

**TOWN OF SEABROOK,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015**

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
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, 2015, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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 opinions.

Opinions

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, 2015, and the respective changes in financial position and budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1-R and 2-C to the financial statements, in 2015, the Town changed its method of accounting for pension reporting with the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

*Town of Seabrook
Independent Auditor's Report*

Other Matters

Requires Supplementary Information – Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (page 3-11), the Schedule of Funding Progress for Other Postemployment Benefit Plan (page 43), Schedule of Town's Proportionate Share of Net Pension Liability (page 44) and the Schedule of Town Contributions (page 45) 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 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 opinions 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.

September 7, 2016

*Plodzik & Sanderson
Professional Association*

Management's Discussion and Analysis For the Fiscal Year 2015

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 \$61,028,853 (*net position*). Of this amount, \$1,084,545 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to its citizens.
- The Town's change in net position was an increase of \$504,894.
- At the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$16,760,151. Approximately 52% (\$8,792,022) 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 \$8,805,989, which is an increase of 9.2% (\$743,785) in relationship to the 2014 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 four components: 1) government-wide financial statements; 2) fund financial statements; 3) notes to the financial statements; and 4) required supplementary information. 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, Schedule of the Town’s Proportionate Share of Net Pension Liability and the Schedule of Town Contributions.

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

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, 2015 and 2014		
	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 26,303,678	\$ 24,374,643
Capital assets, net	65,357,543	66,512,525
Total assets	<u>91,661,221</u>	<u>90,887,168</u>
Related to Pensions	954,792	965,185
Total Deferred outflow of resources	<u>954,792</u>	<u>965,185</u>
Current liabilities	9,296,105	9,335,330
Long-term liabilities	21,299,848	20,630,162
Total liabilities	<u>30,595,953</u>	<u>29,965,492</u>
Related to pensions	990,942	1,358,902
Unavailable Revenue - grants	265	5,000
Total Deferred inflow or resources	<u>991,207</u>	<u>1,363,902</u>
Net position:		
Net investment		
In capital assets	57,594,160	58,390,993
Restricted	2,350,148	1,772,279
Unrestricted	1,084,545	360,687
Total net position	<u>\$ 61,028,853</u>	<u>\$ 60,523,959</u>

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$61,028,853 as of December 31, 2015.

The Town's capital assets, net of related debt, at the end of 2015 were \$57,594,160. Capital assets are items such as land, buildings, equipment, and infrastructure (roads and bridges). This portion of the Town's net assets (94.37%) 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 increased by \$623,224. This was due to the following factors: a decrease in bond debt of \$358,149; a decrease in capital leases of \$22,942; and a decrease in compensated absences (vested sick leave and accrued vacation leave) of \$133,318, an increase in capital leases of \$1,025,417; and an increase in other post employment benefits of \$112,216.

The Town reported \$14,084 in net assets restricted for perpetual care. These represent the permanent funds for which the principal cannot be spent and the income is used for Town purposes. And the Town also reported \$2,336,064 which is restricted for the road improvements, donations, drug forfeiture, library, and capital project.

The balance of unrestricted net position totaling \$1,084,545 may be used to meet the government's ongoing obligations to its citizens and creditors. The unrestricted net position represents 1.7% of the Town's total net.

Net position

Net investment in Capital Assets: The largest portion of the Town's net position (94.37%) reflects its net investment in capital assets.

Restricted Net Position: Only 3.8% 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 1.83% 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.

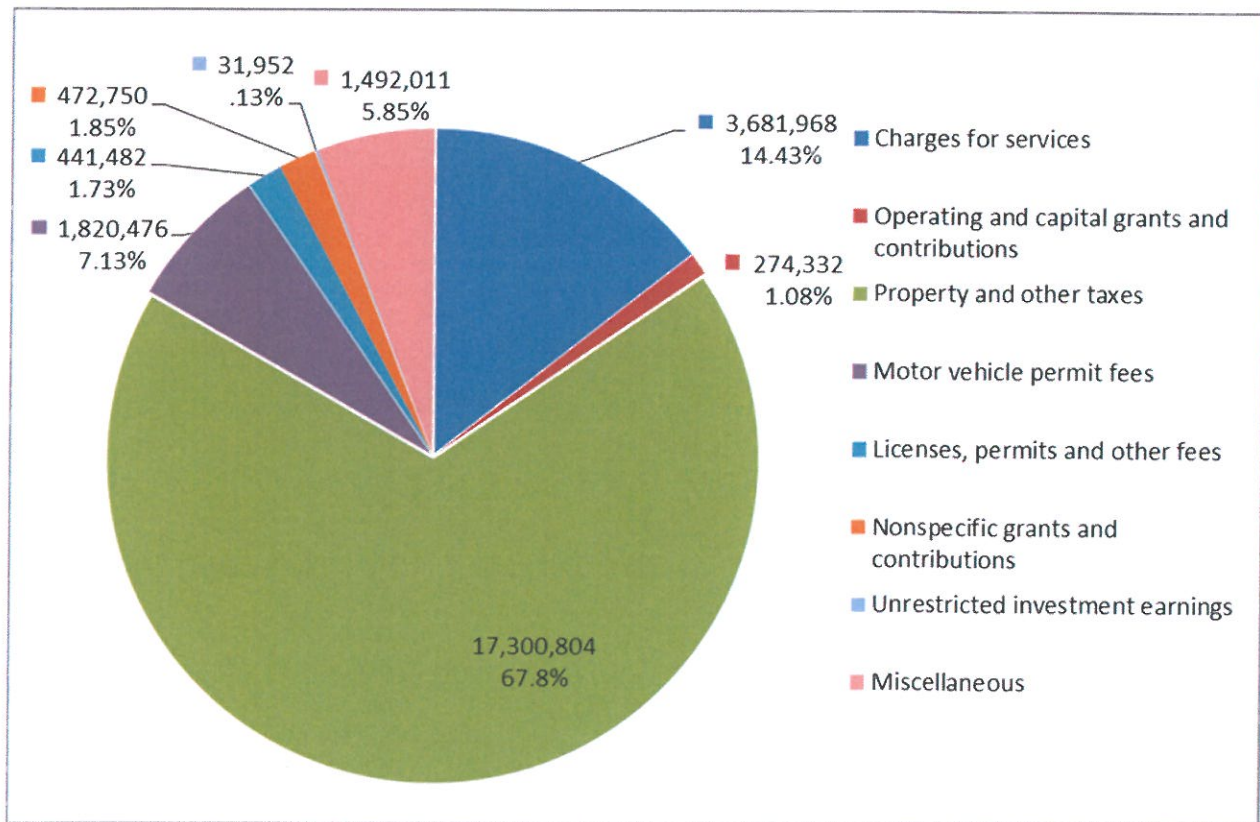
Town of Seabrook		
Changes in Net Position for year ended December 31, 2015 and 2014		
	Governmental Activities	
Revenues	2015	2014
Program revenues:		
Charges for services	\$ 3,681,968	\$ 2,793,250
Operating grants and contributions	174,179	186,515
Capital grants and contributions	100,153	-
General revenues:		
Property and other taxes	17,300,804	16,824,887
Motor vehicle permit fees	1,820,476	1,560,016
Licenses, permits and other fees	441,482	699,958
Grants and contributions not restricted to specific programs	472,750	457,713
Unrestricted investment earnings	31,952	24,812
Miscellaneous	1,492,011	1,287,740
Total revenues	\$ 25,515,775	\$ 23,834,891
Expenses		
General governmental	\$ 3,448,348	\$ 3,617,020
Public safety	9,487,269	8,971,051
Highways and streets	2,186,375	1,585,523
Sanitation	4,106,446	3,963,461
Water distributions and treatments	3,084,840	2,685,689
Health	211,489	215,630
Welfare	366,099	310,296
Culture and recreation	1,507,417	1,499,225
Conservation	22,714	14,470
Capital Outlay	271,721	572,318
Interest on long-term debt	318,700	330,646
		-
Total expenses	\$ 25,010,881	\$ 23,765,329
Increase (Decrease) in net position	504,894	69,562
Net position, beginning of year as restated	60,523,959	60,454,397
Net position, end of year	\$ 61,028,853	\$ 60,523,959

