

**TOWN OF SEABROOK,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

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

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, 2019, 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2019, and the respective changes in financial position and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2-D to the financial statements, in fiscal year 2019 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

*Town of Seabrook
Independent Auditor's Report*

Other Matters

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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

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 schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

December 3, 2020

*Plodzik & Sanderson
Professional Association*

Management's Discussion and Analysis For the Fiscal Year 2019

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 and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent year-end by \$47,854,099 (*net position*).
- The Town's change in net position was a decrease of \$2,095,828.
- The Town implemented Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, during fiscal year 2019. The beginning net position for governmental activities was restated by \$835,584 to restate for the cumulative changes related to the implementation GASB Statement No. 84.
- At the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$14,030,748. Approximately 48.6% (\$6,837,393) 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 \$6,837,393, which is a decrease of 4.7% (\$335,161) in relationship to the 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 13-14 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 15-18.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as developer's performance bonds, capital reserve and expendable trust funds belonging to other governments, and trust funds for which the income is used for purposes that are not normally funded by the Town. Fiduciary funds are not reflected in the government-wide financial statements because these funds are not available to support the Town's own programs. The accounting used for the fiduciary funds is much like that used for businesses.

The Town's fiduciary funds statements can be found on pages 20-21 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 22.

Required Supplementary Information:

In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information.

This section includes the following information:

- Schedule of the Town's Proportionate Share of Net Pension Liability
- Schedule of Town Contributions – Pensions
- Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability
- Schedule of Town Contributions – Other Postemployment Benefits
- Schedule of Changes in Town's Total Other Postemployment Benefits Liability and Related Ratios

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Government-wide Financial Statement Analysis:

The following table reflects a condensed summary of Net Position compared to the prior year. More detailed information can be found on page 45 of this report.

Town of Seabrook
Net Position as of December 31, 2019 and 2018

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Assets:		
Current and other assets	\$ 16,172,370	\$ 24,680,073
Capital assets, net	57,346,790	60,028,160
Total assets	<u>73,519,160</u>	<u>84,708,233</u>
Deferred Outflows of Resources:		
Related to OPEB	179,381	259,415
Related to Pensions	1,651,749	2,590,946
Total Deferred outflow or resources	<u>1,831,130</u>	<u>2,850,361</u>
Liabilities:		
Current liabilities	1,738,679	10,864,780
Long-term liabilities	24,929,608	26,058,750
Total liabilities	<u>26,668,287</u>	<u>36,923,530</u>
Deferred inflows of resources:		
Related to OPEB	8,670	6,576
Related to pensions	619,758	648,722
Unavailable Revenue - Property Tax	39,958	23,918
Unavailable Revenue - Water/Sewer	4,254	5,156
Unavailable Revenue - State Aid	765	765
Unavailable Revenue - grants	154,499	-
Total Deferred inflows or resources	<u>827,904</u>	<u>685,137</u>
Net Position:		
Invested in capital assets, net of related debt	50,993,420	52,992,259
Restricted	2,234,858	1,629,353
Unrestricted	(5,374,179)	(4,671,685)
Total net position	<u>\$ 47,854,099</u>	<u>\$ 49,949,927</u>

Net position

Net investment in Capital Assets: The largest portion of the Town's net position 106.5% reflects its net investment in capital assets.

Restricted Net Position: Only 4.67% 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 -11.23% 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 did have a negative balance in unrestricted net position.

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 resources exceeded liabilities and deferred inflows of resources by \$47,854,099 as of December 31, 2019.

The Town's capital assets, net of related debt, at the end of 2019 were \$50,993,420. Capital assets are items such as land, buildings, equipment, and infrastructure (roads and bridges). This portion of the Town's net position (106.5%) reflects its investment in capital assets, less any related debt used to acquire those assets. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

Long-term liabilities decreased by \$1,129,142. This was due to the following factors: a decrease in bond debt of \$390,908; a decrease in capital leases of \$291,623; a decrease in compensated absences (vested sick leave and accrued vacation leave) of \$250,394, a decrease in other post-employment benefits of \$31,101; and a decrease of \$165,116 in net pension liability.

The Town reported \$17,115 in net position restricted for perpetual care, representing the permanent trust funds. And the Town also reported \$2,217,743 which is restricted for the road improvements, donations, drug forfeiture, library, and capital project. Total restricted net position is \$2,234,858.

The balance of unrestricted net position totaling a deficit -\$5,374,179. The unrestricted net position represents negative 11.23% of the Town's total net.

