only partially funded (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2009:

Annual required contribution/OPEB cost	\$ 243,241
Contributions made (pay-as-you-go)	<u>(49,114)</u>
Decrease in net OPEB obligation	194,127
Net OPEB obligation, beginning	<u>-</u>
Net OPEB obligation, ending	<u><u>\$ 194,127</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 was as follows:

Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
12/31/2009	\$ 243,241	\$ 49,114	2.02%	\$ 194,127

As of January 1, 2009, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$2,177,109 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,177,109. The covered payroll (annual payroll of active employees covered by the plan) was \$6,089,429 during fiscal year 2009, and the ratio of the UAAL to the covered payroll was 35.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return per annum. The projected annual healthcare cost trend is 9% initially, reduced by decrements to an ultimate rate of 5% after four years. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at January 1 was 30 years.

NOTE 16 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2009, the Town was a member of the Local Government Center Property-Liability Trust, LLC, and the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation Program. These entities are considered public entity risk pools, currently operating as common risk management and insurance programs for member towns and cities.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

The Local Government Center Property-Liability Trust, LLC, is a Trust organized to provide certain property and liability insurance coverages to member towns, cities and other qualified political subdivisions of New Hampshire. As a member of the Local Government Center Property-Liability Trust, LLC, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. The program maintains a self-insured retention above which it purchases reinsurance and excess insurance. This policy covers property, auto physical damage, crime, general liability, and public officials' liability subject to a \$1,000 deductible.

Contributions paid in 2009 for fiscal year 2010, ending June 30, 2010, to be recorded as an insurance expenditure totaled \$149,116. There were no unpaid contributions for the year ending June 30, 2010 and due in 2009. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

The New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation Program is a pooled risk management program under RSAs 5-B and 281-A. The workers' compensation policy provides statutory coverage for workers' compensation. Primex retained \$500,000 of each loss. The membership and coverage run from January 1 through December 31. The estimated net contribution from the Town of Seabrook billed and paid for the year ended December 31, 2009 was \$391,672. The member participation agreement permits Primex to make additional assessments to members, should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Primex foresees no likelihood of any additional assessment for this or any prior year.

NOTE 17 - CONTINGENT LIABILITIES

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

There are various legal claims and suits pending against the Town which arose in the normal course of the Town's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

NOTE 18 - DONATION

The Town received an \$800,000 donation during 2009 from a commercial entity in support of road construction and highway improvements. This amount has been reserved for special purposes until such time as work is begun on the project.

NOTE 19 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

In March 2009 the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The requirements of Statement No. 54 are not mandatory for the Town until fiscal year ended December 31, 2011. The Town also implemented the following Statements this year with no significant impact:

GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*

GASB Statement No. 55 *The Hierarchy of Generally Accepted Principles for State and Local Governments*

GASB Statement No. 56 *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*

NOTE 20 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through March 8, 2011, the date the December 31, 2009 financial statements were issued, and no events occurred requiring recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 14,157,629	\$ 14,376,408	\$ 218,779
Licenses and permits	1,676,810	1,789,002	112,192
Intergovernmental	629,244	563,909	(65,335)
Charges for services	144,050	180,421	36,371
Miscellaneous	63,027	881,085	818,058
Total revenues	<u>16,670,760</u>	<u>17,790,825</u>	<u>1,120,065</u>
Expenditures:			
Current:			
General government	2,944,470	2,866,248	78,222
Public safety	6,807,397	6,556,073	251,324
Highways and streets	1,274,466	1,254,125	20,341
Water distribution and treatment	116,000	85,536	30,464
Sanitation	1,393,527	1,375,136	18,391
Health	198,675	196,136	2,539
Welfare	404,721	270,745	133,976
Culture and recreation	838,861	852,315	(13,454)
Conservation	5,845	3,208	2,637
Debt service:			
Principal	254,745	254,745	-
Interest	314,738	314,737	1
Capital outlay	739,150	653,065	86,085
Total expenditures	<u>15,292,595</u>	<u>14,682,069</u>	<u>610,526</u>
Excess of revenues over expenditures	<u>1,378,165</u>	<u>3,108,756</u>	<u>1,730,591</u>
Other financing sources (uses):			
Transfers in	45,355	461,405	416,050
Transfers out	(2,423,520)	(2,423,520)	-
Total other financing sources and uses	<u>(2,378,165)</u>	<u>(1,962,115)</u>	<u>416,050</u>
Net change in fund balances	<u>\$ (1,000,000)</u>	1,146,641	<u>\$ 2,146,641</u>
Increase in fund balance reserved for special purposes		(1,183,162)	
Unreserved fund balance, beginning		5,015,507	
Unreserved fund balance, ending		<u>\$ 4,978,986</u>	

The notes to the required supplementary information are an integral part of this schedule.