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

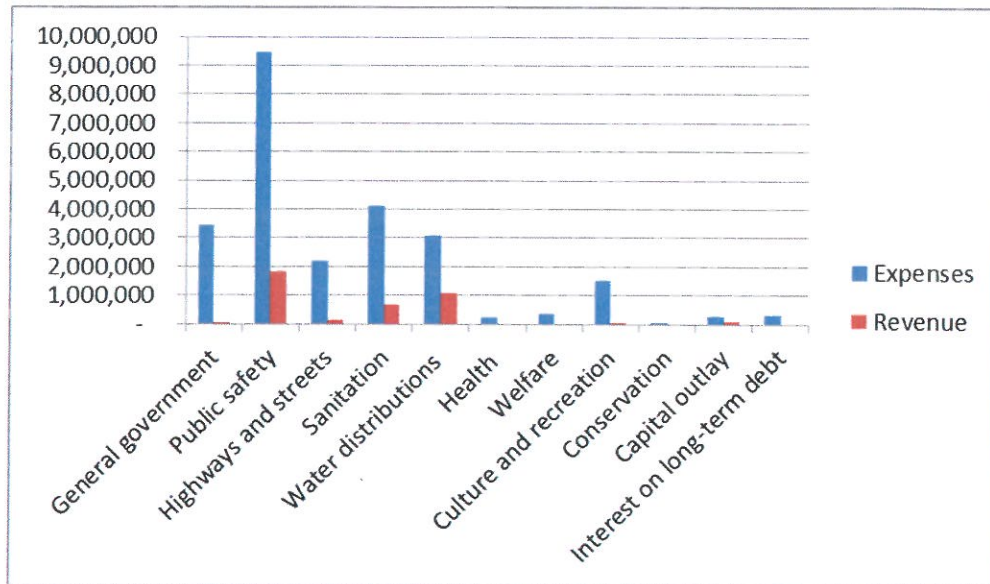
Governmental Activities

Net position increased in 2015 by \$504,894. This increase was due mainly to capital asset reduction.

The total cost of Governmental activities this year was \$25,010,881. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property taxes was only \$17,300,804. The overall tax rate in 2015 decreased by \$.48/\$1000 (from \$15.27/\$1000 in 2014 to \$14.79/\$1000 in 2015). Those who directly benefited from the programs paid \$3,681,968, and other governments and organizations subsidized certain programs in the amount of \$274,332. The Town paid for the remaining governmental activities with \$4,258,671 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.



Expense and Program Revenues – Governmental Activities



The Town's expenses cover a range of services. The largest expenses were for Public Safety, which accounts for 37.93% of total expenses. Public safety is made up of police, fire, building inspections, and emergency services.

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 14-16. 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 \$16,760,151, which increased \$1,949,965 from the prior year. Of the \$16,760,151 in combined ending fund balance, \$7,968,129 has been designated for specific uses. The remaining fund balance of \$8,792,022 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 \$8,805,989. 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 35.2% of total General Fund expenditures, while total fund balance represents 52.5% of that same amount.

The unassigned fund balance of the Town's General Fund increased by \$405,480, or 4.82%, from the prior year. Key factors in this change are as follows:

Excess of revenues over budget estimates	\$ 914,297
Unexpended balance of appropriations not spent by departments	6,534
Increase in fund balance non-spendable	(13,607)
Increase in fund balance restricted	(101,501)
Increase in fund balance committed	(41,047)
Deferred property taxes not collected	(449,196)
Remove allowance for uncollectible which are deferred	90,000
Total	<u><u>\$ 405,480</u></u>

Capital Assets and Long-Term Liabilities:

Capital assets

The Town's capital assets for its governmental activities as of December 31, 2015 are \$65,357,543 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

	<u>2015</u>	<u>Restated 2014</u>
Land	\$ 3,811,948	\$ 3,811,948
Buildings and improvements	38,941,414	38,533,222
Improvements other than buildings	1,056,573	1,056,573
Equipment and vehicles	8,858,540	8,182,363
Construction in progress	35,801	35,801
Infrastructure	72,956,759	72,956,759
Total	<u>125,661,035</u>	<u>124,576,666</u>
Accumulated Depreciation	<u>(60,303,492)</u>	<u>(58,064,141)</u>
Total Capital Assets	<u><u>\$ 65,357,543</u></u>	<u><u>\$ 66,512,525</u></u>

Debt administration and Long-Term Liabilities

Additional information on the debt can be found in Note 12 in the Notes to the Basic Financial Statements.