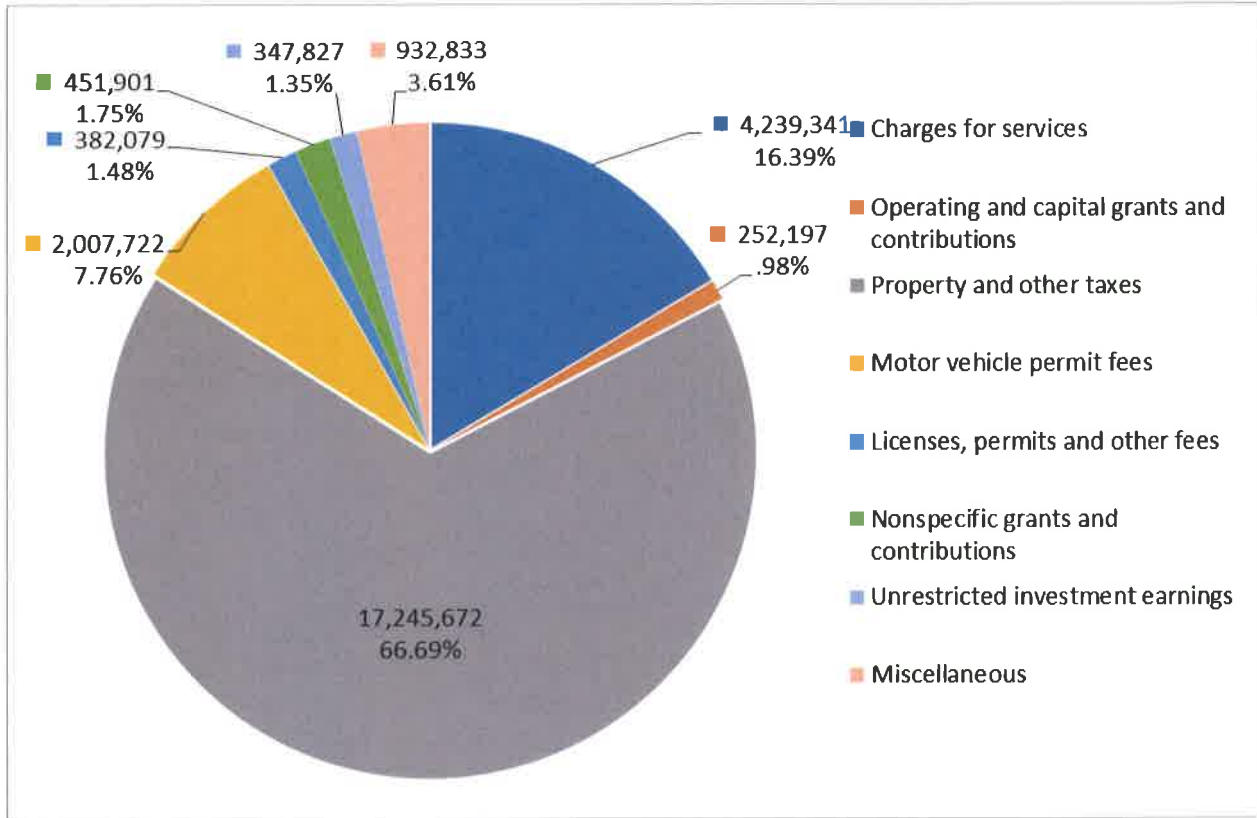
The following is a summary of the information presented in the Statement of Activities found on page 14.

Town of Seabrook		
Changes in Net Position for year ended December 31, 2019 and 2018		
	Governmental Activities	
Revenues:	2019	2018
Program revenues:		
Charges for services	\$ 4,239,341	\$ 2,486,818
Operating and capital grants and contributions	252,197	247,710
General revenues:		
Property and other taxes	17,245,672	18,723,107
Motor vehicle permit fees	2,007,722	1,888,929
Licenses, permits and other fees	382,079	330,176
Grants and contributions not restricted to specific programs	451,901	453,988
Unrestricted investment earnings	347,827	121,962
Miscellaneous	932,833	422,886
Total revenues	<u>\$ 25,859,572</u>	<u>\$ 24,675,576</u>
Expenses:		
General governmental	\$ 6,195,861	\$ 3,661,383
Public safety	9,673,373	10,938,181
Highways and streets	3,595,237	3,446,955
Sanitation	3,880,715	4,139,644
Water distributions and treatments	2,111,572	2,133,921
Health	287,635	228,557
Welfare	135,586	255,242
Culture and recreation	1,829,924	1,948,504
Conservation	9,184	9,850
Interest on long-term debt	236,313	256,340
Total expenses	<u>\$ 27,955,400</u>	<u>\$ 27,018,577</u>
Increase (Decrease) in net position	(2,095,828)	(2,343,001)
Net position, beginning of year	49,949,927	52,292,928
Net position, end of year	<u>\$ 47,854,099</u>	<u>\$ 49,949,927</u>