EXHIBIT E-2
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Sewer Department Fund
For the Fiscal Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 4,579	\$ 4,579
Charges for services	574,050	545,252	(28,798)
Miscellaneous	-	23,692	23,692
Total revenues	<u>574,050</u>	<u>573,523</u>	<u>(527)</u>
Expenditures:			
Current:			
Sanitation	<u>574,050</u>	<u>2,033,489</u>	<u>(1,459,439)</u>
Deficiency of revenues under expenditures	-	(1,459,966)	(1,459,966)
Other financing sources:			
Transfers in	<u>-</u>	<u>1,256,476</u>	<u>1,256,476</u>
Net change in fund balances	<u>\$ -</u>	<u>(203,490)</u>	<u>\$ (203,490)</u>
Unreserved fund balance, beginning		<u>560,766</u>	
Unreserved fund balance, ending		<u>\$ 357,276</u>	

The notes to the required supplementary information are an integral part of this schedule.

EXHIBIT F
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Funding Progress for Other Postemployment Benefit Plan
For the Fiscal Year Ended December 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
1/1/2009	\$ -	\$ 2,177,109	\$ 2,177,109	0.00%	\$ 6,089,429	35.80%

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

General Budget Policies	1
Budgetary Reconciliation	2
Excess of Expenditures over Appropriations.....	3

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

1. General Budget Policies

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general, water and sewer department funds. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unreserved fund balance to achieve that end. In the fiscal year 2009, \$1,000,000 of the beginning general fund fund balance was applied for this purpose.

2. Budgetary Reconciliation

The following reconciles the budgetary basis to the GAAP basis.

	General Fund	Sewer Department
Revenues and other financing sources:		
Per Exhibit E-1 (budgetary basis)	\$ 18,252,230	\$ -
Adjustment:		
Basis difference:		
Inception of capital leases	52,860	-
On-behalf retirement contributions made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	254,994	-
Per Exhibit C-3 (GAAP basis)	<u>\$ 18,560,084</u>	<u>\$ -</u>
Expenditures and other financing uses:		
Per Exhibit E-1 (budgetary basis)	\$ 17,105,589	\$ 2,033,489
Adjustment:		
Basis differences:		
Encumbrances, beginning	653,670	284,487
Encumbrances, ending	(892,445)	(78,767)
Inception of capital leases	52,860	-
On-behalf retirement contributions made by the State of New Hampshire recognized as an expenditure on the GAAP basis, but not on the budgetary basis	254,994	-
Per Exhibit C-3 (GAAP basis)	<u>\$ 17,174,668</u>	<u>\$ 2,239,209</u>

3. Excess of Expenditures over Appropriations

The sewer department fund had an excess of expenditures over appropriations for the year ended December 31, 2009 in the amount of \$1,459,439. Overexpenditure was partially funded through a subsidy from the general fund in the amount of \$1,256,476.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF SEABROOK, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 14,018,780	\$ 14,197,329	\$ 178,549
Land use change	63,157	63,158	1
Timber	492	492	-
Excavation	200	196	(4)
Interest and penalties on taxes	75,000	115,233	40,233
Total from taxes	<u>14,157,629</u>	<u>14,376,408</u>	<u>218,779</u>
Licenses, permits and fees:			
Business licenses, permits and fees	49,490	53,022	3,532
Motor vehicle permit fees	1,320,000	1,365,044	45,044
Building permits	146,000	193,354	47,354
Other	161,320	177,582	16,262
Total from licenses, permits and fees	<u>1,676,810</u>	<u>1,789,002</u>	<u>112,192</u>
Intergovernmental:			
State:			
Meals and rooms distribution	373,921	373,921	-
Highway block grant	134,646	134,646	-
Water pollution grants	42,286	-	(42,286)
Other	78,391	50,000	(28,391)
Federal:			
FEMA	-	5,342	5,342
Total from intergovernmental	<u>629,244</u>	<u>563,909</u>	<u>(65,335)</u>
Charges for services:			
Income from departments	144,050	180,421	36,371
Miscellaneous:			
Sale of municipal property	4,500	25	(4,475)
Interest on investments	27,000	26,328	(672)
Rent of property	-	102	102
Insurance dividends and reimbursements	-	1,000	1,000
Contributions and donations	-	800,000	800,000
Other	31,527	53,630	22,103
Total from miscellaneous	<u>63,027</u>	<u>881,085</u>	<u>818,058</u>
Other financing sources:			
Transfers in	45,355	461,405	416,050
Total revenues and other financing sources	16,716,115	<u>\$ 18,252,230</u>	<u>\$ 1,536,115</u>
Unreserved fund balance used to reduce tax rate	1,000,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 17,716,115</u>		

