

TOWN OF PEMBROKE, NEW HAMPSHIRE

Financial Statements

December 31, 2009

and

Independent Auditor's Report

TOWN OF PEMBROKE, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2009

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	
BASIC FINANCIAL STATEMENTS	
EXHIBITS:	
A Statement of Net Assets	1
B Statement of Activities	2
C Balance Sheet – Governmental Funds	3
D Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
E Statement of Net Assets – Proprietary Funds	5
F Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	6
G Statement of Cash Flows – Proprietary Funds	7
H Statement of Fiduciary Net Assets – Fiduciary Funds	8
NOTES TO BASIC FINANCIAL STATEMENTS	9-27
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE:	
1 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	28
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	29-30
SUPPLEMENTAL SCHEDULES	
SCHEDULES:	
A Combining Balance Sheet – Governmental Funds - All Nonmajor Funds	31
A-1 Combining Balance Sheet – Governmental Funds - All Special Revenue Funds	32
B Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds - All Nonmajor Funds	33

TOWN OF PEMBROKE, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2009

TABLE OF CONTENTS (CONTINUED)

SUPPLEMENTAL SCHEDULES (CONTINUED)

SCHEDULES:	<u>Page(s)</u>
B-1 Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds - All Special Revenue Funds	34
C Combining Statement of Fiduciary Net Assets - Fiduciary Funds - All Agency Funds	35

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Pembroke, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pembroke, New Hampshire (the Town) as of and for the 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'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. 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.

As discussed in Note 2 to the financial statements, management has not recorded a liability for other post-employment benefits in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net assets, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Town of Pembroke, New Hampshire, as of December 31, 2009, or the changes in financial position thereof for the year ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pembroke, New Hampshire, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 28-30 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the

United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Town of Pembroke, New Hampshire has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pembroke, New Hampshire's basic financial statements. The combining nonmajor fund and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund and fiduciary fund financial statements 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.

Vachon Clukay & Company PC

February 25, 2011

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,414,080	\$ 148,024	\$ 3,562,104
Investments	5,603,900	49,157	5,653,057
Taxes receivable, net	1,456,210		1,456,210
Accounts receivable, net	2,164	481,310	483,474
Due from other governments	86,651	130,457	217,108
Prepaid expenses	13,944	11,341	25,285
Inventory		15,412	15,412
Internal balance	(685,102)	685,102	-
Total Current Assets	<u>9,891,847</u>	<u>1,520,803</u>	<u>11,412,650</u>
Noncurrent Assets:			
Due from other governments		41,640	41,640
Non-depreciable capital assets	1,718,863	319,031	2,037,894
Depreciable capital assets, net	5,667,763	4,036,910	9,704,673
Total Noncurrent Assets	<u>7,386,626</u>	<u>4,397,581</u>	<u>11,784,207</u>
Total Assets	<u>\$ 17,278,473</u>	<u>\$ 5,918,384</u>	<u>\$ 23,196,857</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 181,925	\$ 74,818	\$ 256,743
Accrued expenses	104,092	5,481	109,573
Deferred revenue	28,328	12,572	40,900
Deposits payable		1,000	1,000
Due to other governments	4,290,096		4,290,096
Current portion of bonds payable	100,000	210,396	310,396
Current portion of note payable		7,408	7,408
Current portion of estimated liability for landfill closure and postclosure care costs	124,000		124,000
Total Current Liabilities	<u>4,828,441</u>	<u>311,675</u>	<u>5,140,116</u>
Noncurrent Liabilities:			
Bonds payable	1,300,000	210,397	1,510,397
Note payable		203,227	203,227
Estimated liability for landfill closure and postclosure care costs	120,000		120,000
Compensated absences payable	41,642		41,642
Total Noncurrent Liabilities	<u>1,461,642</u>	<u>413,624</u>	<u>1,875,266</u>
Total Liabilities	<u>6,290,083</u>	<u>725,299</u>	<u>7,015,382</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,986,626	3,724,513	9,711,139
Restricted	2,659,711	659,045	3,318,756
Unrestricted	2,342,053	809,527	3,151,580
Total Net Assets	<u>10,988,390</u>	<u>5,193,085</u>	<u>16,181,475</u>
Total Liabilities and Net Assets	<u>\$ 17,278,473</u>	<u>\$ 5,918,384</u>	<u>\$ 23,196,857</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF PEMBROKE, NEW HAMPSHIRE

Statement of Activities

For the Year Ended December 31, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,441,752	\$ 25,576	\$ 5,919		\$ (1,410,257)		\$ (1,410,257)
Public safety	1,557,383	33,069	105,861		(1,418,453)		(1,418,453)
Highways and streets	979,161	1,050	323,665		(654,446)		(654,446)
Health and welfare	84,901				(84,901)		(84,901)
Sanitation	601,851	102,759	880		(498,212)		(498,212)
Culture and recreation	258,903	19,426			(239,477)		(239,477)
Economic development	136				(136)		(136)
Interest and fiscal charges	60,440				(60,440)		(60,440)
Total governmental activities	<u>4,984,527</u>	<u>181,880</u>	<u>436,325</u>	<u>\$ -</u>	<u>(4,366,322)</u>	<u>\$ -</u>	<u>(4,366,322)</u>
Business-type activities:							
Water Department	642,422	641,768				(654)	(654)
Sewer Department	815,078	684,288		279,125		148,335	148,335
Total business-type activities	<u>1,457,500</u>	<u>1,326,056</u>	<u>-</u>	<u>279,125</u>	<u>-</u>	<u>147,681</u>	<u>147,681</u>
Total primary government	<u>\$ 6,442,027</u>	<u>\$ 1,507,936</u>	<u>\$ 436,325</u>	<u>\$ 279,125</u>	<u>(4,366,322)</u>	<u>147,681</u>	<u>(4,218,641)</u>
General revenues:							
Property and other taxes					3,743,424		3,743,424
Licenses and permits					1,146,378		1,146,378
Grants and contributions:							
Rooms and meals tax distribution					326,080		326,080
Interest and investment earnings					53,621	3,658	57,279
Miscellaneous					45,703	72,113	117,816
Transfers					(184,044)	184,044	-
Total general revenues and transfers					<u>5,131,162</u>	<u>259,815</u>	<u>5,390,977</u>
Change in net assets					764,840	407,496	1,172,336
Net assets - beginning, as restated					10,223,550	4,785,589	15,009,139
Net assets - ending					<u>\$ 10,988,390</u>	<u>\$ 5,193,085</u>	<u>\$ 16,181,475</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF PEMBROKE, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2009