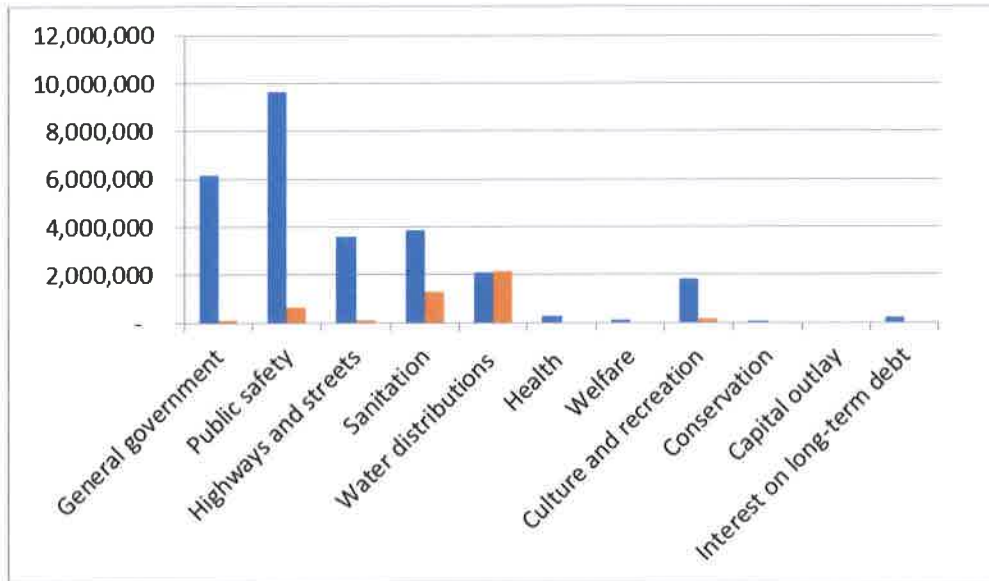
Governmental Activities

Net position decreased in 2019 by \$2,095,828. This decrease was due mainly to expenses increase.

The total cost of Governmental activities this year was \$27,955,400. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property taxes was only \$17,245,672. The overall tax rate in 2019 decreased to (\$15.75/\$1000) compared to the 2018 rate of (\$16.25/\$1000). Those who directly benefited from the programs paid \$4,239,341, and other governments and organizations subsidized certain programs in the amount of \$252,197. The Town paid for the remaining governmental activities with \$4,122,362 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 34.6% 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 15-17. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the current year, the Town's governmental funds reported a combined ending fund balance of \$14,030,748, which increased \$569,729 from the prior year. Of the \$14,030,748 in combined ending fund balance, \$7,209,341 has been designated for specific uses. The remaining fund balance of \$6,821,407 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 \$6,837,393. 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 24.4% of total General Fund expenditures, while total fund balance represents 50.2% of that same amount.

The unassigned fund balance of the Town's General Fund decreased by \$472,603, or 6.22%, from the prior year. Key factors in this change are as follows:

Unassigned fund balance used to offset tax rate	(750,000)
Amount voted from fund balance	(274,464)
Excess of revenues over budget estimates	1,047,732
Increase in fund balance non-spendable	(10,573)
Increase in fund balance restricted	(7)
Increase in fund balance committed	<u>(485,291)</u>
Total	<u>(472,603)</u>

Capital Assets and Long-Term Liabilities:

Capital assets

The Town's capital assets for its governmental activities as of December 31, 2019 are \$57,346,790 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.

	<u>2019</u>	<u>2018</u>
Land	\$ 3,847,749	\$ 3,811,948
Buildings and improvements	39,862,397	39,862,397
Improvements other than buildings	1,056,573	1,056,573
Equipment and vehicles	10,622,475	10,552,904
Construction in progress	18,820	46,776
Infrastructure	<u>74,572,497</u>	<u>74,229,234</u>
Total	129,980,511	129,559,832
Accumulated Depreciation	<u>-72,633,721</u>	<u>-69,531,672</u>
Total Capital Assets	<u><u>\$ 57,346,790</u></u>	<u><u>\$ 60,028,160</u></u>

Debt administration and Long-Term Liabilities

Additional information on the long-term liabilities can be found in Note 13 in the Notes to the Basic Financial Statements.

Long-term Liabilities Payable as of December 31, 2019

Long-term Liabilities Payable as of 2019	\$26,058,750
Reductions to Long-term liabilities	<u>-\$1,129,142</u>
Long-term Liabilities Payable as of 2019	\$24,929,608

Economic Factors and the Future:

New Hampshire Employment Security reports Seabrook's unemployment rate for September 2019 at 3%, the State's unemployment rate at 2.6%. The National unemployment rate is at 3.3%. These same rates for September 2018 were 3.2%, 2.3%, and 3.6% 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 03874-0456 or telephone (603) 474-8027.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF SEABROOK, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 11,583,745
Investments	2,078,829
Taxes receivables (net)	1,428,484
Account receivables (net)	1,022,760
Prepaid items	21,214
Tax dedeed property, subject to resale	37,338
Capital assets:	
Land and construction in progress	3,866,569
Other capital assets, net of depreciation	53,480,221
Total assets	73,519,160
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	1,651,749
Amounts related to other postemployment benefits	179,381
Total deferred outflows of resources	1,831,130
LIABILITIES	
Accounts payable	1,050,390
Accrued salaries and benefits	348,004
Accrued interest payable	86,562
Intergovernmental payable	253,723
Long-term liabilities:	
Due within one year	567,653
Due in more than one year	24,361,955
Total liabilities	26,668,287
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	39,958
Unavailable revenue - grants	765
Unavailable revenue - water and sewer prepayments	4,254
Unavailable revenue - State Aid	154,499
Amounts related to pensions	619,758
Amounts related to other postemployment benefits	8,670
Total deferred inflows of resources	827,904
NET POSITION	
Net investment in capital assets	50,993,420
Restricted	2,234,858
Unrestricted	(5,374,179)
Total net position	\$ 47,854,099