Debt Payable as of December 31, 2015

Debt Payable as of 2014	\$	10,009,659
Additional Debt		1,137,633
Debt retired		<u>-514,409</u>
Debt Payable as of 2015	\$	<u>10,632,883</u>

Economic Factors and the Future:

New Hampshire Employment Security reports Seabrook's unemployment rate for June 2016 at 4.3%, the State's unemployment rate at 2.8%. The National unemployment rate is at 4.9%. These same rates for July, 2015 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, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 22,178,047
Investments	1,815,773
Taxes receivable (net)	1,155,002
Accounts receivable (net)	1,104,348
Prepaid items	27,589
Tax deeded property, subject to resale	22,919
Capital assets:	
Land and construction in progress	3,847,749
Other capital assets, net of depreciation	61,509,794
Total assets	91,661,221
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	954,792
LIABILITIES	
Accounts payable	637,822
Accrued salaries and benefits	260,257
Retainage payable	8,060
Accrued interest payable	112,039
Intergovernmental payable	8,277,927
Long-term liabilities:	
Due within one year	773,803
Due in more than one year	9,859,080
Net pension liability	10,666,965
Total liabilities	30,595,953
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	990,942
Unavailable revenue - grants	265
Total deferred inflows of resources	991,207
NET POSITION	
Net investment in capital assets	57,594,160
Restricted	2,350,148
Unrestricted	1,084,545
Total net position	\$ 61,028,853

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, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 3,448,348	\$ 21,181	\$ -	\$ -	\$ (3,427,167)
Public safety	9,487,269	1,843,406	12,500	-	(7,631,363)
Highways and streets	2,186,375	-	161,679	-	(2,024,696)
Sanitation	4,106,446	674,455	-	-	(3,431,991)
Water distribution and treatment	3,084,840	1,067,579	-	-	(2,017,261)
Health	211,489	-	-	-	(211,489)
Welfare	366,099	-	-	-	(366,099)
Culture and recreation	1,507,417	75,347	-	-	(1,432,070)
Conservation	22,174	-	-	-	(22,174)
Interest on long-term debt	318,700	-	-	-	(318,700)
Capital outlay	271,724	-	-	100,153	(171,571)
Total governmental activities	<u>\$ 25,010,881</u>	<u>\$ 3,681,968</u>	<u>\$ 174,179</u>	<u>\$ 100,153</u>	<u>(21,054,581)</u>
General revenues:					
Taxes:					
Property					17,145,592
Other					155,212
Motor vehicle permit fees					1,820,476
Licenses and other fees					441,482
Grants and contributions not restricted to specific programs					472,750
Unrestricted investment earnings					31,952
Miscellaneous					1,492,011
Total general revenues					<u>21,559,475</u>
Change in net position					504,894
Net position, beginning, as restated (see Note 17)					60,523,959
Net position, ending					<u>\$ 61,028,853</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, 2015

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 18,043,315	\$ 1,752,371	\$ 19,795,686
Investments	4,942	13,848	18,790
Taxes receivable	1,245,002	-	1,245,002
Accounts receivable, net of allowances	479,330	625,018	1,104,348
Interfund receivable	3,279	-	3,279
Prepaid items	27,589	-	27,589
Tax deeded property, subject to resale	22,919	-	22,919
Restricted assets:			
Cash and cash equivalents	2,382,361	-	2,382,361
Investments	1,796,983	-	1,796,983
Total assets	<u>\$ 24,005,720</u>	<u>\$ 2,391,237</u>	<u>\$ 26,396,957</u>
LIABILITIES			
Accounts payable	\$ 626,191	\$ 11,631	\$ 637,822
Accrued salaries and benefits	259,613	644	260,257
Due to other governments	8,277,927	-	8,277,927
Interfund payable	-	3,279	3,279
Retainage payable	8,060	-	8,060
Total liabilities	<u>9,171,791</u>	<u>15,554</u>	<u>9,187,345</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	449,196	-	449,196
Unavailable revenue - Grants	-	265	265
Total deferred inflows of resources	<u>449,196</u>	<u>265</u>	<u>449,461</u>
FUND BALANCES			
Nonspendable	50,508	14,016	64,524
Restricted	2,338,194	526,250	2,864,444
Committed	3,042,223	1,849,119	4,891,342
Assigned	147,819	-	147,819
Unassigned	8,805,989	(13,967)	8,792,022
Total fund balances	<u>14,384,733</u>	<u>2,375,418</u>	<u>16,760,151</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,005,720</u>	<u>\$ 2,391,237</u>	<u>\$ 26,396,957</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, 2015

Total fund balances of governmental funds (Exhibit C-1)		\$ 16,760,151
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	\$ 125,661,035	
Less accumulated depreciation	<u>(60,303,492)</u>	65,357,543
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (3,279)	
Payables	<u>3,279</u>	-
Certain items are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 954,792	
Deferred inflows of resources related to pensions	<u>(990,942)</u>	(36,150)
Long term revenue (taxes) is not available to pay current-period expenditures and therefore, are reported as deferred inflows in the governmental funds.		449,196
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(90,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(112,039)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ 7,738,733	
Unamortized bond premium	24,650	
Capital leases	1,002,475	
Compensated absences	925,894	
Other postemployment benefits	941,131	
Net pension liability	<u>10,666,965</u>	(21,299,848)
Net position of governmental activities (Exhibit A)		<u>\$ 61,028,853</u>

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

EXHIBIT C-3
TOWN OF SEABROOK, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 17,279,913	\$ -	\$ 17,279,913
Licenses and permits	2,206,938	55,020	2,261,958
Intergovernmental	734,582	12,500	747,082
Charges for services	1,788,844	1,893,124	3,681,968
Miscellaneous	1,497,458	26,505	1,523,963
Total revenues	<u>23,507,735</u>	<u>1,987,149</u>	<u>25,494,884</u>
EXPENDITURES			
Current:			
General government	3,365,043	10,846	3,375,889
Public safety	8,921,134	1,386,336	10,307,470
Highways and streets	1,719,094	-	1,719,094
Water distribution and treatment	1,738,007	-	1,738,007
Sanitation	3,225,872	-	3,225,872
Health	210,942	-	210,942
Welfare	366,465	-	366,465
Culture and recreation	1,499,186	33,990	1,533,176
Conservation	1,505	15,000	16,505
Debt service:			
Principal	356,699	-	356,699
Interest	322,289	-	322,289
Capital outlay	1,106,914	291,014	1,397,928
Total expenditures	<u>22,833,150</u>	<u>1,737,186</u>	<u>24,570,336</u>
Excess of revenues over expenditures	<u>674,585</u>	<u>249,963</u>	<u>924,548</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	89,025	1,798	90,823
Transfers out	(1,798)	(89,025)	(90,823)
Capital leases	1,025,417	-	1,025,417
Total other financing sources (uses)	<u>1,112,644</u>	<u>(87,227)</u>	<u>1,025,417</u>
Net change in fund balances	1,787,229	162,736	1,949,965
Fund balances, beginning	12,597,504	2,212,682	14,810,186
Fund balances, ending	<u>\$ 14,384,733</u>	<u>\$ 2,375,418</u>	<u>\$ 16,760,151</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, 2015