	General Fund	Expendable Trust Funds	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 316,092	\$ 2,175,130	\$ 922,858	\$ 3,414,080
Investments	5,603,900			5,603,900
Taxes receivable, net	1,456,210			1,456,210
Accounts receivable, net	1,572		592	2,164
Due from other governments	75,267		11,384	86,651
Due from other funds	134,001		414,188	548,189
Prepaid expenses	13,944			13,944
Total assets	<u>\$ 7,600,986</u>	<u>\$ 2,175,130</u>	<u>\$ 1,349,022</u>	<u>\$ 11,125,138</u>
Liabilities:				
Accounts payable	\$ 176,517		\$ 4,400	\$ 180,917
Accrued expenses	77,577			77,577
Deferred revenue	1,020,800			1,020,800
Due to other governments	4,290,096			4,290,096
Due to other funds	441,253	\$ 781,547	11,499	1,234,299
Total liabilities	<u>6,006,243</u>	<u>781,547</u>	<u>15,899</u>	<u>6,803,689</u>
Fund balances:				
Reserved for prepaid expenses	13,944			13,944
Reserved for encumbrances	48,429			48,429
Reserved for endowments			40,937	40,937
Unreserved, reported in:				
General fund	1,532,370			1,532,370
Special revenue funds		1,393,583	1,131,193	2,524,776
Capital projects fund			129,432	129,432
Permanent funds			31,561	31,561
Total fund balances	<u>1,594,743</u>	<u>1,393,583</u>	<u>1,333,123</u>	<u>4,321,449</u>
	<u>\$ 7,600,986</u>	<u>\$ 2,175,130</u>	<u>\$ 1,349,022</u>	

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 7,386,626

Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis 992,472

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:

Bonds payable (1,400,000)
Landfill post-closure care costs (244,000)
Compensated absences payable (41,642)
Accrued interest on long-term obligations (26,515)

Net assets of governmental activities \$ 10,988,390

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF PEMBROKE, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

TOWN OF PEMBROKE, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2009

	General Fund	Expendable Trust Funds	Other Governmental Funds	Total Governmental Funds	
Revenues:					
Taxes	\$ 3,701,213		\$ 93,347	\$ 3,794,560	\$ 418,138
Licenses and permits	1,146,378			1,146,378	
Intergovernmental	727,289		35,116	762,405	
Charges for services	150,088		27,281	177,369	
Interest and investment income	45,970	\$ 4,559	3,092	53,621	
Miscellaneous	36,701		13,513	50,214	
Total Revenues	<u>5,807,639</u>	<u>4,559</u>	<u>172,349</u>	<u>5,984,547</u>	
Expenditures:					
Current operations:					
General government	1,187,180			1,187,180	
Public safety	1,435,709		50,384	1,486,093	
Highways and streets	726,354			726,354	
Sanitation	475,864			475,864	
Health and welfare	83,330		1,500	84,830	
Culture and recreation	44,386		216,956	261,342	
Economic development	136			136	
Capital outlay	923,871	7,718	16,252	947,841	357,882
Debt service:					
Principal retirement	150,000			150,000	
Interest and fiscal charges	62,725			62,725	
Total Expenditures	<u>5,089,555</u>	<u>7,718</u>	<u>285,092</u>	<u>5,382,365</u>	(51,136)
Excess of revenues over (under) expenditures	<u>718,084</u>	<u>(3,159)</u>	<u>(112,743)</u>	<u>602,182</u>	150,000
Other financing sources (uses):					
Transfers in	382,158	578,500	194,422	1,155,080	
Transfers out	(956,966)	(330,101)	(52,057)	(1,339,124)	
Total other financing sources (uses)	<u>(574,808)</u>	<u>248,399</u>	<u>142,365</u>	<u>(184,044)</u>	(112,329)
Net change in fund balances	143,276	245,240	29,622	418,138	
Fund balances at beginning of year, as restated	<u>1,451,467</u>	<u>1,148,343</u>	<u>1,303,501</u>	<u>3,903,311</u>	
Fund balances at end of year	<u>\$ 1,594,743</u>	<u>\$ 1,393,583</u>	<u>\$ 1,333,123</u>	<u>\$ 4,321,449</u>	<u>\$ 764,840</u>

Net Change in Fund Balances - Total Governmental Funds \$ 418,138

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. 357,882

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (51,136)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 150,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,285

Some expense reported in the statement of activities, such as compensated absences and the estimated liability for landfill closure and postclosure care costs, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (112,329)

Change in net assets of governmental activities \$ 764,840

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF PEMBROKE, NEW HAMPSHIRE
Statement of Net Assets
Proprietary Funds
December 31, 2009

