

**TOWN OF SEABROOK,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2014**

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
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# PLODZIK & SANDERSON

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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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Seabrook as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and aggregate remaining fund information of the Town of Seabrook as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparison for the major fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

**Required Supplementary Information** - Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 11) and the Schedule of Funding Progress for Other Postemployment Benefit Plan (page 38) 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 them

*Town of Seabrook  
Independent Auditor's Report*

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.

**Other Information** - Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Seabrook's basic financial statements. The combining and individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

October 15, 2015

*Plodzik & Sanderson  
Professional Association*

## **Management's Discussion and Analysis For the Fiscal Year 2014**

The Town of Seabrook's (the Town) discussion and analysis is designed to: (1) assist the reader in focusing on significant financial issues; (2) provide an overview of the Town's financial activity; (3) identify changes in the Town's financial position (its ability to address the next and subsequent year's challenges); and (4) identify any material deviations from the financial plan (the approved budget).

### **Financial Highlights:**

- The assets of the Town exceeded its liabilities at the close of the most recent year-end by \$71,537,139 (*net position*). Of this amount, \$11,373,907 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to its citizens.
- The Town's change in net position was an increase of \$462,279.
- At the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$14,810,186. Approximately 54% (\$8,062,204) of this total amount is available for spending at the Town's discretion (*unassigned fund balance*).
- At the end of the current year, unassigned fund balance for the General Fund is \$8,062,204, which is an increase of 129.67% (\$4,551,930) in relationship to the 2013 year-end balance.

### **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information.

#### **Government-wide financial statements**

The government-wide financial statements provide a broad view of the Town's finances. These statements (*Statement of Net Position* and the *Statement of Activities*) provide both short-term and long-term information about the Town's overall financial position. They are prepared using the accrual basis of accounting which recognizes all revenues and expenses connected with the current year, even if cash has not been received or paid.

The *Statement of Net Position* presents information on all of the Town's non-fiduciary assets and liabilities with the difference between the two being reported as net position. Overall, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes, licenses, and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

The Town participates in governmental activities and does not currently participate in any business type activities. The governmental activities in this section represent most of the Town's basic services and are generally supported by taxes, grants, and intergovernmental revenues. The governmental activities of the Town include general government, public safety, highway and streets, sanitation, water distribution and treatment, health, welfare, culture and recreation, conservation, and economic development.

The government-wide financial statements can be found on pages 12-13 of this report.

### **Fund financial statements**

Unlike government-wide financial statements, the focus of the fund financial statements is directed to specific activities of the Town rather than the Town as a whole. Except for the General Fund, a specific fund is established to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the Town government and report the Town's operations in more detail than the government-wide statements. The Town's funds are divided into two categories: 1) governmental; and 2) fiduciary.

**Governmental funds:** Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balances* provide reconciliation to the government-wide statements in order to facilitate this comparison between governmental funds and governmental activities.

The Town maintains eleven individual governmental funds. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Statement of Revenues, Expenditures and Changes in Fund Balances* for the General Fund. The General Fund accounts for governmental services provided to the Town's residents. Data from the other governmental funds are combined into a single, aggregated presentation termed Other Governmental Funds.

The Town's governmental fund financial statements can be found on pages 14-17.

**Fiduciary Funds:** These funds are used to account for resources held for the benefit of parties outside the government. While these funds represent trust responsibilities of the Town, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government Wide Financial Statements.

- **Private-Purpose Trust Funds:** These funds account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town uses these types to account for scholarship donations.
- **Agency Funds:** These funds account for the resources held in a purely custodial capacity. This fund reports information on developers' performance bonds held by the Town's Treasurer and also two funds

that are held by the Trustee of the Trust Funds, which are for School Maintenance and School Special Education Needs.

The Town's fiduciary funds statements can be found on pages 19-20 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements and are required by generally accepted accounting principles (GAAP) in the United States.

The notes to the financial statements begin on page 21.

**Required supplementary information:** The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a Schedule of Funding Progress for Other Postemployment Benefit Plan.

**Other supplementary information:** Other supplementary information includes combining financial statements for other (non-major) governmental funds, and individual fund schedules for the general fund.

**Government-wide Financial Analysis:**

The following table reflects a condensed summary of Net Position compared to the prior year. More detailed information can be found on page 12 of this report.

Town of Seabrook		
Net Position as of December 31, 2014 and 2013		
	Governmental Activities	
	2014	2013
Current and other assets	\$ 24,374,643	\$ 21,235,334
Capital assets, net	66,512,525	69,274,860
<b>Total assets</b>	<b>90,887,168</b>	<b>90,510,194</b>
Current liabilities	9,335,330	8,681,064
Long-term liabilities	10,009,659	10,266,955
<b>Total liabilities</b>	<b>19,344,989</b>	<b>18,948,019</b>
Unavailable Revenue-property tax	-	6,029
Unavailable Revenue - grants	5,000	1,835
<b>Total Deferred outflow or resources</b>	<b>5,000</b>	<b>7,864</b>
Net position:		
Net investment in capital assets,	58,390,993	60,803,150
Restricted	1,772,279	1,713,991
Unrestricted	11,373,907	9,037,170
<b>Total net position</b>	<b>\$ 71,537,179</b>	<b>\$ 71,554,311</b>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$71,537,179 as of December 31, 2014.

The Town's capital assets, net of related debt, at the end of 2014 were \$66,512,525. Capital assets are items such as land, buildings, equipment, and infrastructure (roads and bridges). This portion of the Town's net position (81.62%) reflects its investment in capital assets, less any related debt used to acquire those assets. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

Long-term liabilities decreased by \$257,296. This was due to the following factors: a decrease in bond debt of \$348,728; a decrease in capital leases of \$1,450; an increase in compensated absences (vested sick leave and accrued vacation leave) of \$13,321, and an increase in other post employment benefits of \$79,561.

The Town reported \$15,099 in net position restricted for perpetual care. This represents the permanent funds for which the principal cannot be spent and the income is used for Town purposes. And the Town also reported \$1,757,180 which is restricted for the road improvements, donations, library, and water treatment facility.

The balance of unrestricted net position totaling \$9,422,308 may be used to meet the government's ongoing obligations to its citizens and creditors. The unrestricted net position represents 13.54% of the Town's total net position.

**Net position**

*Net investment in Capital Assets:* The largest portion of the Town's net position (81.62%) reflects its investment in capital assets.

*Restricted Net Position:* Only 2.46% of the Town's net position represents resources that are subject to external restrictions on how they may be used.

*Unrestricted Net Position:* The remaining 15.92% of the Town's total net position falls into this category. Internally imposed designations of resources are not presented as restricted net position. At the end of the year, the Town was able to report positive balances in all three categories of net position.



The following is a summary of the information presented in the Statement of Activities found on page 13.