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 1,949,965
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 2,151,621	
Depreciation expense	(3,130,664)	
Net loss on disposal of assets	<u>(175,939)</u>	
		(1,154,982)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (90,823)	
Transfers out	<u>90,823</u>	
		-
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	\$ (29,109)	
Change in allowance for uncollectible property taxes	<u>50,000</u>	
		20,891
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.		
		310,105
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.		
Proceeds of capital leases	\$ (1,025,417)	
Repayment of bond principal	356,699	
Repayment of capital leases	22,942	
Amortization of bond premium	<u>1,450</u>	
		(644,326)
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	\$ 2,139	
Decrease in compensated absences payable	133,318	
Increase in postemployment benefits payable	<u>(112,216)</u>	
		23,241
Changes in net position of governmental activities (Exhibit B)		<u>\$ 504,894</u>

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

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, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 17,168,303	\$ 17,168,303	\$ 17,300,804	\$ 132,501
Licenses and permits	2,007,115	2,007,115	2,206,938	199,823
Intergovernmental	633,047	633,047	734,582	101,535
Charges for services	104,177	1,481,199	1,788,844	307,645
Miscellaneous	489,062	489,062	631,605	142,543
Total revenues	<u>20,401,704</u>	<u>21,778,726</u>	<u>22,662,773</u>	<u>884,047</u>
EXPENDITURES				
Current:				
General government	3,431,774	3,431,774	3,386,741	45,033
Public safety	8,033,266	8,033,266	7,982,480	50,786
Highways and streets	1,429,103	1,429,103	1,587,244	(158,141)
Water distribution and treatment	100,493	1,665,600	1,738,007	(72,407)
Sanitation	1,488,047	3,314,414	3,225,872	88,542
Health	206,611	206,611	210,942	(4,331)
Welfare	376,705	376,705	366,465	10,240
Culture and recreation	1,557,713	1,557,713	1,544,011	13,702
Conservation	3,618	3,618	1,505	2,113
Debt service:				
Principal	356,699	356,699	356,699	-
Interest	326,289	326,289	322,289	4,000
Capital outlay	1,135,709	1,135,709	1,106,914	28,795
Total expenditures	<u>18,446,027</u>	<u>21,837,501</u>	<u>21,829,169</u>	<u>8,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,955,677</u>	<u>(58,775)</u>	<u>833,604</u>	<u>892,379</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,443,997	58,775	89,025	30,250
Transfers out	(3,391,474)	-	(1,798)	(1,798)
Total other financing sources (uses)	<u>(1,947,477)</u>	<u>58,775</u>	<u>87,227</u>	<u>28,452</u>
Net change in fund balances	<u>\$ 8,200</u>	<u>\$ -</u>	920,831	<u>\$ 920,831</u>
Increase in nonspendable fund balance			(13,607)	
Increase in restricted fund balance			(101,501)	
Increase in committed fund balance			(41,047)	
Unassigned fund balance, beginning			8,400,509	
Unassigned fund balance, ending			<u>\$ 9,165,185</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 Net Position
December 31, 2015

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 24,092	\$ 1,538,163
Investments	1,062,162	218,213
Accounts receivable	17,898	-
Total assets	<u>1,104,152</u>	<u>1,756,376</u>
LIABILITIES		
Due to other governmental units	-	223,484
Due to others	-	1,532,892
Total liabilities	<u>-</u>	<u>1,756,376</u>
NET POSITION		
Held in trust for specific purposes	<u>\$ 1,104,152</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 Net Position
For the Fiscal Year Ended December 31, 2015

	Private Purpose Trust
ADDITIONS	
New funds	\$ 53,698
Interest	24,308
Change in fair market value	(49,543)
Total revenue	28,463
DEDUCTIONS	
Scholarships	85,000
Trust fund distributions	122
Total deductions	85,122
Change in net position	(56,659)
Net position, beginning, as restated (see Note 17)	1,160,811
Net position, ending	\$ 1,104,152

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, 2015

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TOWN OF SEABROOK, NEW HAMPSHIRE
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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, 2015

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. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 or capital 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. 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.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

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 reported amounts of assets, deferred inflows/outflows, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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.

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:

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

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

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.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

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, billing for charges, and other user fees.

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.

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:

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

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

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 Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the Statement of Net Position 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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. Warrants for the year were issued on May 27, 2015 and November 2, 2015, and due on July 1, 2015 and December 4, 2015. 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 30, 2015 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,416,358,150
For all other taxes	\$ 2,783,826,350

The tax rates and amounts assessed for the year ended December 31, 2015 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.29	\$ 17,491,429
School portion:		
State of New Hampshire	\$2.37	3,363,153
Local	\$5.17	14,393,160
County portion	\$0.96	2,684,150
Total		\$ 37,931,892

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 and discounts 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 or discount.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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 while discounts on debt issuances are reported as other financing uses, 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, notes, 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.”

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.

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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 through the budgetary process.

Unassigned – This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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 recommendation of the NH Department of Revenue Administration and generally accepted accounting practices as recommended by the Government Finance Officers Association.

1-R Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan’s independent auditors, require management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

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 2015, 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)	\$ 22,751,798
Adjustment:	
Basis difference:	
Inception of capital leases	1,025,417
GASB Statement No. 54:	
To record income of the blended funds	865,853
Change in deferred tax revenue relating to 60-day revenue recognition	29,109
Change in allowance for uncollectible property taxes	<u>(50,000)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 24,622,177</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 21,830,967
Adjustment:	
Basis differences:	
Encumbrances, beginning	137,662
Encumbrances, ending	(147,819)
Inception of capital leases	1,025,417
GASB Statement No. 54:	
To record blended fund expenditures during the year	<u>(11,279)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 22,834,948</u>

2-C Change in Accounting Principle

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The requirements of this Statement change the way the School District calculates and reports the costs and obligations associated with pensions. As a result of implementing GASB Statement No. 68 the Town has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of January 1, 2015 by \$11,013,220 (see Note 17). The reduction accounts for the associated net position liability, deferred inflows of resources, and deferred outflows of resources related to pensions.

Also, the Town adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. This Statement addresses and issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employer and nonemployer contributing entities.

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DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2015, the reported amount of the Town’s deposits was \$23,740,302 and the bank balance was \$23,926,346. Of the bank balance \$23,859,337 was covered by federal depository insurance or by collateral held by the Town’s agent in the Town’s name, and \$67,009 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 22,178,047
Cash per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	1,562,255
Total cash and cash equivalents	<u>\$ 23,740,302</u>

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, 2015, this Town had the following investments and maturities:

Investments type:	<u>Fair Value</u>
Bonds	\$ 2,343,622
New Hampshire Public Deposit Investment Pool	4,942
Mutual funds	747,584
Total fair value	<u>\$ 3,096,148</u>

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)	\$ 1,815,773
Investments per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	1,280,375
Total investments	<u>\$ 3,096,148</u>

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	\$ 664,606
Expendable trusts	43,410
Sewer fund	101,146
Economic development	16,112
Road improvements	1,557,087
Total cash and cash equivalents	<u>2,382,361</u>
Investments:	
Expendable trusts	1,796,983
Total restricted assets	<u>\$ 4,179,344</u>

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NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2015. The amount has been reduced by an allowance for an estimated uncollectible amount of \$90,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2015	\$ 846,814	\$ 846,814
Unredeemed (under tax lien):		
Levy of 2014	192,435	192,435
Levy of 2013	114,312	114,312
Levies of 2012 and prior	91,441	91,441
Less: allowance for estimated uncollectible taxes	(90,000) *	-
Net taxes receivable	<u>\$ 1,155,002</u>	<u>\$ 1,245,002</u>

*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).