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 87,979	\$ 60,045	\$ 148,024
Investments	28,273	20,884	49,157
Accounts receivable, net	149,384	331,926	481,310
Due from other governments		130,457	130,457
Due from other funds	263,672	421,430	685,102
Prepaid expenses	11,341		11,341
Inventory	15,412		15,412
Total Current Assets	<u>556,061</u>	<u>964,742</u>	<u>1,520,803</u>
Noncurrent Assets:			
Due from other governments		41,640	41,640
Non-depreciable capital assets	31,935	287,096	319,031
Depreciable capital assets, net	<u>2,266,370</u>	<u>1,770,540</u>	<u>4,036,910</u>
Total Noncurrent Assets	<u>2,298,305</u>	<u>2,099,276</u>	<u>4,397,581</u>
Total Assets	<u>\$ 2,854,366</u>	<u>\$ 3,064,018</u>	<u>\$ 5,918,384</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,380	\$ 73,438	\$ 74,818
Accounts expenses		5,481	5,481
Deferred revenue		12,572	12,572
Deposits payable	1,000		1,000
Current portion of note payable	7,408		7,408
Current portion of bonds payable		210,396	210,396
Total Current Liabilities	<u>9,788</u>	<u>301,887</u>	<u>311,675</u>
Noncurrent Liabilities:			
Note payable	203,227		203,227
Bonds payable		210,397	210,397
Total Noncurrent Liabilities	<u>203,227</u>	<u>210,397</u>	<u>413,624</u>
Total Liabilities	<u>213,015</u>	<u>512,284</u>	<u>725,299</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,087,670	1,636,843	3,724,513
Unrestricted	<u>553,681</u>	<u>914,891</u>	<u>1,468,572</u>
Total Net Assets	<u>2,641,351</u>	<u>2,551,734</u>	<u>5,193,085</u>
Total Liabilities and Net Assets	<u>\$ 2,854,366</u>	<u>\$ 3,064,018</u>	<u>\$ 5,918,384</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF PEMBROKE, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 641,768	\$ 684,288	\$ 1,326,056
Miscellaneous revenues	70,578	1,535	72,113
Total operating revenues	<u>712,346</u>	<u>685,823</u>	<u>1,398,169</u>
Operating expenses:			
Personnel services	268,009	106,329	374,338
Contractual services	13,332	509,427	522,759
Materials and supplies	108,533	3,318	111,851
Maintenance and repairs	22,014	26,235	48,249
Utilities	81,479	18,621	100,100
Depreciation	115,779	115,779	231,558
Miscellaneous expenses	26,534	13,446	39,980
Total operating expenses	<u>635,680</u>	<u>793,155</u>	<u>1,428,835</u>
Operating income (loss)	<u>76,666</u>	<u>(107,332)</u>	<u>(30,666)</u>
Non-operating revenues (expenses):			
Interest revenue	1,660	1,998	3,658
Interest expense	<u>(6,742)</u>	<u>(21,923)</u>	<u>(28,665)</u>
Net non-operating revenues (expenses)	<u>(5,082)</u>	<u>(19,925)</u>	<u>(25,007)</u>
Income (loss) before contributions and transfers	71,584	(127,257)	(55,673)
Capital contributions		279,125	279,125
Transfers in		<u>184,044</u>	<u>184,044</u>
Change in net assets	71,584	335,912	407,496
Total net assets at beginning of year, as restated	<u>2,569,767</u>	<u>2,215,822</u>	<u>4,785,589</u>
Total net assets at end of year	<u>\$ 2,641,351</u>	<u>\$ 2,551,734</u>	<u>\$ 5,193,085</u>

See accompanying notes to the basic financial statements

EXHIBIT G
TOWN OF PEMBROKE, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 708,549	\$ 587,680	\$ 1,296,229
Cash paid to suppliers	(306,419)	(550,761)	(857,180)
Cash paid to employees	(211,972)	(78,416)	(290,388)
Net cash provided (used) by operating activities	<u>190,158</u>	<u>(41,497)</u>	<u>148,661</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	<u>-</u>	184,044	184,044
Net cash provided by noncapital financing activities	<u>-</u>	<u>184,044</u>	<u>184,044</u>
Cash flows from capital and related financing activities:			
Capital contributions		279,125	279,125
Purchases of capital assets	(395,126)	(309,746)	(704,872)
Proceeds of note payable	216,000		216,000
Principal paid on long-term debt	(25,365)	(210,396)	(235,761)
Interest paid on long-term debt	(7,193)	(24,663)	(31,856)
Net cash used for capital and related financing activities	<u>(211,684)</u>	<u>(265,680)</u>	<u>(477,364)</u>
Cash flows from investing activities:			
Purchase of investments		50,842	50,842
Sale of investments	(627)		(627)
Interest on investments	1,660	1,998	3,658
Net cash provided by investing activities	<u>1,033</u>	<u>52,840</u>	<u>53,873</u>
Net increase (decrease) in cash and cash equivalents	(20,493)	(70,293)	(90,786)
Cash and cash equivalents at beginning of year	372,144	551,768	923,912
Cash and cash equivalents at end of year	<u>\$ 351,651</u>	<u>\$ 481,475</u>	<u>\$ 833,126</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 76,666	\$ (107,332)	\$ (30,666)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	115,779	115,779	231,558
Changes in assets and liabilities:			
Accounts receivable	(3,797)	(41,783)	(45,580)
Due from other governments		(47,177)	(47,177)
Prepaid expenses	1,341		1,341
Inventory	10,267		10,267
Accounts payable	(10,098)	48,199	38,101
Deferred revenue		(9,183)	(9,183)
Net cash provided (used) by operating activities	<u>\$ 190,158</u>	<u>\$ (41,497)</u>	<u>\$ 148,661</u>

See accompanying notes to the basic financial statements

EXHIBIT H
TOWN OF PEMBROKE, NEW HAMPSHIRE
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 610,347
Investments	541,413
Due from other funds	<u>1,008</u>
Total assets	<u>\$ 1,152,768</u>
LIABILITIES	
Deposits	\$ 24,872
Due to other governments	1,126,888
Due to others	<u>1,008</u>
Total liabilities	<u>\$ 1,152,768</u>

See accompanying notes to the basic financial statements

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2009

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Pembroke, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Pembroke, New Hampshire (the Town) was incorporated in 1759. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Town's major governmental funds:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

Expendable Trust Funds account for all the financial resources of the various trust arrangements held by the Trustees of Trust Funds in which the principal and income benefit the various departments of the Town.

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following are the Town's major proprietary funds:

The *Water and Sewer Funds* account for all revenues and expenses pertaining to the Town's water and wastewater operations. The Water and Sewer Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category has one classification: agency funds. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds account for the capital reserve and other funds of the Pembroke School District, which are held by the Town's Trustees of Trust Funds in accordance with State law. The Town also accounts for certain performance deposits in its agency funds.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the Statement of Net Assets.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

In the government-wide financial statements and proprietary fund statements, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow the FASB pronouncements issued subsequent to November 30, 1989.

1. Revenues – Exchange and Non-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 a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 3). Revenue from grants, entitlements and donations is recognized in the year in which all 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 non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes and interest on investments.

Licenses and permits, charges for services, and miscellaneous revenues (except interest on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2009, the Town applied \$419,000 of its unappropriated fund balance to reduce taxes.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Encumbrance Accounting

Encumbrance accounting, under which purchase orders and other commitments for expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed as an extension of formal budgetary integration in Governmental Funds. Encumbrances outstanding at year end are reported as a component of fund balance since they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Totals</u>
Cash and cash equivalents	\$ 87,979	\$ 60,045	\$ 148,024
Due from/to other funds	<u>263,672</u>	<u>421,430</u>	<u>685,102</u>
Total cash and cash equivalents	<u>\$ 351,651</u>	<u>\$ 481,475</u>	<u>\$ 833,126</u>

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2009 are recorded as receivables net of reserves for estimated uncollectibles of \$120,000.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2009 are recorded as prepaid items.

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net assets, but are not reported in the governmental fund financial statements.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads, water purification and distribution system, sewer collection and treatment system, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets of business-type activities is also capitalized.