<b>Town of Seabrook</b>			
<b>Changes in Net Position for year ended December 31, 2014 and 2013</b>			
		Governmental Activities	
<b>Revenues</b>			
Program revenues:		<b>2014</b>	<b>2013</b>
Charges for services		\$ 2,793,250	\$ 2,551,657
Operating grants and contributions		186,515	290,274
Capital grants and contributions		-	-
General revenues:			
Property and other taxes		16,824,887	16,331,547
Motor vehicle permit fees		1,560,016	1,460,238
Licenses, permits and other fees		699,958	547,793
Grants and contributions not restricted to specific programs		457,713	388,646
Unrestricted investment earnings		24,812	18,224
Miscellaneous		1,287,740	613,296
	<b>Total revenues</b>	<b>\$ 23,834,891</b>	<b>\$ 22,201,675</b>
<b>Expenses</b>			
General governmental		\$ 3,617,020	\$ 3,123,142
Public safety		8,578,334	8,057,210
Highways and streets		1,585,523	1,936,752
Sanitation		3,963,461	3,807,360
Water distributions and treatments		2,685,689	2,879,928
Health		215,630	372,823
Welfare		310,296	143,440
Culture and recreation		1,499,225	1,570,600
Conservation		14,470	7,003
Economic development		-	-
Capital Outlay		572,318	824,544
Interest on long-term debt		330,646	301,605
	<b>Total expenses</b>	<b>\$ 23,372,612</b>	<b>\$ 23,024,407</b>
Increase (Decrease) in net position		462,279	(822,732)
Net position, beginning of year as restated		71,074,900	72,377,043
	<b>Net position, end of year</b>	<b>\$ 71,537,179</b>	<b>\$ 71,554,311</b>

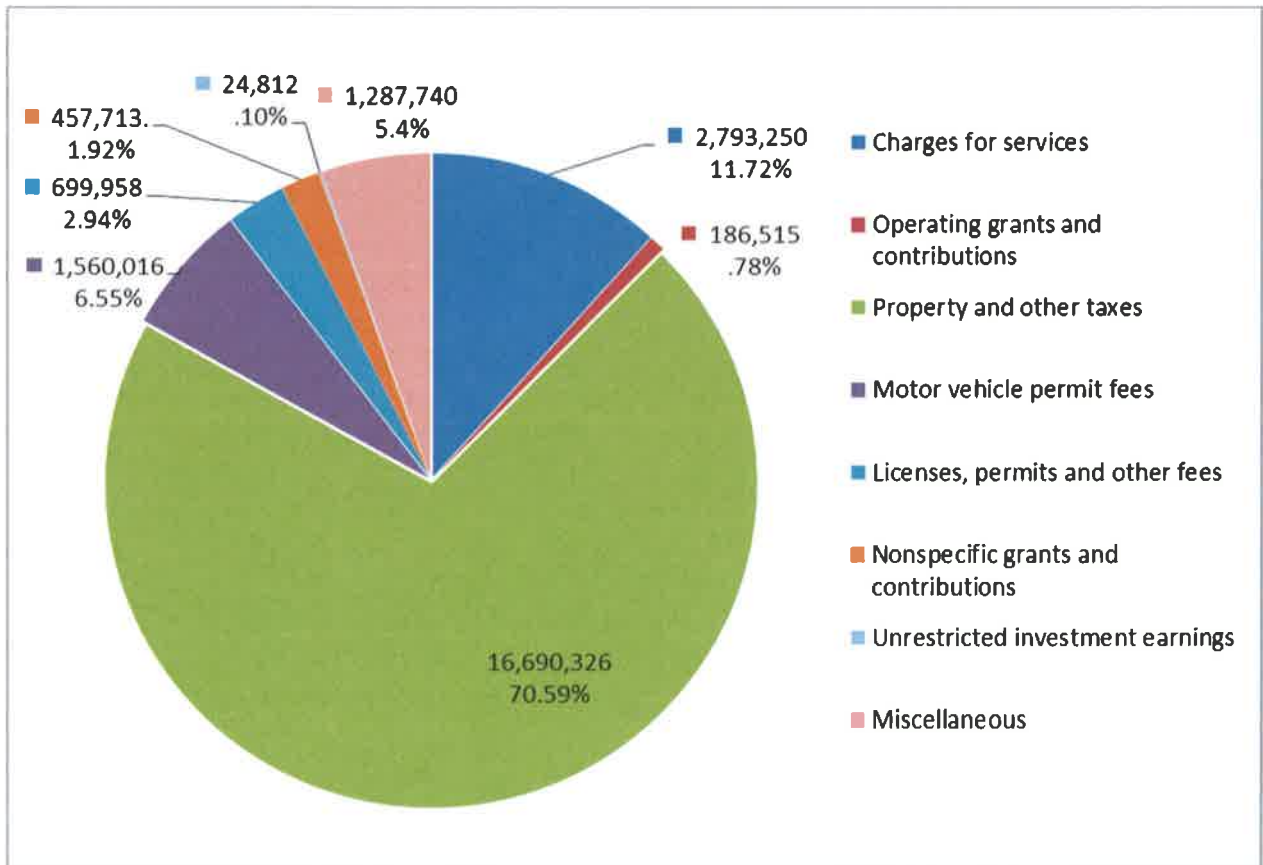
\*Beginning net position were adjusted due to retroactively restating capital assets to reflect the proper year-end balance.

## Governmental Activities

Net position increased in 2014 by \$462,279. This increase was due mainly to increased revenues.

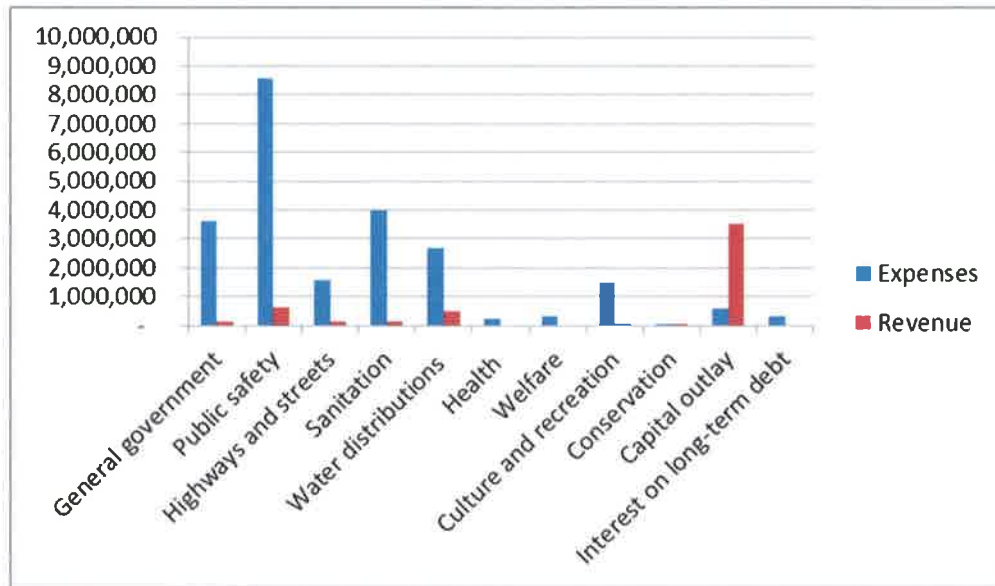
The total cost of Governmental activities this year was \$23,372,612. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property taxes was only \$16,690,326. The overall tax rate remained level with the 2014 tax rate of \$15.27. Those who directly benefited from the programs paid \$2,793,250, and other governments and organizations subsidized certain programs in the amount of \$186,515. The Town paid for the remaining governmental activities with \$4,164,800 in revenues not specifically targeted for specific programs. These revenues are known as general revenues, such as: other taxes, interest, miscellaneous, motor vehicle permit fees, and other licenses and permits.