NOTE 7 – OTHER RECEIVABLES

Receivables at December 31, 2015, 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, 2015 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	\$ 479,330	\$ 998,011	\$ 1,477,341
Less: allowance for uncollectibles	-	(372,993)	(372,993)
Net total receivables	<u>\$ 479,330</u>	<u>\$ 625,018</u>	<u>\$ 1,104,348</u>

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 consisted of the following:

	Balance, beginning	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 3,811,948	\$ -	\$ -	\$ 3,811,948
Construction in progress	35,801	-	-	35,801
Total capital assets not being depreciated	<u>3,847,749</u>	<u>-</u>	<u>-</u>	<u>3,847,749</u>
Being depreciated:				
Land improvements	1,056,573	-	-	1,056,573
Buildings and building improvements	38,533,222	409,773	(1,581)	38,941,414
Equipment and vehicles	8,182,363	1,741,848	(1,065,671)	8,858,540
Infrastructure	72,956,759	-	-	72,956,759
Total capital assets being depreciated	<u>120,728,917</u>	<u>2,151,621</u>	<u>(1,067,252)</u>	<u>121,813,286</u>
Total all capital assets	<u>124,576,666</u>	<u>2,151,621</u>	<u>(1,067,252)</u>	<u>125,661,035</u>

(Continued)

TOWN OF SEABROOK, NEW HAMPSHIRE
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Capital assets continued:

	Balance, beginning	Additions	Disposals	Balance, ending
Less accumulated depreciation:				
Land improvements	(647,604)	(28,614)	-	(676,218)
Buildings and building improvements	(15,601,126)	(951,996)	1,581	(16,551,541)
Equipment and vehicles	(5,709,930)	(590,826)	889,732	(5,411,024)
Infrastructure	(36,105,481)	(1,559,228)	-	(37,664,709)
Total accumulated depreciation	<u>(58,064,141)</u>	<u>(3,130,664)</u>	<u>891,313</u>	<u>(60,303,492)</u>
Net book value, capital assets being depreciated	62,664,776	(979,043)	(175,939)	61,509,794
Net book value, all capital assets	<u>\$ 66,512,525</u>	<u>\$ (979,043)</u>	<u>\$ (175,939)</u>	<u>\$ 65,357,543</u>

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	\$ 55,676
Public safety	386,596
Highways and streets	351,174
Sanitation	1,333,708
Water distribution and treatment	867,885
Culture and recreation	129,958
Conservation	5,667
Total depreciation expense	<u>\$ 3,130,664</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	<u>\$ 3,279</u>

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.

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2015 is as follows:

	Transfers In:		
	General Fund	Nonmajor Fund	Total
Transfers out:			
General fund	\$ -	\$ 1,798	\$ 1,798
Nonmajor funds	89,025	-	89,025
Total	<u>\$ 89,025</u>	<u>\$ 1,798</u>	<u>\$ 90,823</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

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NOTE 10 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$8,501,411 at December 31, 2015 consist of the following:

General fund:	
Balance of the FY 2015-16 district assessment due to the Seabrook School District	\$ 6,652,483
Balance of the FY 2015-16 district assessment due to the Winnacunnet Cooperative School District	1,428,830
December portion of retirement due to the New Hampshire Retirement System	192,929
Miscellaneous withholding amounts due to the federal government	7
Miscellaneous fees due to the State of Massachusetts	3,678
Total general fund	<u>8,277,927</u>
Agency funds:	
Balance of capital reserve fund due to the Seabrook School District	<u>223,484</u>
Total intergovernmental payables due	<u>\$ 8,501,411</u>

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources of \$954,792 and \$990,942 respectively in the government wide financial statements at December 31, 2015 consists of deferred amounts related to pensions. See Note 1-R for more information on pension related deferrals.

Deferred inflows of resources reported in the governmental funds as unavailable revenue are as follows:

	General Fund	Nonmajor Governmental Funds	Total
Property taxes not collected within 60 days of the fiscal year-end	\$ 449,196	\$ -	\$ 449,196
Local grant revenue collected in advance of eligible expenditure being made	-	265	265
Total deferred inflows of resources	<u>\$ 449,196</u>	<u>\$ 265</u>	<u>\$ 449,461</u>

NOTE 12 – CAPITAL LEASE OBLIGATIONS

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2015
Capital lease obligations:		
Trackless Sidewalk Tractor	3.71%	\$ 121,408
Fire Ladder Truck	2.04%	881,067
Total capital lease obligations		<u>\$ 1,002,475</u>

Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Trackless Sidewalk Tractor	\$ 144,350
Fire Ladder Truck	881,067
Total equipment	1,025,417
Less: accumulated depreciation	(102,542)
Total capital lease equipment	<u>\$ 1,127,959</u>

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The annual requirements to amortize the capital leases payable as of December 31, 2015, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2016	\$ 254,077
2017	254,077
2018	254,077
2019	254,078
2020	22,942
2021	22,942
Total requirements	1,062,193
Less: interest	59,718
Present value of remaining payments	<u>\$ 1,002,475</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 13 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 8,095,432	\$ -	\$ (356,699)	\$ 7,738,733	\$ 354,755
Premium	26,100	-	(1,450)	24,650	1,450
Total bonds payable	8,121,532	-	(358,149)	7,763,383	356,205
Capital leases	-	1,025,417	(22,942)	1,002,475	233,404
Compensated absences	1,059,212	-	(133,318)	925,894	184,194
Net other postemployment benefits	828,915	112,216	-	941,131	-
Total long-term liabilities	<u>\$ 10,009,659</u>	<u>\$ 1,137,633</u>	<u>\$ (514,409)</u>	<u>\$ 10,632,883</u>	<u>\$ 773,803</u>

Long-term liabilities are comprised of the following:

	Original Obligation	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2015	Current Portion
General obligation bonds payable:						
Water treatment facility	\$ 5,997,345	2008	2037	4.00-5.25%	\$ 4,730,000	\$ 195,000
Drinking water state revolving loan	\$ 5,000,000	2011	2031	2.86%	2,188,733	109,755
Water treatment facility	\$ 971,000	2012	2032	2.75-4.00%	820,000	50,000
					7,738,733	354,755
Bond premium					24,650	1,450
					7,763,383	356,205
Capital leases payable:						
Fire ladder truck	\$ 881,067	2015	2019	2.04%	881,067	214,966
Trackless sidewalk tractor	\$ 144,350	2015	2021	3.71%	121,408	18,438
					1,002,475	233,404
Compensated absences payable:						
Vested sick leave					634,553	69,227
Accrued vacation leave					291,341	114,967
					925,894	184,194
Net other postemployment benefits					941,131	-
Total					<u>\$ 10,632,883</u>	<u>\$ 773,803</u>

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The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2015, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
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	312,879	210,336	523,215
2021-2025	1,729,244	911,748	2,640,992
2026-2030	2,050,728	638,258	2,688,986
2031-2035	1,552,639	319,317	1,871,956
2036-2037	600,000	40,950	640,950
Totals	<u>\$ 7,738,733</u>	<u>\$ 3,096,617</u>	<u>\$ 10,835,350</u>

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 at December 31, 2015 are as follows:

General fund:	
General government	\$ 41,200
Public safety	6,150
Highways and streets	12,500
Health	8,669
Culture and recreation	79,300
Total encumbrances	<u>\$ 147,819</u>

NOTE 15 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2015 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 65,357,543
Less:	
General obligation bonds payable	(7,738,733)
Unamortized bond premium	(24,650)
Capital leases payable	(1,002,475)
Total net investment in capital assets	<u>57,594,160</u>
Restricted net position:	
Road improvement funds	1,557,087
Donations	15,000
Drug forfeiture	9,554
Library	664,606
Perpetual care - nonexpendable	14,016
Perpetual care - expendable	68
Capital project	89,817
Total restricted net position	<u>2,350,148</u>
Unrestricted	<u>1,084,545</u>
Total net position	<u>\$ 61,028,853</u>

TOWN OF SEABROOK, NEW HAMPSHIRE
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NOTE 16 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 27,589	\$ -	\$ 27,589
Tax deeded property	22,919	-	22,919
Permanent funds - principle portion	-	14,016	14,016
Total nonspendable fund balances	<u>50,508</u>	<u>14,016</u>	<u>64,524</u>
Restricted:			
Road improvement funds	1,557,087	-	1,557,087
Donations	15,000	-	15,000
Drug forfeiture	9,554	-	9,554
Library	664,606	-	664,606
Water	3,301	-	3,301
Sewer	88,646	-	88,646
Permanent funds - income portion	-	68	68
D'Alessandro trust	-	422,398	422,398
Water treatment plant- bond proceeds	-	103,784	103,784
Total restricted fund balances	<u>2,338,194</u>	<u>526,250</u>	<u>2,864,444</u>
Committed:			
Non-lapsing appropriations	1,185,718	-	1,185,718
Expendable trust funds	1,840,393	-	1,840,393
Economic development	16,112	-	16,112
Conservation commission	-	195,320	195,320
Transportation	-	33,351	33,351
Recreation revolving	-	70,320	70,320
Police outside detail	-	176,285	176,285
Ambulance revolving	-	1,134,137	1,134,137
Recycling revolving	-	239,706	239,706
Total committed fund balance	<u>3,042,223</u>	<u>1,849,119</u>	<u>4,891,342</u>
Assigned:			
Encumbrances	147,819	-	147,819
Unassigned	<u>8,805,989</u>	<u>(13,967)</u>	<u>8,792,022</u>
Total fund balances	<u>\$ 14,384,733</u>	<u>\$ 2,375,418</u>	<u>\$ 16,760,151</u>

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NOTE 17 – PRIOR PERIOD ADJUSTMENTS

Net position at January 1, 2015 was restated to give retroactive effect to the following prior period adjustments:

	<u>Government-wide Statements</u>	<u>Private Purpose Trust Fund</u>
To adjust for:		
Outstanding checks for scholarships issued which were not removed from prior year cash balance	\$ -	\$ (55,150)
To record beginning:		
Deferred inflows of resources for implementation of GASB Statements Nos. 68 and 71	(1,358,902)	-
Deferred outflows of resources for implementation of GASB Statements Nos. 68 and 71	966,185	-
Net pension liability for implementation of GASB Statements Nos. 68 and 71	(10,620,503)	-
Net position, as previously reported	<u>71,537,179</u>	<u>1,215,961</u>
Net position, as restated	<u>\$ 60,523,959</u>	<u>\$ 1,160,811</u>

NOTE 18 – DEFICIT FUND BALANCE

The water treatment plant capital project fund had a deficit fund balance at December 31, 2015. This deficit represents the amount of expenditures that have exceeded the initial bond proceeds and other funding sources of the project. This deficit will be financed through a transfer from the general fund at the completion of the project in the subsequent period.

NOTE 19 – DEFINED BENEFIT PENSION PLAN

Plan Description: The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The Pension Plan was 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 Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers with in the State are eligible and required to participate in the Pension Plan. The System issues a publically available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided: The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

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Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions: 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 2015, 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 2015 for pension and medical subsidy were as follows:

Period	Police	Fire	All Other Employees
January 1, 2015 thru June 30,2015	25.30%	27.74%	10.77%
July 1, 2015 thru December 31, 2015	26.38%	29.16%	11.17%

The contribution requirements for the fiscal years 2013, 2014, and 2015 were \$979,446, \$1,333,206, and \$1,167,187, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2015 the Town reported a liability of \$10,666,965 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2015, the Town's proportion was 0.26926397% which was a decrease of 0.01367889% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Town recognized pension expense of \$310,105. At December 31, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 422,817	\$ 471,779
Differences between expected and actual experience	-	234,076
Net difference between projected and actual investment earnings on pension plan investments	-	285,087
Contributions subsequent to the measurement date	531,975	-
Total	<u>\$ 954,792</u>	<u>\$ 990,942</u>

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The \$531,975 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2016	\$ (195,533)
2017	(195,533)
2018	(195,533)
2019	81,782
2020	<u>(63,309)</u>
Totals	<u>\$ (568,126)</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions which, accordingly apply to both 2015 and 2014 measurements:

Inflation:	3.0%
Salary increases:	3.75- 5.8% average, including inflation
Investment rate of return:	7.75% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

Long-term Rates of Return: The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2015 and 2014:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2015</u>
Large Cap Equities	22.50%	3.00%
Small/Mid Cap Equities	7.50%	3.00%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.00%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	<u>20.00%</u>	
Core Bonds	4.50%	(0.70%)
High-Yield Bonds	2.50%	(1.00%)
Global Bonds (unhedged)	11.00%	0.28%
Unconstrained Fixed Income	7.00%	0.16%
Total fixed income	<u>25.00%</u>	
Private equity	5.00%	5.50%
Private debt	5.00%	4.50%
Real estate	10.00%	3.50%
Opportunistic	5.00%	2.75%
Total alternative investments	<u>25.00%</u>	
Total	<u>100.00%</u>	

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Discount Rate: The discount rate used to measure the collective total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2015	\$ 14,041,673	\$ 10,666,965	\$ 7,790,007
June 30, 2014	\$ 13,988,930	\$ 10,620,503	\$ 7,778,730
June 30, 2013	\$ 14,768,923	\$ 11,520,032	\$ 8,789,033

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separated issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 20 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Annual OPEB Cost - The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the City's contractual agreements.