The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Infrastructure	40
	Buildings and improvements	40
	Vehicles and equipment	10-25

Compensated Absences

Full time employees accrue sick leave days at a rate of four hours for each calendar month of service. Regular part time employees accrue sick leave at a pro rate based on number of hours of employment. Both full and part time employees may accrue sick leave cumulative to a maximum of 96 hours. Upon reaching the maximum accumulation of 96 hours, the employee shall be paid for 48 hours of the accumulated sick leave and shall have 48 hours of accumulated sick leave remaining. No payment for unused sick leave is made upon involuntary termination. Town employees earn vacation at 80-120 hours per year dependent on length of service. Vacation can only be accrued up to 80 hours. Provision has been made in the financial statements for accrued/unused vacation.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

Except for the obligation for other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The Town reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for endowments, encumbrances and prepaid expenses.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the water fund and sewer fund, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include depreciation expense and the allowance for uncollectible taxes.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

NOTE 2--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Post-Employment Benefits

The Town did not implement GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB 45 were required to be implemented by the Town during the year ended December 31, 2009.

NOTE 3--PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$618,907,585 as of April 1, 2009) and are due in two installments on July 1, 2009 and December 15, 2009. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property is tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Pembroke School District and Merrimack County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$9,934,929 and \$1,597,595 for the Pembroke School District and Merrimack County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

NOTE 4--RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2009, the Town was a member of the Local Government Center (LGC). The Town currently reports all of its risk management activities in its General Fund. The Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America.

The Trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2009.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Property and Liability Insurance

The LGC provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the LGC, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000.

Worker's Compensation

The LGC provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 5--DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 3,562,104
Investments	5,653,057
Statement of Fiduciary Net Assets:	
Cash and cash equivalents	610,347
Investments	541,413
Total deposits and investments	<u>\$ 10,366,921</u>

Deposits and investments as of December 31, 2009 consist of the following:

Cash on hand	\$ 1,093
Deposits with financial institutions	9,824,325
Investments	541,503
Total deposits and investments	<u>\$ 10,366,921</u>

The Town limits its investments to United States Treasury securities maturing in less than one year, fully insured or collateralized certificates of deposits in either local or national banks and overnight repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. Responsibility for the investments of the Trust Funds is with the Board of Trustees.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

The Town’s policy for its governmental and proprietary funds addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. The Trustees of Trust Funds’ investment policy addresses credit risk by limiting investments on the unexpendable portion of trust funds in high grade equity investments, common stock, and mutual funds. The following is the actual rating at year end for each investment type:

The following is the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Not rated</u>
Money market mutual funds	\$ 9,256
State investment pool	<u>90</u>
	<u>\$ 9,346</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Town’s policy for its governmental and proprietary funds addresses custodial credit risk by stating that all deposits are to be fully collateralized. The investment policy of the Trustees of Trust Funds specifies that short term funds and capital reserve funds are to be invested in money market or regular savings accounts when collateralization is not an issue.

As of December 31, 2009, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

<u>Investment Type</u>	<u>Reported Amount</u>
Equity securities	\$ 532,157
Money market mutual funds	<u>9,256</u>
	<u>\$ 541,413</u>

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The Town’s exposure to derivatives is indirect through its participation in the NHPDIP. The Town’s proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

NOTE 6--DUE FROM OTHER GOVERNMENTS

Receivables from other governments at December 31, 2009 consist of federal and state fundings and cost reimbursements from a local governmental unit. All receivables are considered collectible in full and will be received within one year, except the Sewer state aid which is scheduled to be received through 2012. A summary of the principal items of intergovernmental receivables is as follows:

Disaster assistance	\$ 75,000
Pembroke School District	267
Justice Assistance Grant	11,384
Community Development Block Grant	88,817
Sewer state aid	<u>83,280</u>
	<u>\$ 258,748</u>

NOTE 7--CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental funds:

	Restated Balance <u>01/01/09</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/09</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,603,258			\$ 1,603,258
Construction in progress		\$ 115,605		<u>115,605</u>
Total capital assets not being depreciated	<u>1,603,258</u>	<u>115,605</u>	<u>\$ -</u>	<u>1,718,863</u>
Other capital assets:				
Infrastructure	1,520,640	658,597		2,179,237
Buildings and improvements	3,843,700			3,843,700
Vehicles and equipment	4,336,127	25,855		4,361,982
Total other capital assets at historical cost	<u>9,700,467</u>	<u>684,452</u>	<u>-</u>	<u>10,384,919</u>
Less accumulated depreciation for:				
Infrastructure	(81,480)	(54,481)		(135,961)
Buildings and improvements	(2,228,150)	(86,587)		(2,314,737)
Vehicles and equipment	<u>(1,965,351)</u>	<u>(301,107)</u>		<u>(2,266,458)</u>
Total accumulated depreciation	<u>(4,274,981)</u>	<u>(442,175)</u>	<u>-</u>	<u>(4,717,156)</u>
Total other capital assets, net	<u>5,425,486</u>	<u>242,277</u>	<u>-</u>	<u>5,667,763</u>
Total capital assets, net	<u>\$ 7,028,744</u>	<u>\$ 357,882</u>	<u>\$ -</u>	<u>\$ 7,386,626</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 245,335
Public safety	59,194
Highways and streets	<u>137,646</u>
Total governmental activities depreciation expense	<u>\$ 442,175</u>

The following is a summary of changes in capital assets in the proprietary funds:

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

	Restated Balance <u>1/1/2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2009</u>
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 31,935			\$ 31,935
Construction in progress	<u>21,235</u>	<u>\$ 265,861</u>		<u>287,096</u>
Total capital assets not being depreciated	<u>53,170</u>	<u>265,861</u>	<u>\$ -</u>	<u>319,031</u>
Other capital assets:				
Building and improvements	272,333			272,333
Water infrastructure	1,836,447	271,908		2,108,355
Sewer infrastructure	2,982,227	12,750		2,994,977
Machinery, vehicles, and equipment	2,146,569	154,353		2,300,922
Other	<u>29,865</u>			<u>29,865</u>
Total other capital assets at historical cost	<u>7,267,441</u>	<u>439,011</u>	<u>-</u>	<u>7,706,452</u>
Less accumulated depreciation for:				
Building and improvements	(166,509)	(7,636)		(174,145)
Water infrastructure	(670,726)	(46,510)		(717,236)
Sewer infrastructure	(1,292,298)	(99,833)		(1,392,131)
Machinery, vehicles, and equipment	(1,278,586)	(77,579)		(1,356,165)
Other	<u>(29,865)</u>			<u>(29,865)</u>
Total accumulated depreciation	<u>(3,437,984)</u>	<u>(231,558)</u>	<u>-</u>	<u>(3,669,542)</u>
Total other capital assets, net	<u>3,829,457</u>	<u>207,453</u>	<u>-</u>	<u>4,036,910</u>
Total capital assets, net	<u>\$ 3,882,627</u>	<u>\$ 473,314</u>	<u>\$ -</u>	<u>\$ 4,355,941</u>