Revenue by Source - Governmental Activities



The Town’s expenses cover a range of services. The largest expenses were for Public Safety, which accounts for 36.70% of total expenses. Public safety is made up of police, fire, building inspections, and emergency services.

### Expense and Program Revenues – Governmental Activities



#### Financial Analysis of the Town’s Funds:

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

The governmental fund financial statements for the Town are provided on pages 14 – 17. The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the year.

At the end of the current year, the Town’s governmental funds reported a combined ending fund balance of \$14,810,186, which increased \$2,503,872 from the prior year. Of the \$14,810,186 in combined ending fund balance, \$6,747,982 has been designated for specific uses. The remaining fund balance of \$8,062,204 is considered unassigned and is available for spending at the Town’s discretion subject to budgetary controls.

The General Fund is the primary operating fund of the Town. At the end of the current year the unassigned fund balance of the General Fund was \$8,062,204. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund expenditures. Unassigned fund balance represents 34.49% of total General Fund expenditures, while total fund balance represents 63.36% of that same amount.

The unassigned fund balance of the Town's General Fund increased by \$3,586,527, or 77%, from the prior year. Key factors in this change are as follows:

Excess of revenues over budget estimates	\$ 1,573,485
Unexpended balance of appropriations not spent by departments	851,395
Increase in fund balance non-spendable	(3,796)
Increase in fund balance restricted	287,143
Decrease in fund balance committed	1,216,605
Deferred property taxes not collected	(478,305)
Remove allowance for uncollectible which are deferred	140,000
<b>Total</b>	<b>\$3,586,527</b>

**Budgetary Highlights:**

The General Fund operating budget returned \$851,395 to fund balance. Please see Schedule 2 of the audit report found on pages 41-42 to see the break-down by category.

**Capital assets**

The Town's capital assets for its governmental activities as of December 31, 2014 are \$66,512,525 net of accumulated depreciation. This investment in capital assets includes land, construction in progress, buildings and building improvements, improvements other than buildings, equipment and vehicles, and infrastructure.

**Capital Assets**

	<b>2014</b>	<b>Restated 2013</b>
Land	\$ 3,811,948	\$ 3,811,948
Buildings and improvements	38,533,222	38,408,542
Improvements other than buildings	1,056,573	1,056,573
Equipment and vehicles	8,182,363	7,891,443
Construction in progress	35,801	32,750
Infrastructure	72,956,759	72,583,413
<b>Total</b>	<b>124,576,666</b>	<b>123,784,669</b>
Accumulated Depreciation	(58,064,141)	(54,989,220)
<b>Total Capital Assets</b>	<b>\$ 66,512,525</b>	<b>\$ 68,795,449</b>

**Debt administration and Long-Term Liabilities**

Additional information on the debt can be found in Note 13 in the Notes to the Basic Financial Statements.

**Debt Payable as of December 31, 2014**

Debt Payable as of 2013	\$	8,471,710
Debt retired		-350,178
<b>Debt Payable as of 2014</b>	<b>\$</b>	<b>8,121,532</b>

**Economic Factors and the Future:**

New Hampshire Employment Security reports Seabrook’s unemployment rate for July 2015 at 5%, the State’s unemployment rate at 3.8%. The National unemployment rate is at 5.1%. These same rates for July, 2014 were 6.5%, 4.4%, and 6.5% respectively.

In looking to the future the Town of Seabrook faces the challenge of escalating employee health care costs along with the expiration of a multi-year property tax agreement with its largest property tax payer. These two factors present the Seabrook Board of Selectmen with great challenges in the short term and the longer term.

As noted in a past report Seabrook faces major challenges with the maintenance of equipment and buildings. A comprehensive review of buildings and equipment with a goal of basing future capital requests on data derived from such study, with the funding of a capital reserve account, may assist the Town in dealing with these issues.

As noted in prior reports Seabrook has provided services to its residents without regard to costs. The Board of Selectmen have instituted a fee structure at the Transfer Station to recoup some of the costs of that service. The effort to match costs with revenues is an important effort for Seabrook moving forward. Managing capital assets is another area where additional tools could produce positive results for the Town of Seabrook. Updating and reviewing the capital asset list annually in conjunction with the annual audit would provide a more accurate picture of Seabrook’s financial position.

**Requests for Information:**

This financial report is designed to provide a general overview of the Town of Seabrook’s finances for all of the citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the Town’s accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to: Town of Seabrook, Finance Department, PO Box 456, Seabrook, NH 03034-0456 or telephone (603) 474-8027.

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Statement of Net Position*  
*December 31, 2014*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 19,057,665
Investments	19,718
Taxes receivable (net)	1,300,118
Accounts receivable (net)	759,175
Prepaid items	9,957
Tax deeded property, subject to resale	26,944
Restricted assets:	
Cash and cash equivalents	1,384,870
Investments	1,816,196
Capital assets:	
Land and construction in progress	3,847,749
Other capital assets, net of depreciation	62,664,776
Total assets	90,887,168
<b>LIABILITIES</b>	
Accounts payable	576,300
Accrued salaries and benefits	295,794
Accrued interest payable	114,178
Intergovernmental payable	8,349,058
Long-term liabilities:	
Due within one year	721,924
Due in more than one year	9,287,735
Total liabilities	19,344,989
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - grants	5,000
<b>NET POSITION</b>	
Net investment in capital assets	58,390,993
Restricted	1,772,279
Unrestricted	11,373,907
Total net position	\$ 71,537,179

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, 2014**

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 3,617,020	\$ 109,451	\$ 20,821	\$ (3,486,748)
Public safety	8,578,334	1,006,591	1,289	(7,570,454)
Highways and streets	1,585,523	-	149,405	(1,436,118)
Sanitation	3,963,461	601,744	-	(3,361,717)
Water distribution and treatment	2,685,689	989,339	15,000	(1,681,350)
Health	215,630	-	-	(215,630)
Welfare	310,296	-	-	(310,296)
Culture and recreation	1,499,225	86,125	-	(1,413,100)
Conservation	14,470	-	-	(14,470)
Interest on long-term debt	330,646	-	-	(330,646)
Capital outlay	572,318	-	-	(572,318)
Total governmental activities	<u>\$ 23,372,612</u>	<u>\$ 2,793,250</u>	<u>\$ 186,515</u>	<u>(20,392,847)</u>
General revenues:				
Taxes:				
Property				16,690,326
Other				134,561
Motor vehicle permit fees				1,560,016
Licenses and other fees				699,958
Grants and contributions not restricted to specific programs				457,713
Unrestricted investment earnings				24,812
Miscellaneous				1,287,740
Total general revenues				<u>20,855,126</u>
Change in net position				462,279
Net position, beginning, as restated (see Note 17)				71,074,900
Net position, ending				<u>\$ 71,537,179</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, 2014**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,256,698	\$ 1,800,967	\$ 19,057,665
Investments	4,939	14,779	19,718
Taxes receivable	1,440,118	-	1,440,118
Accounts receivable, net of allowances	417,417	341,758	759,175
Interfund receivable	4,464	86,443	90,907
Prepaid items	9,957	-	9,957
Tax deeded property, subject to resale	26,944	-	26,944
Restricted assets:			
Cash and cash equivalents	1,384,870	-	1,384,870
Investments	1,816,196	-	1,816,196
Total assets	<u>\$ 22,361,603</u>	<u>\$ 2,243,947</u>	<u>\$ 24,605,550</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 556,679	\$ 19,621	\$ 576,300
Accrued salaries and benefits	293,614	2,180	295,794
Due to other governments	8,349,058	-	8,349,058
Interfund payable	86,443	4,464	90,907
Total liabilities	<u>9,285,794</u>	<u>26,265</u>	<u>9,312,059</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - Property taxes	478,305	-	478,305
Unavailable revenue - Grants	-	5,000	5,000
Total deferred inflows of resources	<u>478,305</u>	<u>5,000</u>	<u>483,305</u>
<b>FUND BALANCES</b>			
Nonspendable	36,901	14,661	51,562
Restricted	1,376,470	381,148	1,757,618
Committed	2,984,267	1,816,873	4,801,140
Assigned	137,662	-	137,662
Unassigned	8,062,204	-	8,062,204
Total fund balances	<u>12,597,504</u>	<u>2,212,682</u>	<u>14,810,186</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,361,603</u>	<u>\$ 2,243,947</u>	<u>\$ 24,605,550</u>