SCHEDULE 2
TOWN OF SEABROOK, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 575,845	\$ 529,953	\$ -	\$ 45,892
Election and registration	-	356,479	289,296	-	67,183
Financial administration	-	958,557	906,331	-	52,226
Legal	-	175,000	177,084	-	(2,084)
Planning and zoning	-	78,679	145,736	7,200	(74,257)
General government buildings	-	120,922	122,463	-	(1,541)
Cemeteries	-	135,765	144,523	-	(8,758)
Insurance, not otherwise allocated	-	543,223	543,662	-	(439)
Total general government	-	2,944,470	2,859,048	7,200	78,222
Public safety:					
Police	-	3,575,549	3,375,835	-	199,714
Fire	-	2,981,978	2,948,820	-	33,158
Building inspection	-	115,859	116,173	-	(314)
Emergency management	-	134,011	115,245	-	18,766
Total public safety	-	6,807,397	6,556,073	-	251,324
Highways and streets:					
Highways and streets	-	1,207,284	1,187,609	-	19,675
Street lighting	-	67,182	66,516	-	666
Total highways and streets	-	1,274,466	1,254,125	-	20,341
Sanitation:					
Administration	-	24,182	24,305	-	(123)
Solid waste collection	-	1,369,345	1,350,831	-	18,514
Total sanitation	-	1,393,527	1,375,136	-	18,391
Water distribution and treatment	-	116,000	85,536	-	30,464
Health:					
Administration	7,010	72,567	70,746	6,072	2,759
Pest control	-	126,108	126,328	-	(220)
Total health	7,010	198,675	197,074	6,072	2,539
Welfare:					
Administration	-	83,241	80,215	-	3,026
Vendor payments	-	321,480	187,091	-	134,389
Other	-	-	3,439	-	(3,439)
Total welfare	-	404,721	270,745	-	133,976
Culture and recreation:					
Parks and recreation	-	811,347	823,323	-	(11,976)
Patriotic purposes	-	27,514	28,992	-	(1,478)
Total culture and recreation	-	838,861	852,315	-	(13,454)
Conservation	-	5,845	3,208	-	2,637

(Continued)

SCHEDULE 2 (Continued)
TOWN OF SEABROOK, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	254,745	254,745	-	-
Interest on long-term debt	-	314,738	314,737	-	1
Total debt service	-	569,483	569,482	-	1
Capital outlay:					
Restoration for cemetery monuments	2,699	-	2,699	-	-
Police cruisers	14,234	-	7,256	-	6,978
Planning arsenic removal	56,422	-	56,422	-	-
Community Center gym divider	3,958	-	-	-	3,958
Harborside Park	15,673	-	15,673	-	-
4WD 1 ton dump truck - highway	1,771	-	640	-	1,131
Town Hall improvements	12,000	-	-	12,000	-
Community Center air conditioning	150,000	-	27,257	122,743	-
Sanborn School painting	4,000	-	2,336	-	1,664
Planning board - upgrade master plan	9,107	-	1,419	7,688	-
WWTP feasibility study on expansion	10,000	-	-	10,000	-
Sewer feasibility study outfall pipe	12,000	-	7,799	4,201	-
Sewer Scada communication system	336,000	-	-	336,000	-
Weare Park / Foggs Lane property	-	205,000	-	205,000	-
Town roads	-	160,000	88,263	-	71,737
Town road drainage	-	20,000	19,383	-	617
Replacement of I-95 water main	-	289,000	188,762	100,238	-
Water well gravel pack #2	-	50,150	2,882	47,268	-
Master plan - phase II	-	10,000	-	10,000	-
Restoration for cemetery monuments	-	5,000	791	4,209	-
Total capital outlay	627,864	739,150	421,582	859,347	86,085
Other financing uses:					
Transfers out	18,796	2,423,520	2,422,490	19,826	-
Total appropriations, expenditures, other financing uses and encumbrances	\$ 653,670	\$ 17,716,115	\$ 16,866,814	\$ 892,445	\$ 610,526