Depreciation expense was charged to the proprietary funds as follows:

Water Fund	\$ 115,779
Sewer Fund	<u>115,779</u>
Total business-type activities depreciation expense	<u>\$ 231,558</u>

NOTE 8--DUE TO OTHER GOVERNMENTS

In accordance with State law, the Town collects taxes for the Pembroke School District and Merrimack County, both independent governmental units, which are remitted to them as required by law. At December 31, 2009, the balance of the property tax appropriation due to the Pembroke School District is \$4,284,929.

Also, the Town collects motor vehicle fees for the State of New Hampshire, at December 31, 2009; the balance owed to the State of New Hampshire for these fees is \$5,167.

NOTE 9--DEFINED BENEFIT PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Funding Policy

Covered public safety employees are required to contribute 9.3% of their covered salary, whereas general employees are required to contribute 5.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees and general employees were 11.84%, 15.92% and 8.74%, respectively through June 30, 2009 and 13.66%, 17.28% and 9.16%, respectively, thereafter. The Town contributes 65% of the employer cost for police officers and fire employees, and the State contributes the remaining 35% of the employer cost, through June 30, 2009 and 70% and 30%, respectively, thereafter. The Town contributes 100% of the employer cost for general employees of the Town. In accordance with accounting principles generally accepted in the United States of America (GASB Statement #24), on-behalf fringe benefits contributed by the State of New Hampshire of \$35,476 have been reported as a revenue and expenditure in the General Fund in these financial statements.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending December 31, 2009, 2008 and 2007 were \$160,934, \$156,086 and \$125,621, respectively, equal to the required contributions for each year.

NOTE 10--LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2009 are as follows:

	Restated Balance <u>01/01/09</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/09</u>	Due Within <u>One Year</u>
<i>Governmental activities:</i>					
Bonds payable	\$ 1,550,000		\$ (150,000)	\$ 1,400,000	\$ 100,000
Estimated liability for landfill closure and postclosure care costs	130,375	\$ 114,410	(785)	244,000	124,000
Compensated absences payable	42,938	10,149	(11,445)	41,642	
Total governmental activities	<u>\$ 1,723,313</u>	<u>\$ 124,559</u>	<u>\$ (162,230)</u>	<u>\$ 1,685,642</u>	<u>\$ 224,000</u>
<i>Business-type activities:</i>					
Bonds payable	\$ 651,189		\$ (230,396)	\$ 420,793	\$ 210,396
Note payable	-	\$ 216,000	(5,365)	210,635	7,408
Total business-type activities	<u>\$ 651,189</u>	<u>\$ 216,000</u>	<u>\$ (235,761)</u>	<u>\$ 631,428</u>	<u>\$ 217,804</u>

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

Payments on the general obligation bonds of the governmental activities are paid out of the General Fund. Payments on the general obligation bonds of the business-type activities are paid out of the Water and Sewer Funds. Payments on the note payable of the business-type activities are paid out of the Water Fund. Compensated absences payable will be paid from the fund where the employee's salary is paid.

Governmental Activities

Bonds payable at December 31, 2009 is comprised of the following individual issue:

\$2,560,000, 2003 Safety complex and refunding, due in annual installments of \$100,000 through July 2023, interest at 3.25-4.6%	<u>\$ 1,400,000</u>
--	---------------------

Debt service requirements to retire general obligation bonds outstanding for governmental activities at December 31, 2009 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 100,000	\$ 57,850	\$ 157,850
2011	100,000	54,600	154,600
2012	100,000	51,100	151,100
2013	100,000	47,350	147,350
2014	100,000	43,350	143,350
2015-2019	500,000	155,450	655,450
2020-2023	<u>400,000</u>	<u>45,550</u>	<u>445,550</u>
	<u>\$ 1,400,000</u>	<u>\$ 455,250</u>	<u>\$ 1,855,250</u>

As included on the Statement of Activities (Exhibit B), interest expense for the year ended December 31, 2009 was \$60,440 on general obligation debt for governmental activities.

Business-type Activities

Bonds payable

Bonds payable at December 31, 2009 are comprised of the following individual issue:

\$3,155,948, 1997 Route 3/106 sewer extension, due in annual installments of \$210,396 through September 1, 2011, interest at 3.91%	<u>\$ 420,793</u>
---	-------------------

Debt service requirements to retire general obligation bonds outstanding for business-type activities at December 31, 2009 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 210,396	\$ 16,443	\$ 226,839
2011	210,397	8,221	218,618
	<u>\$ 420,793</u>	<u>\$ 24,664</u>	<u>\$ 445,457</u>

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

The State of New Hampshire annually reimburses the Town for its share of Sewer related debt service payments. For the year ended December 31, 2009, the reimbursement was \$46,521.

Note payable

The note payable at December 31, 2009 is comprised of the following individual issue:

\$216,000, 2009 Water Works promissory note, due in monthly installments of \$1,308, including interest at 4.00%, through February 28, 2019, and a balloon payment for the principal balance and accrued interest on March 31, 2019 \$ 210,635

Debt service requirements to retire the note payable for business-type activities at December 31, 2009 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 7,408	\$ 8,290	\$ 15,698
2011	7,709	7,989	15,698
2012	8,023	7,675	15,698
2013	8,350	7,348	15,698
2014	8,691	7,007	15,698
2015-2019	<u>170,454</u>	<u>25,654</u>	<u>196,108</u>
	<u>\$ 210,635</u>	<u>\$ 63,963</u>	<u>\$ 274,598</u>

As included on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds (Exhibit F), interest expense for the year ended December 31, 2009 was \$6,742 and \$21,923 on general obligation debt in the Water Fund and Sewer Fund, respectively.