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

**EXHIBIT C-2**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position*  
*December 31, 2014*

Total fund balances of governmental funds (Exhibit C-1)		\$ 14,810,186
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 124,576,666	
Less accumulated depreciation	(58,064,141)	66,512,525
Long term revenue (taxes) is not available to pay current-period expenditures and therefore, are reported as deferred inflows in the governmental funds.		478,305
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(140,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(114,178)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ 8,095,432	
Unamortized bond premium	26,100	
Compensated absences	1,059,212	
Other postemployment benefits	828,915	(10,009,659)
Net position of governmental activities (Exhibit A)		\$ 71,537,179

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, 2014**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 16,846,253	\$ -	\$ 16,846,253
Licenses and permits	2,204,189	55,785	2,259,974
Intergovernmental	622,118	22,110	644,228
Charges for services	1,706,705	1,086,545	2,793,250
Investment earnings	18,841	-	18,841
Miscellaneous	755,895	537,816	1,293,711
Total revenues	<u>22,154,001</u>	<u>1,702,256</u>	<u>23,856,257</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,518,335	20,821	3,539,156
Public safety	7,722,985	739,860	8,462,845
Highways and streets	1,430,893	-	1,430,893
Water distribution and treatment	1,658,542	15,000	1,673,542
Sanitation	2,994,366	224	2,994,590
Health	215,630	-	215,630
Welfare	312,153	-	312,153
Culture and recreation	1,402,257	53,972	1,456,229
Conservation	1,233	7,571	8,804
Debt service:			
Principal	348,728	-	348,728
Interest	337,497	-	337,497
Capital outlay	488,908	83,410	572,318
Total expenditures	<u>20,431,527</u>	<u>920,858</u>	<u>21,352,385</u>
Net change in fund balances	1,722,474	781,398	2,503,872
Fund balances, beginning, as restated (see Note 17)	10,875,030	1,431,284	12,306,314
Fund balances, ending	<u>\$ 12,597,504</u>	<u>\$ 2,212,682</u>	<u>\$ 14,810,186</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, 2014*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 2,503,872
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	\$ 791,997	
Depreciation expense	<u>(3,074,921)</u>	(2,282,924)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue	\$ 118,634	
Change in allowance for uncollectible property taxes	<u>(140,000)</u>	(21,366)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and when debt is first issued, whichever these amounts are deferred and amortized in the Statement of Activities.		
Repayment of bond principal	\$ 348,728	
Amortization of bond premium	<u>1,450</u>	350,178
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	\$ 5,401	
Increase in compensated absences payable	(13,321)	
Increase in postemployment benefits payable	<u>(79,561)</u>	(87,481)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 462,279</u>

**EXHIBIT D**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended December 31, 2014**

	Original Amount	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 16,629,619	\$ 16,629,619	\$ 16,824,887	\$ 195,268
Licenses and permits	2,157,946	2,157,946	2,204,189	46,243
Intergovernmental	1,221,584	621,584	622,118	534
Charges for services	1,576,415	1,576,415	1,706,705	130,290
Investment earnings	13,000	13,000	21,736	8,736
Miscellaneous	783,403	383,403	606,217	222,814
Total revenues	<u>22,381,967</u>	<u>21,381,967</u>	<u>21,985,852</u>	<u>603,885</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,354,812	3,354,812	3,526,637	(171,825)
Public safety	7,754,190	7,754,190	7,786,722	(32,532)
Highways and streets	1,404,747	1,404,747	1,430,893	(26,146)
Water distribution and treatment	1,952,251	1,952,251	1,658,542	293,709
Sanitation	3,447,852	3,447,852	2,994,366	453,486
Health	230,240	230,240	224,299	5,941
Welfare	365,824	365,824	312,153	53,671
Culture and recreation	1,056,548	1,056,548	953,704	102,844
Conservation	4,638	4,638	1,233	3,405
Debt service:				
Principal	348,728	348,728	348,728	-
Interest	341,497	341,497	337,497	4,000
Capital outlay	1,653,850	653,850	488,908	164,942
Total expenditures	<u>21,915,177</u>	<u>20,915,177</u>	<u>20,063,682</u>	<u>851,495</u>
Excess of revenues over expenditures	<u>466,790</u>	<u>466,790</u>	<u>1,922,170</u>	<u>1,455,380</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,400	30,400	1,000,000	969,600
Transfers out	(497,190)	(497,190)	(497,290)	(100)
Total other financing sources (uses)	<u>(466,790)</u>	<u>(466,790)</u>	<u>502,710</u>	<u>969,500</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,424,880	<u>\$ 2,424,880</u>
Increase in nonspendable fund balance			(3,796)	
Decrease in restricted fund balance			287,143	
Decrease in committed fund balance			1,216,605	
Unassigned fund balance, beginning			4,475,677	
Unassigned fund balance, ending			<u>\$ 8,400,509</u>	

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

**EXHIBIT E-1**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2014**

	Private Purpose Trust	Agency
<b>ASSETS</b>		
Cash and cash equivalents	\$ 85,631	\$ 2,779,826
Investments	1,130,330	205,967
Total assets	<u>1,215,961</u>	<u>2,985,793</u>
<b>LIABILITIES</b>		
Due to other governmental units	-	206,794
Due to others	-	2,778,999
Total liabilities	<u>-</u>	<u>2,985,793</u>
<b>NET POSITION</b>		
Held in trust for specific purposes	<u>\$ 1,215,961</u>	<u>\$ -</u>

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

**EXHIBIT E-2**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2014**

	Private Purpose Trust
<b>ADDITIONS</b>	
New funds	\$ 90,996
Interest	41,804
Change in fair market value	31,169
Total revenue	163,969
<b>DEDUCTIONS</b>	
Scholarships	76,500
Trust fund distributions	32,341
Total deductions	108,841
Change in net position	55,128
Net position, beginning	1,160,833
Net position, ending	\$ 1,215,961

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, 2014**

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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, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Seabrook, New Hampshire (the Town), have been prepared 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 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 Government-wide and Fund Financial Statements***

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

The Statement of Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, liabilities, and net position.

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

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

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

***1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year.

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2014**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlement, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. 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 specific 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.

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

The Town reports the following major governmental fund:

**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.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Capital Projects Funds** - are used to account for the financial resources and activities relating to specific construction projects.