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, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 6,195,861	\$ 13,569	\$ 93,293	\$ (6,088,999)
Public safety	9,673,373	624,005	13,125	(9,036,243)
Highways and streets	3,595,237	-	127,801	(3,467,436)
Sanitation	3,880,715	1,313,855	-	(2,566,860)
Water distribution and treatment	2,111,572	2,141,314	17,978	47,720
Health	287,635	-	-	(287,635)
Welfare	135,586	-	-	(135,586)
Culture and recreation	1,829,924	146,598	-	(1,683,326)
Conservation	9,184	-	-	(9,184)
Interest on long-term debt	236,313	-	-	(236,313)
Total governmental activities	\$ 27,955,400	\$ 4,239,341	\$ 252,197	(23,463,862)
General revenues:				
Taxes:				
Property				17,113,505
Other				132,167
Motor vehicle permit fees				2,007,722
Licenses and other fees				382,079
Grants and contributions not restricted to specific programs				451,901
Unrestricted investment earnings				347,827
Miscellaneous				932,833
Total general revenues				21,368,034
Change in net position				(2,095,828)
Net position, beginning				49,949,927
Net position, ending				\$ 47,854,099

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, 2019

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,221,123	\$ 1,890,067	\$ 10,111,190
Investments	5,218	17,009	22,227
Receivables, net of allowance for uncollectible:			
Taxes	1,458,484	-	1,458,484
Accounts	782,014	240,746	1,022,760
Interfund receivable	229,350	25,000	254,350
Prepaid items	21,214	-	21,214
Tax dedeed property, subject to resale	37,338	-	37,338
Restricted assets:			
Cash and cash equivalents	1,472,555	-	1,472,555
Investments	2,056,602	-	2,056,602
Total assets	\$ 14,283,898	\$ 2,172,822	\$ 16,456,720
LIABILITIES			
Accounts payable	\$ 1,048,750	\$ 1,640	\$ 1,050,390
Accrued salaries and benefits	333,489	14,515	348,004
Intergovernmental payable	253,723	-	253,723
Interfund payable	-	254,350	254,350
Total liabilities	1,635,962	270,505	1,906,467
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	359,987	-	359,987
Unavailable revenue - Water and sewer prepayments	4,254	-	4,254
Unavailable revenue - State Aid	154,499	-	154,499
Unavailable revenue - Donations and grants	-	765	765
Total deferred inflows of resources	518,740	765	519,505
FUND BALANCES			
Nonspendable	58,552	14,415	72,967
Restricted	1,908,691	311,752	2,220,443
Committed	3,324,560	1,591,371	4,915,931
Unassigned	6,837,393	(15,986)	6,821,407
Total fund balances	12,129,196	1,901,552	14,030,748
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,283,898	\$ 2,172,822	\$ 16,456,720

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 - Governmental Funds to the Statement of Net Position
December 31, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 14,030,748
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 129,980,511	
Less accumulated depreciation	<u>(72,633,721)</u>	
		57,346,790
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 1,651,749	
Deferred inflows of resources related to pensions	(619,758)	
Deferred outflows of resources related to OPEB	179,381	
Deferred inflows of resources related to OPEB	<u>(8,670)</u>	
		1,202,702
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (254,350)	
Payables	<u>254,350</u>	
		-
Other long-term revenues are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds.		320,029
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(30,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(86,562)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 6,245,490	
Unamortized bond premium	18,850	
Capital leases	89,030	
Compensated absences	974,146	
Net pension liability	14,580,482	
Other postemployment benefits	<u>3,021,610</u>	
		<u>(24,929,608)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 47,854,099</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-3
TOWN OF SEABROOK, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2019