NOTE 11--LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. An estimated liability has been recorded based on the future closure and postclosure care costs that will be incurred. The estimated liability for landfill closure and postclosure care costs has a balance of \$244,000 as of December 31, 2009, which is based on 100% usage of the landfill. The estimated total current cost of the landfill closure and postclosure care of \$244,000 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2009. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The Town's landfill, which has ceased operations, is expected to be closed during the year ended December 31, 2010. The Town had previously established a capital projects fund to partially finance the closure and postclosure costs. At December 31, 2009, the balance in the solid waste capital projects fund (a nonmajor governmental fund) is \$124,802. The remaining closure and postclosure care costs are expected to be financed through general taxation.

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

The following is a summary of changes in the estimated liability for closure and postclosure care cost for the year ended December 31, 2009:

Balance - January 1, 2009	\$ 130,375
Expenditures recognized in General Fund	(785)
Net change in estimated liability for closure and postclosure care costs	<u>114,410</u>
Balance - December 31, 2009	<u>\$ 244,000</u>

NOTE 12--INTERFUND BALANCES AND TRANSFERS

The Town combined the cash resources of its governmental fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. The Expendable Trust Funds consist of temporarily investing funds applicable to other funds within the Town. Interfund balances at December 31, 2009 are as follows:

	Due from			Totals
	General Fund	Expendable Trust Funds	Nonmajor Governmental Funds	
Due to				
General Fund		\$ 122,502	\$ 11,499	\$ 134,001
Nonmajor Governmental Funds	\$ 414,188			414,188
Water Fund		263,672		263,672
Sewer Fund	26,057	395,373		421,430
Fiduciary Funds	1,008			1,008
	<u>\$ 441,253</u>	<u>\$ 781,547</u>	<u>\$ 11,499</u>	<u>\$ 1,234,299</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2009 are as follows:

	Transfer from			Totals
	General Fund	Expendable Trust Funds	Nonmajor Governmental Funds	
Transfer to				
General Fund		\$ 330,101	\$ 52,057	\$ 382,158
Expendable Trust Funds	\$ 578,500			578,500
Nonmajor Governmental Funds	194,422			194,422
Sewer Fund	184,044			184,044
	<u>\$ 956,966</u>	<u>\$ 330,101</u>	<u>\$ 52,057</u>	<u>\$ 1,339,124</u>

NOTE 13--PERMANENT FUNDS

Permanent funds account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs. Principal and income balances at December 31, 2009 are as follows:

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

	<u>Principal</u>	<u>Income</u>	<u>Total</u>
Cemetery funds	\$ 36,270	\$ 29,565	\$ 65,835
Library funds	4,667	1,996	6,663
	<u>\$ 40,937</u>	<u>\$ 31,561</u>	<u>\$ 72,498</u>

NOTE 14--RESTRICTED NET ASSETS

Net assets are restricted for specific purposes as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Expendable Trust Funds	\$ 1,393,583	\$ 659,045
Police Details Fund	20,306	
Conservation Commission Fund	859,040	
TIF District Fund	216,413	
Capital Projects Funds	129,432	
Endowments	40,937	
	<u>\$ 2,659,711</u>	<u>\$ 659,045</u>

NOTE 15--COMMITMENTS AND CONTINGENCIES

Litigation

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

Federal Grants

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 16--RELATED PARTY TRANSACTIONS

A member of the Board of Sewer Commissioners is employed as the sewer fund's bookkeeper. The spouse of this commissioner is also employed by the sewer fund. Total payroll expenditures to both of these individuals during the year ending December 31, 2009 amounted to \$79,040.

NOTE 17--RESTATEMENT OF EQUITY

Fund Financial Statements

Governmental Funds

During the year ended December 31, 2009, it was determined that accrued payroll and accrued vacation were not previously recognized in the General Fund. On the modified accrual basis, revenue from property taxes is recognized in the year in which the resources are measurable and become available,

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

which is referred to as the “sixty day rule”. Property taxes billed and uncollected sixty days after January 1, 2009 amounted to \$1,043,608 and should have been included as deferred revenue as of December 31, 2008. It was also determined that receivables were understated in the General Fund.

Fund balance of the General Fund as of January 1, 2009 has been restated as follows:

Fund balance - January 1, 2009 (as previously reported)	\$ 2,522,855
Amount of restatement due to:	
Understatement of accounts receivable	41,281
Understatement of accrued expenses	(69,061)
Understatement of deferred revenue	<u>(1,043,608)</u>
Fund balance - January 1, 2009, as restated	<u>\$ 1,451,467</u>

Proprietary Funds

During the year ended December 31, 2009, management decided to classify the operations of the sewer fund as a proprietary fund instead of a governmental fund. Accordingly, the long-term receivables and obligations previously reported in the Governmental Activities in the Government-Wide Statements are now reported in the Sewer Fund. In conjunction with the conversion to a proprietary fund, management inventoried its investment in capital assets which were not previously reported.

It was also determined that the receivables were understated in the Water and Sewer Funds and accounts payables were overstated in the Sewer Fund. Net assets of the Water Fund and Sewer Fund as of January 1, 2009 have been restated as follows:

	Water Fund	Sewer Fund
Net Assets - January 1, 2009 (as previously reported)	\$ 2,510,819	\$ -
Amount of restatement due to:		
Reclassification of amount previously reported as fund balance in the governmental funds		295,381
Understatement of accounts receivable	58,948	68,097
Overstatement of accounts payable		26,294
Net book value of capital assets not previously reported		1,863,669
Reclassification of amounts previously reported in governmental activities:		
- Bonds payables		(631,189)
- Investment of funds held in the Expendable Trust Funds		476,871
- State aid receivable		124,920
- Accrued interest on long-term obligations		<u>(8,221)</u>
Net Assets - January 1, 2009, as restated	<u>\$ 2,569,767</u>	<u>\$ 2,215,822</u>

Government-Wide Statements

As a result of the previously referenced adjustments to the various governmental and proprietary funds, the net assets in the government-wide statements have been restated. In addition, during the year ended

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2009

December 31, 2009, management inventoried its investment in general capital assets which were not previously reported.