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 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 2015:

Annual required contribution/OPEB cost	\$ 141,270
Interest on net OPEB obligation	33,157
Adjustment to annual require contribution	(21,025)
Contributions made (pay-as-you-go)	<u>(41,186)</u>
Increase in net OPEB obligation	112,216
Net OPEB obligation, beginning	828,915
Net OPEB obligation, ending	<u><u>\$ 941,131</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 2015 and the six preceding years were as follows:

Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
December 31, 2015	\$ 141,270	\$ 21,025	14.88%	\$ 941,131
December 31, 2014	\$ 109,522	\$ 31,199	26.50%	\$ 828,915
December 31, 2013	\$ 103,232	\$ 27,834	20.90%	\$ 749,354
December 31, 2012	\$ 97,204	\$ 24,592	19.10%	\$ 688,525
December 31, 2011	\$ 266,817	\$ 17,206	28.10%	\$ 590,652
December 31, 2010	\$ 257,539	\$ 8,126	20.10%	\$ 399,627
December 31, 2009	\$ 234,241	\$ -	20.20%	\$ 194,127

As of January 1, 2015, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$1,385,742, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,385,742. The covered payroll (annual payroll of active employees covered by the plan) was \$9,543,872 during fiscal year 2015, and the ratio of the UAAL to the covered payroll was 14.52%.

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, 2015 actuarial valuation, the actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return per annum. The projected annual healthcare cost trend is 9% initially, reduced by decrements to an ultimate rate of 5.0% for years 2018 and later. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at December 31, 2015 was 30 years.

NOTE 21 – 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 2015, the Town was a member of the Local Government Center Property-Liability Trust, LLC, and the New Hampshire Public Risk Management Exchange (Primex³) 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 December 31. 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.

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Contributions paid in fiscal year ending December 31, 2015, to be recorded as an insurance expenditure totaled \$258,899. There were no unpaid contributions for the year ended December 31, 2015.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation Program is a pooled risk management program under RSAs 5-B and 281-A. Coverage was provided from January 1, 2015 to December 31, 2015 by Primex³, 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, 2015 was \$448,394 for workers' compensation.

NOTE 22 – 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 23 – 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 September 16, 2016, the date the December 31, 2015 financial statements were available to be issued, and noted the following:

In the March 2016 Annual Town Meeting the voters of the Town of Seabrook approved the use of \$325,000 of 2015 year end unassigned fund balance for the roof replacement at the community center.

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, 2015

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, 2015	\$ -	\$ 1,385,742	\$ 1,385,742	0.00%	\$ 9,543,872	14.52%
January 1, 2013	\$ -	\$ 1,075,706	\$ 1,075,706	0.00%	\$ 6,850,924	15.70%
January 1, 2009	\$ -	\$ 2,177,109	\$ 2,177,109	0.00%	\$ 6,241,665	34.90%

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

EXHIBIT G
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2015

<u>Fiscal Year End</u>	<u>Valuation Date</u>	<u>Town's Proportion of Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
December 31, 2015	June 30, 2015	0.26926397%	\$ 10,666,965	\$ 3,833,602	278.25%	64.47%
December 31, 2014	June 30, 2014	0.28294286%	\$ 10,620,503	\$ 3,871,031	274.36%	66.32%
December 31, 2013	June 30, 2013	0.26767214%	\$ 11,520,032	\$ 3,628,567	317.48%	59.81%

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

EXHIBIT H
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Town Contributions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2015

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2015	June 30, 2015	\$ 903,349	\$ 903,349	-	\$ 3,833,602	23.56%
December 31, 2014	June 30, 2014	\$ 917,932	\$ 917,932	-	\$ 3,871,031	23.71%
December 31, 2013	June 30, 2013	\$ 665,576	\$ 665,576	-	\$ 3,628,567	18.34%

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

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
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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, 2015.

Schedule of the Town's Proportionate Share of Net Pension Liability & Schedule of Town Contributions

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at December 31, 2015.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2014:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	25 Years beginning July 1, 2014
Asset Valuation Method	5-Year smooth market for funding purposes
Price Inflation	3.0% per year
Wage Inflation	3.75% per year
Salary Increases	5.8% Average, including inflation
Municipal Bond Rate	4.29% per year
Investment Rate of Return	7.75% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2005-2010.
Mortality	RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

Other Information:

Notes Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.