**Permanent Fund** - is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town's cemetery operations.

**Fiduciary Funds** – The Town also reports the following fiduciary funds:

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

**Agency Fund** – are used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments.

### ***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."

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2014**

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of 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 to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

***1-E Restricted Assets***

Certain cash and investments are classified as restricted assets on the balance sheet because their use is designated for a specific purpose and therefore not available for immediate and general use by the Town.

***1-F 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 for the Town are reported at fair value generally based on quoted market prices.

***1-G Receivables***

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, accounts (billing for charges, and other user fees) and intergovernmental amounts arising from primarily grants.

***1-H 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 Position.

***1-I Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses as the items are used.

***1-J Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated minimum useful life in excess of one year. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2014**

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<b>Capital Asset Classes:</b>	<u>Years</u>
Buildings and building improvements	20-50
Improvements other than buildings	20-50
Equipment and vehicles	3-20
Infrastructure	20-100

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-K Deferred Inflows of Resources***

In addition to liabilities, the Statement of Net Position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item, unavailable tax revenue, is reported only in the governmental funds balance sheet. Grant revenue arises under both the accrual and modified accrual basis of accounting, so this revenue is reported in both the Statement of Net Position and the governmental fund balance sheet. The amounts are deferred and recognized as inflows of resources in the period that the amounts becomes available.

***1-L Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Billings for the year were on May 19, 2014 and November 17, 2014. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

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 tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable 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 to these entities as required by law.

The Town net assessed valuation as of April 1, 2014 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,334,745,550
For all other taxes	\$ 2,666,527,600

The tax rates and amounts assessed for the year ended December 31, 2014 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.37	\$ 16,986,651
School portion:		
State of New Hampshire	\$2.52	3,366,006
Local	\$5.42	14,453,735
County portion	\$0.96	2,555,394
Total		<u>\$ 37,361,786</u>

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2014**

***1-M 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 separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

***1-N Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

***1-O 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-P 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” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***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.

***1-Q Net Position/Fund Balance Reporting***

***Government-wide Statements*** – Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* – Consists of 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 net investment in capital assets.
- b) *Restricted net position* – Consists of net position 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 position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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**Fund Balance Classifications** - The fund balance of governmental funds is reported in five categories based on the nature of any limitations requiring the use of resources for specific programs. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Town's governmental fund financial statements are as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen and/or Town Manager through the budgetary process.

**Unassigned** – This classification includes the residual fund balance for the general fund.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

The Town's fund balance policy indicates that the Town will strive to maintain a level of fund balance between 5% and 17% of the total annual budget plus school and county appropriations. This level of fund balance is also in accordance with the recommendations of the NH Department of Revenue Administration and generally accepted accounting practices as recommended by the Government Finance Officers Association.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**2-A Budgetary Information**

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 fund, as well as the blended water and sewer funds. Except as reconciled below, the budget was adopted on a basis consistent with US 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 assigned 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 unassigned fund balance to achieve that end. For the fiscal year 2014, none of the beginning general fund unassigned fund balance was applied for this purpose.

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**2-B Budgetary Reconciliation to GAAP Basis**

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis, presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 22,985,852
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record income of the blended funds	146,783
To eliminate transfers between blended funds	(1,000,000)
Change in deferred tax revenue relating to 60-day revenue recognition	(118,634)
Change in allowance for uncollectible property taxes	140,000
Per Exhibit C-3 (GAAP basis)	<u>\$ 22,154,001</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 20,560,972
Adjustment:	
Basis differences:	
Encumbrances, beginning	11,200
Encumbrances, ending	(137,662)
GASB Statement No. 54:	
To record blended fund expenditures during the year	494,307
To eliminate transfers between general and blended funds	(497,290)
Per Exhibit C-3 (GAAP basis)	<u>\$ 20,431,527</u>

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$23,307,992.

At December 31, 2014, the cash reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 20,442,535
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	2,865,457
Total cash and cash equivalents	<u>\$ 23,307,992</u>

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**NOTE 4 – INVESTMENTS**

Note 1-F describes statutory requirements covering the investment of the Town funds. The Town also maintains a portfolio of intermediate maturity investments that are reported at fair value, based on quoted market prices. The Town's fiscal agent or custodian provides the fair value of all intermediate maturity investments.

At December 31, 2014, the Town had the following investments:

	Fair Value
Investments type:	
Bonds	\$ 2,411,341
New Hampshire Public Deposit Investment Pool	4,939
Mutual funds	755,931
Total fair value	\$ 3,172,211

**Interest Rate Risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,835,914
Investments per Statement of Fiduciary Net Position (Exhibit E-1)	1,336,297
Total investments	\$ 3,172,211

**NOTE 5 – RESTRICTED CASH AND INVESTMENTS**

Certain cash and investment accounts in the general fund belong to funds which have been blended with the general fund in accordance with the requirements of GASB Statement No. 54, as follows:

Cash and cash equivalents:	
Library fund	\$ 637,354
Expendable trusts	7,288
Road improvements	724,116
Economic development	16,112
Total cash and cash equivalents	1,384,870
Investments:	
Expendable trusts	1,816,196
Total restricted assets	\$ 3,201,066

**NOTE 6 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2014. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2013	\$ 976,835	\$ 976,835
Unredeemed (under tax lien):		
Levy of 2013	246,489	246,489
Levy of 2012	128,016	128,016
Levy of 2011	9,119	9,119
Levies of 2010 and prior	79,659	79,659
Less: allowance for estimated uncollectible taxes	(140,000) *	-
Net taxes receivable	\$ 1,300,118	\$ 1,440,118

\*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60 day rule as explained in Note 1-C. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).



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**NOTE 7 – RECEIVABLES**

Receivables at December 31, 2014, consisted of accounts (billings for police details, water, sewer, ambulance, 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, 2014 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	General Fund	Nonmajor Funds	Total
Receivables:			
Accounts	\$ 417,417	\$ 1,527,756	\$ 1,945,173
Less: allowance for uncollectibles	-	(1,185,998)	(1,185,998)
Net total receivables	<u>\$ 417,417</u>	<u>\$ 341,758</u>	<u>\$ 759,175</u>

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 consisted of the following:

	Balance, beginning (as restated)	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 3,811,948	\$ -	\$ 3,811,948
Construction in progress	32,750	3,051	35,801
Total capital assets not being depreciated	<u>3,844,698</u>	<u>3,051</u>	<u>3,847,749</u>
Being depreciated:			
Land improvements	1,056,573	-	1,056,573
Buildings and building improvements	38,408,542	124,680	38,533,222
Equipment and vehicles	7,891,443	290,920	8,182,363
Infrastructure	72,583,413	373,346	72,956,759
Total capital assets being depreciated	<u>119,939,971</u>	<u>788,946</u>	<u>120,728,917</u>
Total all capital assets	<u>123,784,669</u>	<u>791,997</u>	<u>124,576,666</u>
Less accumulated depreciation:			
Land improvements	(610,860)	(36,744)	(647,604)
Buildings and building improvements	(14,660,903)	(940,223)	(15,601,126)
Equipment and vehicles	(5,172,293)	(537,637)	(5,709,930)
Infrastructure	(34,545,164)	(1,560,317)	(36,105,481)
Total accumulated depreciation	<u>(54,989,220)</u>	<u>(3,074,921)</u>	<u>(58,064,141)</u>
Net book value, capital assets being depreciated	<u>64,950,751</u>	<u>(2,285,975)</u>	<u>62,664,776</u>
Net book value, all capital assets	<u>\$ 68,795,449</u>	<u>\$ (2,282,924)</u>	<u>\$ 66,512,525</u>