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 17,377,339	\$ -	\$ 17,377,339
Licenses and permits	2,383,306	56,635	2,439,941
Intergovernmental receivable	629,702	136,856	766,558
Charges for services	3,588,195	651,146	4,239,341
Miscellaneous	1,054,369	113,691	1,168,060
Total revenues	<u>25,032,911</u>	<u>958,328</u>	<u>25,991,239</u>
EXPENDITURES			
Current:			
General government	6,159,377	4,000	6,163,377
Public safety	8,122,245	805,163	8,927,408
Highways and streets	1,392,268	73,294	1,465,562
Water distribution and treatment	1,803,299	17,978	1,821,277
Sanitation	3,367,069	-	3,367,069
Health	285,399	-	285,399
Welfare	135,259	-	135,259
Culture and recreation	1,672,145	44,004	1,716,149
Conservation	1,163	-	1,163
Debt service:			
Principal	389,458	-	389,458
Interest	248,462	-	248,462
Capital outlay	884,941	15,986	900,927
Total expenditures	<u>24,461,085</u>	<u>960,425</u>	<u>25,421,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>571,826</u>	<u>(2,097)</u>	<u>569,729</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	47,796	-	47,796
Transfers out	-	(47,796)	(47,796)
Total other financing sources (uses)	<u>47,796</u>	<u>(47,796)</u>	<u>-</u>
Net change in fund balances	619,622	(49,893)	569,729
Fund balances, beginning	11,509,574	1,951,445	13,461,019
Fund balances, ending	<u>\$ 12,129,196</u>	<u>\$ 1,901,552</u>	<u>\$ 14,030,748</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 - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2019

Net change in fund balances of governmental funds (Exhibit C-3)	\$	569,729
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$	508,871
Depreciation expense		<u>(3,262,073)</u>
		(2,753,202)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(8,180)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$	(47,796)
Transfers out		<u>47,796</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	\$	121,668
Change in allowance for uncollectible property taxes		<u>(10,000)</u>
		111,668
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of bond principal	\$	389,458
Repayment of capital leases		291,623
Amortization of bond premium		<u>1,450</u>
		682,531
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.		
Increase in accrued interest expense	\$	(10,699)
Decrease in compensated absences payable		250,394
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions		(745,117)
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits		<u>(192,952)</u>
		(698,374)
Changes in net position of governmental activities (Exhibit B)	\$	<u><u>(2,095,828)</u></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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 17,213,281	\$ 17,213,281	\$ 17,245,672	\$ 32,391
Licenses and permits	2,084,840	2,084,840	2,383,306	298,466
Intergovernmental receivable	685,257	685,257	629,702	(55,555)
Charges for services	172,637	172,637	199,123	26,486
Miscellaneous	667,148	667,148	886,443	219,295
Total revenues	<u>20,823,163</u>	<u>20,823,163</u>	<u>21,344,246</u>	<u>521,083</u>
EXPENDITURES				
Current:				
General government	3,773,235	6,525,272	6,149,377	375,895
Public safety	9,745,634	7,946,962	8,122,245	(175,283)
Highways and streets	1,714,268	1,362,926	1,387,058	(24,132)
Water distribution and treatment	119,400	119,400	95,035	24,365
Sanitation	1,566,133	1,243,006	1,427,965	(184,959)
Health	405,348	329,982	276,730	53,252
Welfare	201,004	160,373	135,259	25,114
Culture and recreation	1,719,181	1,556,282	1,573,572	(17,290)
Conservation	3,618	3,618	1,163	2,455
Debt service:				
Principal	426,457	389,458	389,458	-
Interest	215,463	252,462	248,462	4,000
Capital outlay	1,720,600	1,720,600	884,941	835,659
Total expenditures	<u>21,610,341</u>	<u>21,610,341</u>	<u>20,691,265</u>	<u>919,076</u>
Excell (deficiency) of revenues over (under) expenditures	<u>(787,178)</u>	<u>(787,178)</u>	<u>652,981</u>	<u>1,440,159</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	548,196	548,196	47,796	(500,400)
Transfers out	(785,482)	(785,482)	(677,509)	107,973
Total other financing sources (uses)	<u>(237,286)</u>	<u>(237,286)</u>	<u>(629,713)</u>	<u>(392,427)</u>
Net change in fund balances	<u>\$ (1,024,464)</u>	<u>\$ (1,024,464)</u>	23,268	<u>\$ 1,047,732</u>
Decrease in nonspendable fund balance			(10,573)	
Decrease in restricted fund balance			(7)	
Increase in committed fund balance			(485,291)	
Unassigned fund balance, beginning			<u>7,600,025</u>	
Unassigned fund balance, ending			<u>\$ 7,127,422</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, 2019

	Private Purpose Trust	Agency	Total
ASSETS			
Cash and cash equivalents	\$ 98,357	\$ 10,331,524	\$ 10,429,881
Investments	1,166,494	407,218	1,573,712
Total assets	<u>1,264,851</u>	<u>10,738,742</u>	<u>12,003,593</u>
LIABILITIES			
Intergovernmental	<u>-</u>	<u>9,716,177</u>	<u>9,716,177</u>
NET POSITION			
Held in trust for specific purposes	<u>\$ 1,264,851</u>	<u>\$ 1,022,565</u>	<u>\$ 2,287,416</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, 2019

	Private Purpose Trust	Agency	Total
ADDITIONS			
New funds	\$ 290,000	\$ 218,500	\$ 508,500
Interest	38,564	7,115	45,679
Change in fair market value	(23,399)	21,511	(1,888)
Total additions	<u>305,165</u>	<u>247,126</u>	<u>552,291</u>
DEDUCTIONS			
Scholarships	252,950	-	252,950
Administrative expenses	-	60,145	60,145
Total deductions	<u>252,950</u>	<u>60,145</u>	<u>313,095</u>
Change in net position	52,215	186,981	239,196
Net position, beginning, as restated (see Note 18)	<u>1,212,636</u>	<u>835,584</u>	<u>2,048,220</u>
Net position, ending	<u>\$ 1,264,851</u>	<u>\$ 1,022,565</u>	<u>\$ 2,287,416</u>

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, 2019

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TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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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, 2019

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 U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In 2019 the Town implemented GASB Statement No. 84, *Fiduciary Activities*, which changed the way fiduciary activities are recorded. See Note 2-D for further information on this pronouncement.