Net Assets of the governmental and business-type activities as of January 1, 2009 have been restated as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Net Assets - January 1, 2009 (as previously reported)	\$ 3,449,729	\$ 2,510,819
Amount of restatement due to:		
Understatement of accounts receivable	41,281	127,045
Overstatement of accounts payable		26,294
Net book value of capital assets not previously reported	7,028,744	1,863,669
Understatement of accrued expenses	(17,491)	
Reclassification of balances applicable to the Sewer Fund previously reported in governmental activities:		
- Fund balance of the Sewer Fund	(295,381)	295,381
- Bonds payable	631,189	(631,189)
- Investment of funds held in the Expendable Trust Funds	(476,871)	476,871
- State aid receivable	(124,920)	124,920
- Accrued interest on long-term obligations	8,221	(8,221)
- Deferred sewer special assessment	(20,951)	
Net Assets - January 1, 2009, as restated	<u>\$ 10,223,550</u>	<u>\$ 4,785,589</u>

SCHEDULE 1

TOWN OF PEMBROKE, NEW HAMPSHIRE

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 3,653,641	\$ 3,653,641	\$ 3,650,077	\$ (3,564)
Licenses and permits	1,181,473	1,181,473	1,146,378	(35,095)
Intergovernmental	998,654	662,433	691,813	29,380
Charges for services	142,762	142,762	150,088	7,326
Interest and investment income	33,000	33,000	45,970	12,970
Miscellaneous	322,798	70,798	36,701	(34,097)
Total Revenues	<u>6,332,328</u>	<u>5,744,107</u>	<u>5,721,027</u>	<u>(23,080)</u>
Expenditures:				
Current:				
General government	1,347,109	1,347,109	1,202,708	144,401
Public safety	1,485,036	1,485,036	1,403,447	81,589
Highways and streets	841,583	841,583	726,354	115,229
Sanitation	512,066	512,066	475,864	36,202
Health and welfare	115,022	115,022	83,330	31,692
Culture and recreation	37,301	37,301	44,386	(7,085)
Economic development	7,738	7,738	136	7,602
Capital outlay	1,718,555	1,062,355	900,482	161,873
Debt service:				
Principal retirement	360,397	150,000	150,000	-
Interest and fiscal charges	87,390	62,726	62,725	1
Total Expenditures	<u>6,512,197</u>	<u>5,620,936</u>	<u>5,049,432</u>	<u>571,504</u>
Excess of revenues over (under) expenditures	<u>(179,869)</u>	<u>123,171</u>	<u>671,595</u>	<u>548,424</u>
Other financing sources (uses):				
Transfers in	553,855	439,355	382,158	(57,197)
Transfers out	<u>(792,986)</u>	<u>(981,526)</u>	<u>(956,966)</u>	<u>24,560</u>
Total other financing sources (uses)	<u>(239,131)</u>	<u>(542,171)</u>	<u>(574,808)</u>	<u>(32,637)</u>
Net change in fund balance	(419,000)	(419,000)	96,787	515,787
Fund balance at beginning of year				
- Budgetary Basis, as restated	<u>2,441,999</u>	<u>2,441,999</u>	<u>2,441,999</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 2,022,999</u>	<u>\$ 2,022,999</u>	<u>\$ 2,538,786</u>	<u>\$ 515,787</u>

See accompanying notes to the required supplementary information

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2009

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary expenditures were adjusted for encumbrances and on-behalf payments for fringe benefits.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 6,189,797	\$ 6,046,521
Difference in property taxes meeting susceptible to accrual criteria	(51,136)	
Encumbrances - December 31, 2009		48,429
Encumbrances - December 31, 2008		(53,076)
On-behalf fringe benefits	<u>(35,476)</u>	<u>(35,476)</u>
Per Schedule 1	<u>\$ 6,103,185</u>	<u>\$ 6,006,398</u>

Major Special Revenue Fund

Budgetary information in these financial statements has been presented only for the General Fund as there is no adopted budget for the Expendable Trust Funds.

NOTE 2—ENCUMBRANCES

Functional encumbrances in the General Fund as of December 31, 2009 are as follows:

General government	\$ 16,068
Public safety	5,750
Capital outlay	<u>26,611</u>
	<u>\$ 48,429</u>

NOTE 3—BUDGETARY FUND BALANCES

The components of the budgetary fund balance for major funds are as follows:

TOWN OF PEMBROKE, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2009

	General Fund	Expendable Trust Funds
Reserved for prepaid expenses	\$ 13,944	
Unreserved:		
Undesignated	<u>2,524,842</u>	<u>\$ 1,393,583</u>
	<u>\$ 2,538,786</u>	<u>\$ 1,393,583</u>

NOTE 4--UNRESERVED DESIGNATED FUND BALANCES

Appropriations for certain projects and specific items not fully expended at year end are carried forward as continuing appropriations to the next year in which they supplement the appropriations of that year. At year end, continuing appropriations are reported as a component of the General Fund's unreserved fund balance and are detailed as follows:

Automated split body	\$ 114,500
Carts	<u>252,000</u>
	366,500
Less revenues not susceptible to accrual	<u>(366,500)</u>
	<u>\$ -</u>

SCHEDULE A
TOWN OF PEMBROKE, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2009

	Total Special Revenue Funds	Capital Projects Funds			Permanent Trust Funds	Total Nonmajor Funds
		Safety Center Capital Projects Fund	Solid Waste Capital Projects Fund	Total Capital Projects Funds		
Assets:						
Cash and cash equivalents	\$ 850,360			\$ -	\$ 72,498	\$ 922,858
Accounts receivable, net	592			-		592
Due from other governments	11,384			-		11,384
Due from other funds	284,756	\$ 4,630	\$ 124,802	129,432		414,188
Total assets	<u>\$ 1,147,092</u>	<u>\$ 4,630</u>	<u>\$ 124,802</u>	<u>\$ 129,432</u>	<u>\$ 72,498</u>	<u>\$ 1,349,022</u>
Liabilities:						
Accounts payable	\$ 4,400					\$ 4,400
Due to other funds	11,499					11,499
Total liabilities	<u>15,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,899</u>
Fund balances:						
Reserved for endowments					40,937	40,937
Unreserved reported in:						
Special revenue funds	1,131,193					1,131,193
Capital projects funds		4,630	124,802	129,432		129,432
Permanent funds					31,561	31,561
Total fund balances	<u>1,131,193</u>	<u>4,630</u>	<u>124,802</u>	<u>129,432</u>	<u>72,498</u>	<u>1,333,123</u>
Total liabilities and fund balances	<u>\$ 1,147,092</u>	<u>\$ 4,630</u>	<u>\$ 124,802</u>	<u>\$ 129,432</u>	<u>\$ 72,498</u>	<u>\$ 1,349,022</u>

SCHEDULE A-1
TOWN OF PEMBROKE, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Special Revenue Funds
December 31, 2009