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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	\$	71,204
Public safety		280,301
Highways and streets		151,086
Sanitation		1,455,121
Water distribution and treatment		1,007,379
Culture and recreation		104,164
Conservation		5,666
Total depreciation expense		\$ 3,074,921

**NOTE 9 – INTERFUND BALANCES**

The composition of interfund balances as of December 31, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 4,464
Nonmajor	General	86,443
		\$ 90,907

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 10 – ACCRUED LIABILITIES**

Accrued liabilities reported by governmental funds at December 31, 2014, were as follows:

	General Fund	Nonmajor Governmental Funds	Government-wide
Salary and employee benefits	\$ 293,614	\$ 2,180	\$ 295,794

**NOTE 11 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2014 consist of the following:

General fund:	
Balance of the FY 2014-15 district assessment due to the Seabrook School District	\$ 6,581,425
Balance of the FY 2014-15 district assessment due to the Winnacunnet Cooperative School District	1,593,316
December portion of retirement due to the New Hampshire Retirement System	171,421
Miscellaneous fees due to the State of Massachusetts	2,896
Total general fund	\$ 8,349,058
Agency funds:	
Balance of capital reserve fund due to the Seabrook School District	\$ 206,794

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**NOTE 12 – DEFERRED INFLOW OF RESOURCES**

Deferred inflows of \$483,305 at December 31, 2014 consists of \$478,305 property taxes not collected within 60 days of fiscal year-end in the general fund and \$5,000 for grant money collected in advance of the expenditures being made in the other governmental funds. In the governmental activities, the \$5,000 for grant money at December 31, 2014 is also reported.

**NOTE 13 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2014:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 8,444,160	\$ -	\$ (348,728)	\$ 8,095,432	\$ 356,699
Premium	27,550	-	(1,450)	26,100	1,450
Total bonds payable	8,471,710	-	(350,178)	8,121,532	358,149
Compensated absences	1,045,891	13,321	-	1,059,212	363,775
Net other postemployment benefits	749,354	79,561	-	828,915	-
Total long-term liabilities	<u>\$ 10,266,955</u>	<u>\$ 92,882</u>	<u>\$ (350,178)</u>	<u>\$ 10,009,659</u>	<u>\$ 721,924</u>

Long-term liabilities are comprised of the following:

	Original Obligation	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2014	Current Portion
General obligation bonds payable:						
Water treatment facility	\$ 5,997,345	2008	2037	4.00-5.25%	\$ 4,930,000	\$ 200,000
Drinking water state revolving loan	\$ 5,000,000	2011	2031	2.86%	2,295,432	106,699
Water treatment facility	\$ 971,000	2012	2032	2.75-4.00%	870,000	50,000
					<u>8,095,432</u>	<u>356,699</u>
Bond premium					26,100	1,450
					<u>8,121,532</u>	<u>358,149</u>
Compensated absences payable:						
Vested sick leave					363,392	102,232
Accrued vacation leave					695,820	261,543
					<u>1,059,212</u>	<u>363,775</u>
Net other postemployment benefits					828,915	-
Total					<u>\$ 10,009,659</u>	<u>\$ 721,924</u>

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The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2014, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2015	\$ 356,699	\$ 276,380	\$ 633,079
2016	354,755	263,458	618,213
2017	367,898	250,772	618,670
2018	381,132	238,034	619,166
2019	389,458	223,744	613,202
2020-2024	1,670,610	959,738	2,630,348
2025-2029	1,984,269	697,545	2,681,814
2030-2034	1,715,611	383,002	2,098,613
2035-2037	875,000	80,325	955,325
Totals	<u>\$ 8,095,432</u>	<u>\$ 3,372,998</u>	<u>\$ 11,468,430</u>

Bond premiums are being amortized on a straight-line basis over the life of the bonds.

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 14 – ENCUMBRANCES**

Encumbrances outstanding in the general fund at December 31, 2014 consist of the following:

General fund:	
General government	\$ 19,502
Public safety	63,737
Health	8,669
Culture and recreation	45,754
Total encumbrances	<u>\$ 137,662</u>

**NOTE 15 – GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2014 include the following:

Invested in capital assets, net of related debt:	
Net property, buildings, and equipment	\$ 66,512,525
Less:	
General obligation bonds payable	(8,095,432)
Unamortized bond premium	(26,100)
Total invested in capital assets, net of related debt	<u>58,390,993</u>
Restricted net position:	
Road improvement funds	724,116
Donations	15,000
Library	637,354
Perpetual care - nonexpendable	14,661
Perpetual care - expendable	438
Capital project	380,710
Total restricted net position	<u>1,772,279</u>
Unrestricted	<u>11,373,907</u>
Total net position	<u>\$ 71,537,179</u>

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**NOTE 16 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2014 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Prepaid items	\$ 9,957	\$ -	\$ 9,957
Tax deeded property	26,944	-	26,944
Permanent funds - principle portion	-	14,661	14,661
Total nonspendable fund balances	<u>36,901</u>	<u>14,661</u>	<u>51,562</u>
<b>Restricted:</b>			
Road improvement funds	724,116	-	724,116
Donations	15,000	-	15,000
Library	637,354	-	637,354
Permanent funds - income portion	-	438	438
Water treatment plant	-	380,710	380,710
Total restricted fund balances	<u>1,376,470</u>	<u>381,148</u>	<u>1,757,618</u>
<b>Committed:</b>			
Non-lapsing appropriations	1,144,671	-	1,144,671
Expendable trust funds	1,823,484	-	1,823,484
Economic development	16,112	-	16,112
Conservation commission	-	210,196	210,196
Transportation	-	66,655	66,655
Recreation revolving	-	80,591	80,591
Police outside detail	-	123,449	123,449
Ambulance revolving	-	642,020	642,020
Recycling revolving	-	206,370	206,370
D'Alessandro Trust	-	487,592	487,592
Total committed fund balance	<u>2,984,267</u>	<u>1,816,873</u>	<u>4,801,140</u>
<b>Assigned:</b>			
Encumbrances	137,662	-	137,662
<b>Unassigned</b>			
	<u>8,062,204</u>	<u>-</u>	<u>8,062,204</u>
Total fund balances	<u>\$ 12,597,504</u>	<u>\$ 2,212,682</u>	<u>\$ 14,810,186</u>

**NOTE 17 – PRIOR PERIOD ADJUSTMENTS**

Net position/fund balance at January 1, 2014 was restated to give retroactive effect to the following prior period adjustments:

	Government-wide Statements	General Fund (GAAP Basis)
To adjust for the Town's portion of property taxes not collected within 60 days of the fiscal year-end	\$ -	\$ 605,732
To adjust depreciation of infrastructure capital assets	(479,411)	-
Net position/fund balance, as previously reported	71,554,311	10,269,298
Net position/fund balance, as restated	<u>\$ 71,074,900</u>	<u>\$ 10,875,030</u>

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**NOTE 18 – 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. For fiscal year 2014, all employees except police officers and firefighters were required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters. The Town’s contribution rates for 2014 for pension and medical subsidy were 25.30% for police officers, 27.74% for firefighters, and 10.77% for all other employees.