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. 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 Basis of Accounting, and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental 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.

Government-wide Financial Statements – The Town’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Governmental Fund Financial Statements – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications

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 Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. 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
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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.

The Town reports the following major governmental fund:

General Fund – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the library, water, sewer, and expendable trust funds are consolidated in the general fund.

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 – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports 12 nonmajor governmental funds.

Fiduciary Fund Financial Statements – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, which are custodial in nature. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

The Town also reports the following fiduciary funds:

Private Purpose Trust Fund – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

Custodial Fund – are custodial in nature and do not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

1-C 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, 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-D Restricted Assets

Certain Town assets are classified as restricted assets because their use is restricted by statutory limitation, and/or they are earmarked for a specific purpose.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

1-E Investments

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

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

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

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

Fair Value Measurements of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

Level 2 – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the Town's holdings in New Hampshire Public Deposit Investment Pool (NHPDIP), U.S. government obligations, and corporate bonds would be examples of Level 2 investments.

Level 3 – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

1-F 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.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

1-H Capital Assets

Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (i.e., easements) which are reported in the applicable governmental activities column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund’s measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

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

1-I 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-J Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 10, 2019 and November 11, 2019, and due on July 1, 2019 and December 16, 2019. Interest accrues at a rate of 12% (from January 1, 2019 through March 31, 2019) and 8% (after April 1, 2019) on bills outstanding after the due date and 18% (from January 1, 2019 through March 31, 2019) and 14% (after April 1, 2019) on tax liens outstanding.

TOWN OF SEABROOK, NEW HAMPSHIRE
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In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Seabrook School District, Winnacunnet Cooperative School District, and Rockingham County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2019 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$	1,709,616,850
For all other taxes	\$	2,732,337,050

The tax rates and amounts assessed for the year ended December 31, 2019 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 6.57	\$ 17,950,073
School portion:		
State of New Hampshire	2.08	3,560,050
Local	6.21	16,956,127
County portion	0.89	2,440,800
Total	\$ 15.75	\$ 40,907,050

1-K Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2019.

1-L Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town's reporting period.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

1-M Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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 bond premium or discount.

1-N 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.

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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 an expense when the related liabilities are incurred.

1-P Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* 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 related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-Q Postemployment Benefits Other Than Pensions

The Town maintains two separate other postemployment benefit plans (OPEB), as follows:

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Single Employer Plan – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the Town's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

1-R Net Position/Fund Balances

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

Unrestricted net position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government’s fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

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

Committed – 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 – 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 – Amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the 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 best practices recommendation of the NH Department of Revenue Administration and the Government Finance Officers Association.

1-S Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives and impairment of capital assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

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, as well as the blended water and sewer funds. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

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.

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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 2019, \$750,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$274,464 was voted from unassigned fund balance at the March 12, 2019 annual meeting.

2-B Budgetary Reconciliation to GAAP Basis

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 21,392,042
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	3,556,998
Change in deferred tax revenue relating to 60-day revenue recognition	<u>131,667</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 25,080,707</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 21,368,774
Adjustment:	
Basis differences:	
Encumbrances, beginning	22,169
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	3,747,651
To eliminate transfers between general and blended funds	<u>(677,509)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 24,461,085</u>

2-C Deficit Fund Balances

The Maintenance Fund – Capital Project Fund had a deficit fund balance at December 31, 2019. This deficit will be financed through future bond proceeds that will be issued in the subsequent year.

2-D Accounting Change

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for

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recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 18.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town’s deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town’s agent in the Town’s name. The FDIC currently insures the first \$250,000 of the Town’s deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town’s deposits was \$22,013,626 and the bank balances totaled \$22,282,191. Petty cash totaled \$4,507.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 11,583,745
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	10,429,881
Total cash and cash equivalents	\$ 22,013,626

NOTE 4 – RESTRICTED ASSETS

Cash and/or investments are classified as restricted for the following purposes:

Cash and cash equivalents:	
General fund:	
Library	\$ 518,450
Capital reserve funds	13,103
Escrow accounts	941,002
Total restricted cash and cash equivalents	1,472,555
Investments:	
General fund:	
Capital reserve funds	2,056,602
Total restricted assets	\$ 3,529,157

NOTE 5 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

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The Town has the following recurring fair value measurements and maturities as of December 31, 2019:

	Valuation Measurement Method	Fair Value
Investments type:		
Corporate bonds	Level 2	\$ 2,088,631
Equity mutual funds	Level 1	1,203,334
Fixed income exchange traded funds	Level 2	355,358
New Hampshire Public Deposit Investment Pool	Level 2	5,218
Total fair value		\$ 3,652,541

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. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – This is the risk that in event of the failure of the counterparty (e.g., Broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a custodial credit risk policy for investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 2,078,829
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	1,573,712
Total investments	\$ 3,652,541

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2019. The amount has been reduced by an allowance for an estimated uncollectible amount of \$30,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2019	\$ 1,209,565	\$ 1,209,565
Unredeemed (under tax lien):		
Levy of 2018	130,722	130,722
Levy of 2017	77,292	77,292
Levy of 2016	19,547	19,547
Levies of 2015 and prior	21,319	21,319
Excavation	39	39
Less: allowance for estimated uncollectible taxes	(30,000) *	-
Net taxes receivable	\$ 1,428,484	\$ 1,458,484

*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-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 7 – OTHER RECEIVABLES

Receivables at December 31, 2019, 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.

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Receivables as of December 31, 2019 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	\$ 782,014	\$ 454,260	\$ 1,236,274
Less: allowance for uncollectibles	-	(213,514)	(213,514)
Net total receivables	<u>\$ 782,014</u>	<u>\$ 240,746</u>	<u>\$ 1,022,760</u>

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 3,811,948	\$ 35,801	\$ -	\$ 3,847,749
Construction in progress	46,776	18,820	(46,776)	18,820
Total capital assets not being depreciated	<u>3,858,724</u>	<u>54,621</u>	<u>(46,776)</u>	<u>3,866,569</u>
Being depreciated:				
Land improvements	1,056,573	-	-	1,056,573
Buildings and building improvements	39,862,397	-	-	39,862,397
Equipment and vehicles	10,552,904	157,763	(88,192)	10,622,475
Infrastructure	74,229,234	343,263	-	74,572,497
Total capital assets being depreciated	<u>125,701,108</u>	<u>501,026</u>	<u>(88,192)</u>	<u>126,113,942</u>
Total all capital assets	<u>129,559,832</u>	<u>555,647</u>	<u>(134,968)</u>	<u>129,980,511</u>
Less accumulated depreciation:				
Land improvements	(757,053)	(24,785)	-	(781,838)
Buildings and building improvements	(19,451,986)	(980,035)	-	(20,432,021)
Equipment and vehicles	(7,029,478)	(616,476)	80,012	(7,565,942)
Infrastructure	(42,293,155)	(1,560,765)	-	(43,853,920)
Total accumulated depreciation	<u>(69,531,672)</u>	<u>(3,182,061)</u>	<u>80,012</u>	<u>(72,633,721)</u>
Net book value, capital assets being depreciated	<u>56,169,436</u>	<u>(2,681,035)</u>	<u>(8,180)</u>	<u>53,480,221</u>
Net book value, all governmental activities capital assets	<u>\$ 60,028,160</u>	<u>\$ (2,626,414)</u>	<u>\$ (54,956)</u>	<u>\$ 57,346,790</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	\$ 72,415
Public safety	386,988
Highways and streets	1,699,359
Sanitation	597,346
Water distribution and treatment	301,419
Culture and recreation	116,512
Conservation	8,022
Total depreciation expense	<u>\$ 3,182,061</u>

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NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 229,350
Nonmajor	Nonmajor	25,000
		\$ 254,350

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, 2019 is as follows:

		Transfers In:
		General Fund
Transfers out:		
Nonmajor fund	\$	47,796

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.

NOTE 10 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$9,969,900 at December 31, 2019 consist of the following:

General fund:		
Amounts due to the New Hampshire Retirement System	\$	253,723
Custodial fund:		
Balance of the 2019-20 assessment due to the Seabrook School District		6,482,746
Balance of the 2019-20 assessment due to the Winnacunnet Cooperative School District		3,233,431
Total custodial fund		9,716,177
Total intergovernmental payables due	\$	9,969,900

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2019 consist of amounts related to pensions totaling \$1,651,749 and amounts related to OPEB totaling \$179,381. For further discussion on these amounts, see Note 14 and 15 respectively.