SCHEDULE 3
TOWN OF SEABROOK, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unreserved - Undesignated Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

Unreserved, undesignated fund balance, beginning		\$ 4,940,507
Changes:		
Unreserved fund balance used to reduce 2009 tax rate		(1,000,000)
2009 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,536,115	
Unexpended balance of appropriations (Schedule 2)	<u>610,526</u>	
2009 Budget surplus		2,146,641
Increase in fund balance reserved for special purposes		(1,183,162)
Increase in fund balance designated for contingency		<u>(75,000)</u>
Unreserved, undesignated fund balance, ending		<u><u>\$ 4,828,986</u></u>

SCHEDULE 4
TOWN OF SEABROOK, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2009

	Special Revenue Funds			
	Public Library	Water Department	Conservation Commission	Transportation
ASSETS				
Cash and cash equivalents	\$ 547,537	\$ -	\$ 280,780	\$ 200,117
Investments	5,350	-	-	-
Receivables, net of allowance for uncollectible:				
Accounts	-	83,889	-	-
Intergovernmental	-	-	106,852	-
Interfund receivable	-	19,088	-	-
Total assets	<u>\$ 552,887</u>	<u>\$ 102,977</u>	<u>\$ 387,632</u>	<u>\$ 200,117</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 20,934	\$ 2,307	\$ -
Accrued salaries and benefits	-	10,305	-	-
Interfund payable	-	38,594	-	-
Deferred revenue	-	542	-	-
Total liabilities	<u>-</u>	<u>70,375</u>	<u>2,307</u>	<u>-</u>
Fund balances:				
Reserved for endowments	-	-	-	-
Reserved for special purposes	-	-	-	-
Unreserved, undesignated	552,887	32,602	385,325	200,117
Total fund balances	<u>552,887</u>	<u>32,602</u>	<u>385,325</u>	<u>200,117</u>
Total liabilities and fund balances	<u>\$ 552,887</u>	<u>\$ 102,977</u>	<u>\$ 387,632</u>	<u>\$ 200,117</u>

Special Revenue Funds						
Economic Development	Recreation Revolving	Police Outside Detail	Grants	Ambulance Revolving	Permanent Fund	Total
\$ 26,072	\$ 29,633	\$ -	\$ -	\$ 152,271	\$ 13,531	\$ 1,249,941
-	-	-	-	-	-	5,350
-	-	11,228	460	127,295	-	222,872
-	-	-	46,252	-	-	153,104
-	-	-	-	-	-	19,088
<u>\$ 26,072</u>	<u>\$ 29,633</u>	<u>\$ 11,228</u>	<u>\$ 46,712</u>	<u>\$ 279,566</u>	<u>\$ 13,531</u>	<u>\$ 1,650,355</u>
\$ -	\$ 308	\$ -	\$ 1,320	\$ 7,289	\$ -	\$ 32,158
-	-	1,293	-	4,030	-	15,628
-	-	9,089	45,392	-	-	93,075
-	-	-	-	-	-	542
-	308	10,382	46,712	11,319	-	141,403
-	-	-	-	-	13,531	13,531
-	-	-	-	35,000	-	35,000
26,072	29,325	846	-	233,247	-	1,460,421
26,072	29,325	846	-	268,247	13,531	1,508,952
<u>\$ 26,072</u>	<u>\$ 29,633</u>	<u>\$ 11,228</u>	<u>\$ 46,712</u>	<u>\$ 279,566</u>	<u>\$ 13,531</u>	<u>\$ 1,650,355</u>

SCHEDULE 5
TOWN OF SEABROOK, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2009

	Special Revenue Funds			
	Public Library	Water Department	Conservation Commission	Transportation
Revenues:				
Taxes	\$ -	\$ -	\$ 21,053	\$ -
Intergovernmental	-	2,798	54,579	-
Charges for services	-	549,440	-	-
Miscellaneous	10,414	32,479	1,223	56,637
Total revenues	<u>10,414</u>	<u>584,717</u>	<u>76,855</u>	<u>56,637</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Water distribution and treatment	-	1,174,275	-	-
Culture and recreation	514,133	-	-	-
Conservation	-	-	100,609	-
Total expenditures	<u>514,133</u>	<u>1,174,275</u>	<u>100,609</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(503,719)</u>	<u>(589,558)</u>	<u>(23,754)</u>	<u>56,637</u>
Other financing sources (uses):				
Transfers in	543,854	622,160	-	-
Transfers out	-	-	-	(57,355)
Total other financing sources and uses	<u>543,854</u>	<u>622,160</u>	<u>-</u>	<u>(57,355)</u>
Net change in fund balances	40,135	32,602	(23,754)	(718)
Fund balances, beginning	512,752	-	409,079	200,835
Fund balances, ending	<u>\$ 552,887</u>	<u>\$ 32,602</u>	<u>\$ 385,325</u>	<u>\$ 200,117</u>