	Town Donation Fund	Library Fund	Recreation Fund	Police Details Fund	Christmas Donations Fund	Town Clock Fund	Police Grants Fund	Conservation Commission Fund	Grants Fund	TIF District Fund	Total Special Revenue Funds
Assets:											
Cash and cash equivalents	\$ 483	\$ 16,739		\$ 592			\$ 7,172	\$ 825,966			\$ 850,360
Accounts receivable, net				19,714	\$ 1,916	\$ 1,637	539	33,074	\$ 11,384	\$ 216,413	592
Due from other governments			\$ 11,463	\$ 20,306	\$ 1,916	\$ 1,637					11,384
Due from other funds			\$ 11,463								284,756
Total assets	\$ 483	\$ 16,739	\$ 11,463	\$ 20,306	\$ 1,916	\$ 1,637	\$ 7,711	\$ 859,040	\$ 11,384	\$ 216,413	\$ 1,147,092
Liabilities:											
Accounts payable		\$ 3,265			\$ 1,000		\$ 135				\$ 4,400
Due to other funds		115							\$ 11,384		11,499
Total liabilities	\$ -	\$ 3,380	\$ -	\$ -	\$ 1,000	\$ -	\$ 135	\$ -	\$ 11,384	\$ -	\$ 15,899
Fund balances:											
Unreserved, reported in:											
Special revenue funds	483	13,359	11,463	20,306	916	1,637	7,576	859,040	-	216,413	1,131,193
Total fund balances	483	13,359	11,463	20,306	916	1,637	7,576	859,040	-	216,413	1,131,193
Total liabilities and fund balances	\$ 483	\$ 16,739	\$ 11,463	\$ 20,306	\$ 1,916	\$ 1,637	\$ 7,711	\$ 859,040	\$ 11,384	\$ 216,413	\$ 1,147,092

SCHEDULE B

TOWN OF PEMBROKE, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Funds

For the Year Ended December 31, 2009

	Total Special Revenue Funds	Capital Project Funds			Permanent Trust Funds	Total Nonmajor Funds
		Safety Center Capital Projects Fund	Solid Waste Capital Projects Fund	Total Capital Projects Funds		
Revenues:						
Taxes	\$ 93,347			\$ -		\$ 93,347
Intergovernmental revenue	35,116			-		35,116
Charges for services	27,281			-		27,281
Interest and investment income	2,803			-	\$ 289	3,092
Miscellaneous	13,513			-		13,513
Total Revenues	<u>172,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>289</u>	<u>172,349</u>
Expenditures:						
Current operations:						
Public safety	50,384			-		50,384
Health and welfare	1,500			-		1,500
Culture and recreation	216,956			-		216,956
Capital outlay		4,891	11,361	16,252		16,252
Total Expenditures	<u>268,840</u>	<u>4,891</u>	<u>11,361</u>	<u>16,252</u>	<u>-</u>	<u>285,092</u>
Excess of revenues over (under) expenditures	<u>(96,780)</u>	<u>(4,891)</u>	<u>(11,361)</u>	<u>(16,252)</u>	<u>289</u>	<u>(112,743)</u>
Other financing sources (uses):						
Transfers in	194,422			-		194,422
Transfers out	(52,057)			-		(52,057)
Total other financing sources (uses)	<u>142,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,365</u>
Net change in fund balances	45,585	(4,891)	(11,361)	(16,252)	289	29,622
Fund balances at beginning of year	<u>1,085,608</u>	<u>9,521</u>	<u>136,163</u>	<u>145,684</u>	<u>72,209</u>	<u>1,303,501</u>
Fund balances at end of year	<u>\$ 1,131,193</u>	<u>\$ 4,630</u>	<u>\$ 124,802</u>	<u>\$ 129,432</u>	<u>\$ 72,498</u>	<u>\$ 1,333,123</u>

SCHEDULE B -1
TOWN OF PEMBROKE, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Special Revenue Funds
For the Year Ended December 31, 2009

	Town Donation Fund	Library Fund	Recreation Fund	Police Details Fund	Christmas Donations Fund	Town Clock Fund	Police Grants Fund	Conservation Commission Fund	Grants Fund	TIF District Fund	Total Special Revenue Funds
Revenues:											
Taxes				\$ 11,232				\$ 35,138	\$ 23,884	\$ 58,209	\$ 93,347
Intergovernmental revenue			\$ 13,840	13,441							35,116
Charges for services	\$ 2	\$ 12					\$ 24				27,281
Interest and investment income	481	8,614	393		\$ 1,370	\$ 1,020	1,373	2,765			2,803
Miscellaneous	483	8,626	14,233	24,673	1,370	1,020	1,397	38,165	23,884	58,209	13,513
Total Revenues											172,060
Expenditures:											
Current operations:											
Public safety				24,228			2,272		23,884		50,384
Health and welfare					1,500						1,500
Culture and recreation		197,343	17,349					2,264			216,956
Total Expenditures	-	197,343	17,349	24,228	1,500	-	2,272	2,264	23,884	-	268,840
Excess of revenues over (under) expenditures	483	(188,717)	(3,116)	445	(130)	1,020	(875)	35,901	-	58,209	(96,780)
Other financing sources (uses):											
Transfers in		194,422									194,422
Transfers out		(52,057)									(52,057)
Total other financing sources (uses)	-	142,365	-	-	-	-	-	-	-	-	142,365
Net change in fund balances	483	(46,352)	(3,116)	445	(130)	1,020	(875)	35,901	-	58,209	45,585
Fund balances at beginning of year	-	59,711	14,579	19,861	1,046	617	8,451	823,139	-	158,204	1,085,608
Fund balances at end of year	\$ 483	\$ 13,359	\$ 11,463	\$ 20,306	\$ 916	\$ 1,637	\$ 7,576	\$ 859,040	\$ -	\$ 216,413	\$ 1,131,193

SCHEDULE C
TOWN OF PEMBROKE, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - All Agency Funds
December 31, 2009

	School Agency <u>Fund</u>	M & M <u>Fund</u>	Performance Bond Agency <u>Fund</u>	Combining <u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 585,475		\$ 24,872	\$ 610,347
Investments	541,413			541,413
Due from other funds		\$ 1,008		1,008
Total assets	<u>\$ 1,126,888</u>	<u>\$ 1,008</u>	<u>\$ 24,872</u>	<u>\$ 1,152,768</u>
LIABILITIES				
Deposits			\$ 24,872	\$ 24,872
Due to other governments	\$ 1,126,888			1,126,888
Due to others		\$ 1,008		1,008
Total liabilities	<u>\$ 1,126,888</u>	<u>\$ 1,008</u>	<u>\$ 24,872</u>	<u>\$ 1,152,768</u>