The contribution requirements for the Town of Seabrook for the fiscal years 2012, 2013, and 2014 were \$811,486, \$979,446, and \$1,333,206 respectively, which were paid in full in each year.

**NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

In addition to pension benefits described in preceding note, 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 criteria to determine eligibility include: years of service, employee age, and whether the employee has vested in the respective retirement plan. 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 No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45, was implemented by the Town during fiscal year 2014, 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 No. 45 does not mandate the pre-funding of postemployment benefit liabilities. However, 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.

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 No. 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 30 years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2014:

Annual required contribution/OPEB cost	\$ 109,522
Interest on net OPEB obligation	29,974
Adjustment to annual require contribution	(31,199)
Contributions made (pay-as-you-go)	<u>(28,736)</u>
Increase in net OPEB obligation	79,561
Net OPEB obligation, beginning	<u>749,354</u>
Net OPEB obligation, ending	<u><u>\$ 828,915</u></u>

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The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the preceding five years were as follows:

Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
December 31, 2009	\$ 234,241	\$ -	20.20%	\$ 194,127
December 31, 2010	\$ 257,539	\$ 8,126	20.10%	\$ 399,627
December 31, 2011	\$ 266,817	\$ 17,206	28.10%	\$ 590,652
December 31, 2012	\$ 97,204	\$ 24,592	19.10%	\$ 688,525
December 31, 2013	\$ 103,232	\$ 27,834	20.90%	\$ 749,354
December 31, 2014	\$ 109,522	\$ 31,199	26.50%	\$ 828,915

As of January 1, 2013, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$1,075,706, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,075,706. The covered payroll (annual payroll of active employees covered by the plan) was \$6,850,924 during fiscal year 2014, and the ratio of the UAAL to the covered payroll was 15.70%.

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 for Other Postemployment Benefits Plan, 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, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.00% investment rate of return per annum. The projected annual healthcare cost trend is 10% initially, reduced by decrements to an ultimate rate of 2.5% after 30 years. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at December 31, 2014 was 28 years.

**NOTE 20 – 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 2014, the Town was a member of the Local Government Center Property-Liability Trust, LLC, and the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs. These entities are considered a public entity risk pools, currently operating as common risk management and insurance programs for member Towns and cities.

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.

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2014**

Contributions paid in fiscal year ending December 31, 2014, to be recorded as an insurance expenditure totaled \$214,227. There were no unpaid contributions for the year ended December 31, 2014.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation Programs is a pooled risk management program under RSAs 5-B and 281-A. Coverage was provided from January 1, 2014 to December 31, 2014 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town of Seabrook billed and paid for the year ended December 31, 2014 was \$448,396 for workers' compensation.

***NOTE 21 – CONTINGENCIES***

There are various legal claims and suits pending against the Town which arose in the normal course of the governments 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.

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

***NOTE 22 – 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 October 15, 2015, the date the December 31, 2014 financial statements were available to be issued, and no events occurred that require recognition or disclosure.



***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Schedule of Funding Progress for Other Postemployment Benefit Plan*  
*For the Fiscal Year Ended December 31, 2014*

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)
January 1, 2009	\$ -	\$ 2,177,109	\$ 2,177,109	0.00%	\$ 6,241,665	34.90%
January 1, 2013	\$ -	\$ 1,075,706	\$ 1,075,706	0.00%	\$ 6,850,924	15.70%

The note to the required supplementary information is an integral part of this schedule.

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2014**

***Schedule of Funding Progress for Other Postemployment Benefits (OPEB)***

As required by GASB Statement No. 45, Exhibit F represents the actuarial determined costs associated with the Town's other postemployment benefits for the fiscal year ended December 31, 2014.

***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, 2014*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 16,526,689	\$ 16,690,326	\$ 163,637
Yield	130	130	-
Excavation	2,800	2,800	-
Interest and penalties on taxes	100,000	131,631	31,631
Total from taxes	<u>16,629,619</u>	<u>16,824,887</u>	<u>195,268</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	60,610	64,260	3,650
Motor vehicle permit fees	1,545,000	1,504,231	(40,769)
Building permits	380,750	437,349	56,599
Other	171,586	198,349	26,763
Total from licenses, permits, and fees	<u>2,157,946</u>	<u>2,204,189</u>	<u>46,243</u>
<b>Intergovernmental:</b>			
State:			
Meals and rooms distribution	422,713	422,713	-
Highway block grant	148,871	149,405	534
Other	50,000	50,000	-
Total from intergovernmental	<u>621,584</u>	<u>622,118</u>	<u>534</u>
<b>Charges for services:</b>			
Income from departments	<u>1,576,415</u>	<u>1,706,705</u>	<u>130,290</u>
<b>Miscellaneous:</b>			
Sale of municipal property	21,032	22,458	1,426
Interest on investments	13,000	21,736	8,736
Insurance dividends and reimbursements	-	87,532	87,532
Contributions and donations	-	1,274	1,274
Other	362,371	494,953	132,582
Total from miscellaneous	<u>396,403</u>	<u>627,953</u>	<u>231,550</u>
<b>Other financing sources:</b>			
Transfers in	<u>30,400</u>	<u>1,000,000</u>	<u>969,600</u>
<b>Total revenues and other financing sources</b>	<u><u>\$ 21,412,367</u></u>	<u><u>\$ 22,985,852</u></u>	<u><u>\$ 1,573,485</u></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, 2014**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 660,781	\$ 722,964	\$ -	\$ (62,183)
Election and registration	-	394,399	394,479	-	(80)
Financial administration	-	1,078,242	1,023,482	-	54,760
Legal	-	175,000	182,020	-	(7,020)
Planning and zoning	-	95,382	273,368	-	(177,986)
General government buildings	11,200	126,579	143,116	19,502	(24,839)
Cemeteries	-	134,188	85,248	-	48,940
Insurance, not otherwise allocated	-	690,241	693,658	-	(3,417)
Total general government	<u>11,200</u>	<u>3,354,812</u>	<u>3,518,335</u>	<u>19,502</u>	<u>(171,825)</u>
Public safety:					
Police	-	4,110,421	3,879,698	22,707	208,016
Fire	-	3,312,049	3,462,968	41,030	(191,949)
Building inspection	-	178,000	211,293	-	(33,293)
Emergency management	-	153,720	169,026	-	(15,306)
Total public safety	<u>-</u>	<u>7,754,190</u>	<u>7,722,985</u>	<u>63,737</u>	<u>(32,532)</u>
Highways and streets:					
Administration	-	1,329,747	1,326,758	-	2,989
Highways and streets	-	-	19,569	-	(19,569)
Street lighting	-	75,000	84,566	-	(9,566)
Total highways and streets	<u>-</u>	<u>1,404,747</u>	<u>1,430,893</u>	<u>-</u>	<u>(26,146)</u>
Water distribution and treatment	<u>-</u>	<u>1,952,251</u>	<u>1,658,542</u>	<u>-</u>	<u>293,709</u>
Sanitation:					
Administration	-	27,315	26,772	-	543
Solid waste collection	-	3,420,537	2,967,594	-	452,943
Total sanitation	<u>-</u>	<u>3,447,852</u>	<u>2,994,366</u>	<u>-</u>	<u>453,486</u>
Health:					
Administration	-	91,804	83,998	8,669	(863)
Pest control	-	138,436	128,447	-	9,989
Health agencies	-	-	3,185	-	(3,185)
Total health	<u>-</u>	<u>230,240</u>	<u>215,630</u>	<u>8,669</u>	<u>5,941</u>
Welfare:					
Administration	-	100,410	99,643	-	767
Vendor payments	-	265,414	212,510	-	52,904
Total welfare	<u>-</u>	<u>365,824</u>	<u>312,153</u>	<u>-</u>	<u>53,671</u>
Culture and recreation:					
Parks and recreation	-	977,594	837,435	45,754	94,405
Library	-	45,000	36,663	-	8,337
Patriotic purposes	-	33,954	33,852	-	102
Total culture and recreation	<u>-</u>	<u>1,056,548</u>	<u>907,950</u>	<u>45,754</u>	<u>102,844</u>
Conservation	<u>-</u>	<u>4,638</u>	<u>1,233</u>	<u>-</u>	<u>3,405</u>
Debt service:					
Principal of long-term debt	-	348,728	348,728	-	-
Interest on long-term debt	-	337,497	337,497	-	-
Interest on tax anticipation notes	-	4,000	-	-	4,000
Total debt service	<u>-</u>	<u>690,225</u>	<u>686,225</u>	<u>-</u>	<u>4,000</u>