Special Revenue Funds						
Economic Development	Recreation Revolving	Police Outside Detail	Grants	Ambulance Revolving	Permanent Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,053
-	-	-	75,345	-	-	132,722
-	29,931	70,943	-	297,376	-	947,690
-	10,986	25	-	33	95	111,892
-	40,917	70,968	75,345	297,409	95	1,213,357
-	-	68,172	75,345	145,130	-	288,647
-	-	-	-	-	-	1,174,275
-	31,988	-	-	-	-	546,121
-	-	-	-	-	-	100,609
-	31,988	68,172	75,345	145,130	-	2,109,652
-	8,929	2,796	-	152,279	95	(896,295)
-	-	-	-	115,968	-	1,281,982
-	-	(1,950)	-	-	(95)	(59,400)
-	-	(1,950)	-	115,968	(95)	1,222,582
-	8,929	846	-	268,247	-	326,287
26,072	20,396	-	-	-	13,531	1,182,665
<u>\$ 26,072</u>	<u>\$ 29,325</u>	<u>\$ 846</u>	<u>\$ -</u>	<u>\$ 268,247</u>	<u>\$ 13,531</u>	<u>\$ 1,508,952</u>

***SINGLE AUDIT ACT SCHEDULES
AND INDEPENDENT AUDITOR'S REPORTS***



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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***REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS***

To the Members of the Board of Selectmen
Town of Seabrook
Seabrook, New Hampshire

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Seabrook as of and for the year ended December 31, 2009, which collectively comprise the Town of Seabrook's basic financial statements and have issued our report thereon dated March 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Seabrook's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Seabrook's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Seabrook's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the Town of Seabrook's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the board of selectmen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Margaret A. Colby, CPA

March 8, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Members of the Board of Selectmen
Town of Seabrook
Seabrook, New Hampshire

Compliance

We have audited the compliance of the Town of Seabrook with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2009. The Town of Seabrook's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Town of Seabrook's management. Our responsibility is to express an opinion on the Town of Seabrook's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Seabrook's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Seabrook's compliance with those requirements.

In our opinion, the Town of Seabrook complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control over Compliance

Management of the Town of Seabrook is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Seabrook's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*Town of Seabrook
Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance with OMB Circular A-133*

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of selectmen, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gregory A. Collyer, CPA

March 8, 2011

PLODZIK & SANDERSON
Professional Association

SCHEDULE I
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

A. *Financial Statements*

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. There were no material weaknesses identified relating to the internal control over financial reporting.
3. There were no significant deficiencies identified that were not considered material weaknesses relating to the internal control over financial reporting.
4. There were no instances of noncompliance material to the financial statements identified.

B. *Federal Awards*

1. There were no material weaknesses identified relating to the internal control over major programs.
2. There were no significant deficiencies identified that were not considered material weaknesses relating to the internal control over major programs.
3. The auditor's report on compliance for major programs expresses an unqualified opinion.
4. There are no audit findings required to be reported in accordance with section 510(a) of OMB Circular A-133.
5. The program tested as a major program is CFDA No. 66.802: Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements.
6. The threshold for distinguishing between Types A and B programs was \$300,000.
7. The Town of Seabrook was determined not to be a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the State of New Hampshire Department of Environmental Services			
Watershed Restoration and Enhancement Agreement Authority	10.693	VC #21232	<u>\$ 54,579</u>
U.S. DEPARTMENT OF THE INTERIOR			
Passed Through the State of New Hampshire Department of Resources and Economic Development			
Outdoor Recreation - Acquisition, Development and Planning	15.916	33-00668.1	<u>15,673</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed Through the State of New Hampshire Department of Environmental Services			
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	2111010-01	<u>1,471,145</u>
DIRECT FUNDING			
U.S. DEPARTMENT OF JUSTICE			
Bullet Proof Vest Partnership Program	16.607	N/A	<u>3,972</u>
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Governments	16.804	N/A	<u>35,402</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,580,771</u></u>

The accompanying notes are an integral part of this schedule.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of the Town of Seabrook under programs of the federal government for the year ended December 31, 2009. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Town of Seabrook, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town of Seabrook.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A- 87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.