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, 2015

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 17,040,318	\$ 17,145,592	\$ 105,274
Yield	416	530	114
Excavation	2,529	2,529	-
Interest and penalties on taxes	125,040	152,153	27,113
Total from taxes	<u>17,168,303</u>	<u>17,300,804</u>	<u>132,501</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	61,410	66,753	5,343
Motor vehicle permit fees	1,640,000	1,765,456	125,456
Building permits	114,645	164,391	49,746
Other	191,060	210,338	19,278
Total from licenses, permits, and fees	<u>2,007,115</u>	<u>2,206,938</u>	<u>199,823</u>
Intergovernmental:			
State:			
Meals and rooms distribution	422,750	422,750	-
Highway block grant	160,297	161,679	1,382
Other	50,000	50,000	-
FEMA	-	100,153	100,153
Total from intergovernmental	<u>633,047</u>	<u>734,582</u>	<u>101,535</u>
Charges for services:			
Income from departments	<u>1,481,199</u>	<u>1,788,844</u>	<u>307,645</u>
Miscellaneous:			
Sale of municipal property	550	1,855	1,305
Interest on investments	20,000	26,302	6,302
Rent of property	-	1,800	1,800
Insurance dividends and reimbursements	2,326	2,326	-
Contributions and donations	42	81,774	81,732
Other	466,144	517,548	51,404
Total from miscellaneous	<u>489,062</u>	<u>631,605</u>	<u>142,543</u>
Other financing sources:			
Transfers in	<u>58,775</u>	<u>89,025</u>	<u>30,250</u>
Total revenues and other financing sources	<u><u>\$ 21,837,501</u></u>	<u><u>\$ 22,751,798</u></u>	<u><u>\$ 914,297</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, 2015*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 679,852	\$ 741,051	\$ -	\$ (61,199)
Election and registration	-	405,724	418,874	-	(13,150)
Financial administration	-	1,093,087	997,949	-	95,138
Legal	-	175,000	182,419	-	(7,419)
Planning and zoning	-	92,460	153,935	-	(61,475)
General government buildings	19,502	126,232	159,040	41,200	(54,506)
Cemeteries	-	129,717	94,433	-	35,284
Insurance, not otherwise allocated	-	729,702	617,342	-	112,360
Total general government	<u>19,502</u>	<u>3,431,774</u>	<u>3,365,043</u>	<u>41,200</u>	<u>45,033</u>
Public safety:					
Police	22,707	4,164,047	4,042,042	6,150	138,562
Fire	41,030	3,584,407	3,685,618	-	(60,181)
Building inspection	-	160,461	143,483	-	16,978
Emergency management	-	124,351	168,924	-	(44,573)
Total public safety	<u>63,737</u>	<u>8,033,266</u>	<u>8,040,067</u>	<u>6,150</u>	<u>50,786</u>
Highways and streets:					
Administration	-	1,354,103	1,489,711	12,500	(148,108)
Street lighting	-	75,000	85,033	-	(10,033)
Total highways and streets	<u>-</u>	<u>1,429,103</u>	<u>1,574,744</u>	<u>12,500</u>	<u>(158,141)</u>
Water distribution and treatment	<u>-</u>	<u>1,665,600</u>	<u>1,738,007</u>	<u>-</u>	<u>(72,407)</u>
Sanitation:					
Administration	-	26,600	31,564	-	(4,964)
Solid waste collection	-	3,287,814	3,194,308	-	93,506
Total sanitation	<u>-</u>	<u>3,314,414</u>	<u>3,225,872</u>	<u>-</u>	<u>88,542</u>
Health:					
Administration	8,669	74,708	72,658	8,669	2,050
Pest control	-	131,903	136,469	-	(4,566)
Health agencies	-	-	1,815	-	(1,815)
Total health	<u>8,669</u>	<u>206,611</u>	<u>210,942</u>	<u>8,669</u>	<u>(4,331)</u>
Welfare:					
Administration	-	98,718	96,928	-	1,790
Vendor payments	-	277,987	269,537	-	8,450
Total welfare	<u>-</u>	<u>376,705</u>	<u>366,465</u>	<u>-</u>	<u>10,240</u>
Culture and recreation:					
Parks and recreation	45,754	946,244	921,428	79,300	(8,730)
Library	-	577,589	557,642	-	19,947
Patriotic purposes	-	33,880	31,395	-	2,485
Total culture and recreation	<u>45,754</u>	<u>1,557,713</u>	<u>1,510,465</u>	<u>79,300</u>	<u>13,702</u>
Conservation	<u>-</u>	<u>3,618</u>	<u>1,505</u>	<u>-</u>	<u>2,113</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, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	356,699	356,699	-	-
Interest on long-term debt	-	322,289	322,289	-	-
Interest on tax anticipation notes	-	4,000	-	-	4,000
Leases	-	-	-	-	-
Total debt service	-	682,988	678,988	-	4,000
Capital outlay	-	1,135,709	1,106,914	-	28,795
Other financing uses:					
Transfers out	-	-	1,798	-	(1,798)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 137,662	\$ 21,837,501	\$ 21,820,810	\$ 147,819	\$ 6,534

SCHEDULE 3
TOWN OF SEABROOK, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2015

Unassigned fund balance, beginning (non-GAAP budgetary basis)		\$ 8,400,509
Changes:		
2015 Budget summary:		
Revenue surplus (Schedule 1)	\$ 914,297	
Unexpended balance of appropriations (Schedule 2)	6,534	
2015 Budget surplus		920,831
Increase in nonspendable fund balance		(13,607)
Increase in restricted fund balance		(101,501)
Increase in committed fund balance		(41,047)
Unassigned fund balance, ending (non-GAAP budgetary basis, Exhibit D)		9,165,185
<i>Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:</i>		
To comply with generally accepted accounting principles by deferring property taxes not collected within 60 days of fiscal year-end		(449,196)
To remove allowance for uncollectible property taxes which are deferred		90,000
Unassigned fund balance, ending (GAAP, basis Exhibit C-1)		\$ 8,805,989

Special Revenue Funds				Capital Project Fund		
Grants	Ambulance Revolving	Recycling Revolving	D'Alessandro Trust	Water Treatment Plant	Permanent Fund	Total
\$ 265	\$ 539,121	\$ 239,706	\$ 422,398	\$ 96,163	\$ 236	\$ 1,752,371
-	-	-	-	-	13,848	13,848
-	599,740	-	-	-	-	625,018
<u>\$ 265</u>	<u>\$ 1,138,861</u>	<u>\$ 239,706</u>	<u>\$ 422,398</u>	<u>\$ 96,163</u>	<u>\$ 14,084</u>	<u>\$ 2,391,237</u>
\$ -	\$ 4,724	\$ -	\$ -	\$ 6,346	\$ -	\$ 11,631
-	-	-	-	-	-	644
-	-	-	-	-	-	3,279
-	4,724	-	-	6,346	-	15,554
265	-	-	-	-	-	265
-	-	-	-	-	14,016	14,016
-	-	-	422,398	103,784	68	526,250
-	1,134,137	239,706	-	-	-	1,849,119
-	-	-	-	(13,967)	-	(13,967)
-	1,134,137	239,706	422,398	89,817	14,084	2,375,418

Special Revenue Funds				Capital Project Fund		
Grants	Ambulance Revolving	Recycling Revolving	D'Alessandro Trust	Water Treatment Plant	Permanent Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,020
12,500	-	-	-	-	-	12,500
-	1,556,092	33,188	-	-	-	1,893,124
-	257	148	18,617	121	(340)	26,505
12,500	1,556,349	33,336	18,617	121	(340)	1,987,149
10,846	-	-	-	-	-	10,846
3,452	1,064,232	-	83,811	-	-	1,386,336
-	-	-	-	-	-	33,990
-	-	-	-	-	-	15,000
-	-	-	-	291,014	-	291,014
14,298	1,064,232	-	83,811	291,014	-	1,737,186
1,798	-	-	-	-	-	1,798
-	-	-	-	-	(675)	(89,025)
1,798	-	-	-	-	(675)	(87,227)
-	492,117	33,336	(65,194)	(290,893)	(1,015)	162,736
-	642,020	206,370	487,592	380,710	15,099	2,212,682
\$ -	\$ 1,134,137	\$ 239,706	\$ 422,398	\$ 89,817	\$ 14,084	\$ 2,375,418