(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, 2014*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Capital outlay	-	653,850	488,908	-	164,942
Other financing uses:					
Transfers out	-	497,190	497,290	-	(100)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 11,200	\$ 21,412,367	\$ 20,434,510	\$ 137,662	\$ 851,395

**SCHEDULE 3**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2014**

Unassigned fund balance, beginning (non-GAAP budgetary basis)		\$ 4,475,677
Changes:		
2014 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,573,485	
Unexpended balance of appropriations (Schedule 2)	<u>851,395</u>	
2014 Budget surplus		2,424,880
Increase in nonspendable fund balance		(3,796)
Decrease in restricted fund balance		287,143
Decrease in committed fund balance		<u>1,216,605</u>
Unassigned fund balance, ending (non-GAAP budgetary basis, Exhibit D)		8,400,509
<b><i>Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:</i></b>		
To comply with generally accepted accounting principles by deferring property taxes not collected within 60 days of fiscal year-end		(478,305)
To remove allowance for uncollectible property taxes which are deferred		<u>140,000</u>
Unassigned fund balance, ending (GAAP, basis Exhibit C-1)		<u><u>\$ 8,062,204</u></u>



**SCHEDULE 4**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2014**

	Special Revenue Funds			
	Conservation Commission	Transportation	Recreation Revolving	Police Outside Detail
<b>ASSETS</b>				
Cash and cash equivalents	\$ 210,196	\$ 62,010	\$ 79,498	\$ 75,304
Investments	-	-	-	-
Receivable, net of allowance for uncollectable:				
Accounts	-	-	-	48,797
Interfund receivable	-	4,645	1,876	-
Total assets	<u>\$ 210,196</u>	<u>\$ 66,655</u>	<u>\$ 81,374</u>	<u>\$ 124,101</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 675	\$ -
Accrued salaries and benefits	-	-	108	652
Interfund payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>783</u>	<u>652</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - Grants	-	-	-	-
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	210,196	66,655	80,591	123,449
Total fund balances	<u>210,196</u>	<u>66,655</u>	<u>80,591</u>	<u>123,449</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 210,196</u>	<u>\$ 66,655</u>	<u>\$ 81,374</u>	<u>\$ 124,101</u>

Special Revenue Funds				Capital Project Fund		
Grants	Ambulance Revolving	Recycling Revolving	D'Alessandro Trust	Water Treatment Plant	Permanent Fund	Total
\$ 5,000	\$ 279,331	\$ 206,370	\$ 492,056	\$ 390,882	\$ 320	\$ 1,800,967
-	-	-	-	-	14,779	14,779
-	292,961	-	-	-	-	341,758
-	79,922	-	-	-	-	86,443
<u>\$ 5,000</u>	<u>\$ 652,214</u>	<u>\$ 206,370</u>	<u>\$ 492,056</u>	<u>\$ 390,882</u>	<u>\$ 15,099</u>	<u>\$ 2,243,947</u>
\$ -	\$ 8,774	\$ -	\$ -	\$ 10,172	\$ -	\$ 19,621
-	1,420	-	-	-	-	2,180
-	-	-	4,464	-	-	4,464
-	10,194	-	4,464	10,172	-	26,265
5,000	-	-	-	-	-	5,000
-	-	-	-	-	14,661	14,661
-	-	-	-	380,710	438	381,148
-	642,020	206,370	487,592	-	-	1,816,873
-	642,020	206,370	487,592	380,710	15,099	2,212,682
<u>\$ 5,000</u>	<u>\$ 652,214</u>	<u>\$ 206,370</u>	<u>\$ 492,056</u>	<u>\$ 390,882</u>	<u>\$ 15,099</u>	<u>\$ 2,243,947</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, 2014**

	Special Revenue Funds			
	Conservation Commission	Transportation	Recreation Revolving	Police Outside Detail
<b>Revenues:</b>				
Licenses and permits	\$ -	\$ 55,785	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	25,663	257,366
Miscellaneous	41	5	31,348	-
Total revenues	<u>41</u>	<u>55,790</u>	<u>57,011</u>	<u>257,366</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	221,312
Water distribution and treatment	-	-	-	-
Sanitation	-	-	-	-
Culture and recreation	-	-	53,972	-
Conservation	7,571	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>7,571</u>	<u>-</u>	<u>53,972</u>	<u>221,312</u>
Net change in fund balances	(7,530)	55,790	3,039	36,054
Fund balances, beginning	217,726	10,865	77,552	87,395
Fund balances, ending	<u>\$ 210,196</u>	<u>\$ 66,655</u>	<u>\$ 80,591</u>	<u>\$ 123,449</u>

Special Revenue Funds				Capital Project Fund		
Grants	Ambulance Revolving	Recycling Revolving	D'Alessandro Trust	Water Treatment Plant	Permanent Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,785
22,110	-	-	-	-	-	22,110
-	746,910	56,606	-	-	-	1,086,545
14,999	37	31	490,418	88	849	537,816
<u>37,109</u>	<u>746,947</u>	<u>56,637</u>	<u>490,418</u>	<u>88</u>	<u>849</u>	<u>1,702,256</u>
20,821	-	-	-	-	-	20,821
1,288	510,436	-	6,824	-	-	739,860
15,000	-	-	-	-	-	15,000
-	-	224	-	-	-	224
-	-	-	-	-	-	53,972
-	-	-	-	-	-	7,571
-	-	-	27,598	55,812	-	83,410
<u>37,109</u>	<u>510,436</u>	<u>224</u>	<u>34,422</u>	<u>55,812</u>	<u>-</u>	<u>920,858</u>
-	236,511	56,413	455,996	(55,724)	849	781,398
-	405,509	149,957	31,596	436,434	14,250	1,431,284
<u>\$ -</u>	<u>\$ 642,020</u>	<u>\$ 206,370</u>	<u>\$ 487,592</u>	<u>\$ 380,710</u>	<u>\$ 15,099</u>	<u>\$ 2,212,682</u>