Deferred inflows of resources are as follows:

	Government-wide	General Fund	Nonmajor Governmental Funds
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 320,029	\$ -
Property taxes paid in advance of warrants issued	39,958	39,958	-
Local grant revenues collected in advance of eligible expenditures being made	765	-	765
Deferred State Aid	154,499	154,499	-
Water and sewer fees collected in advance	4,254	4,254	-
Amounts related to pensions	619,758	-	-
Amounts related to OPEB	8,670	-	-
Total deferred inflows of resources	\$ 827,904	\$ 518,740	\$ 765

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NOTE 12 – CAPITAL LEASE OBLIGATIONS

The Town has entered into a certain 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, 2019
Capital lease obligations:		
Trackless sidewalk tractor	3.71%	\$ 43,451
Ambulance	2.35%	45,579
Total capital lease obligations		<u>\$ 89,030</u>

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

	Governmental Activities
Equipment:	
Trackless sidewalk tractor	\$ 144,350
Ambulance	179,715
Total equipment	<u>324,065</u>
Less: accumulated depreciation	(180,004)
Total capital lease equipment	<u>\$ 144,061</u>

The annual requirements to amortize the capital leases payable as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2020	\$ 69,590
2021	22,943
Total requirements	<u>92,533</u>
Less: interest	3,503
Present value of remaining payments	<u>\$ 89,030</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, 2019:

	Balance January 1, 2019	Reductions	Balance December 31, 2019	Due Within One Year
Bonds payable:				
General obligation bonds	\$ 6,634,948	\$ (389,458)	\$ 6,245,490	\$ 312,879
Premium	20,300	(1,450)	18,850	1,450
Total bonds payable	<u>6,655,248</u>	<u>(390,908)</u>	<u>6,264,340</u>	<u>314,329</u>
Capital leases	380,653	(291,623)	89,030	66,908
Compensated absences	1,224,540	(250,394)	974,146	186,416
Net pension liability	14,745,598	(165,116)	14,580,482	-
Net other postemployment benefits	3,052,711	(31,101)	3,021,610	-
Total long-term liabilities	<u>\$ 26,058,750</u>	<u>\$ (1,129,142)</u>	<u>\$ 24,929,608</u>	<u>\$ 567,653</u>

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Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2019	Current Portion
General obligation bonds payable:						
Water treatment facility	\$ 5,997,345	2008	2037	4.00-5.25%	\$ 3,895,000	\$ 140,000
Drinking water state revolving loan	\$ 5,000,000	2011	2031	2.86%	1,730,490	122,879
Water treatment facility	\$ 971,000	2012	2032	2.75-4.00%	620,000	50,000
					<u>6,245,490</u>	<u>312,879</u>
Bond premium					18,850	1,450
Total					<u>\$ 6,264,340</u>	<u>\$ 314,329</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 312,879	\$ 197,629	\$ 510,508
2021	321,398	190,406	511,804
2022	335,018	181,519	516,537
2023	343,742	171,264	515,006
2024	357,573	160,763	518,336
2025-2029	1,984,269	626,650	2,610,919
2030-2034	1,715,611	276,967	1,992,578
2035-2037	875,000	44,675	919,675
Totals	<u>\$ 6,245,490</u>	<u>\$ 1,849,873</u>	<u>\$ 8,095,363</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.

Bonds Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2019 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 2017	Repairing sheet pilings at harbor	\$ 1,200,000
March 2017	Asset management plan for Town water and sewer	60,000
March 2019	Periodic maintenance - Route 286 and Route 107 water tanks	2,039,100
		<u>\$ 3,299,100</u>

NOTE 14 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a 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 within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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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.

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 ¼ 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. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2019, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2019 was \$1,339,663, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2019 the Town reported a liability of \$14,580,482 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Town’s proportion was 0.3062% which was an decrease of 0.0032% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$2,045,773. At December 31, 2019 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
	<u> </u>	<u> </u>
Changes in proportion	\$ 394,489	\$ 187,314
Changes in assumptions	523,142	-
Net difference between projected and actual investment earnings on pension plan investments	-	119,102
Differences between expected and actual experience	80,617	313,522
Contributions subsequent to the measurement date	653,501	-
Total	<u>\$ 1,651,749</u>	<u>\$ 619,938</u>

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The \$653,501 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, 2020. 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,	
2020	\$ 683,054
2021	(237,183)
2022	(75,531)
2023	8,150
Thereafter	-
Totals	<u>\$ 378,490</u>

Actuarial Assumptions – The collective total pension liability was based on the following assumptions:

Inflation:	2.5%
Salary increases:	5.6% average, including inflation
Wage inflation	3.25% (3.00% for teachers)
Investment rate of return:	7.25% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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 geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2019</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	<u>20.00%</u>	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	<u>25.00%</u>	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	3.00%
Total	<u>100.00%</u>	

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Discount Rate – The discount rate used to measure the collective total pension liability was 7.25%. 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 7.25% 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 19,523,867	\$ 14,580,482	\$ 10,494,814

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

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

15-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

Benefits Provided - Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2019 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

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Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the Town contributed 4.10% for police and fire, and 0.30% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2019 was \$200,254, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2019, the Town reported a liability of \$1,954,109 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town’s proportion was 0.4457% which was an increase/decrease of 0.0063% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$245,600. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 3,074
Net difference between projected and actual investment earnings on OPEB plan investments	-	2,196
Differences between expected and actual experience	-	3,400
Contributions subsequent to the measurement date	93,296	-
Total	\$ 93,296	\$ 8,670

The \$93,296 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2020	\$ (7,930)
2021	(1,457)
2022	151
2023	566
Thereafter	-
Totals	\$ (8,670)

Actuarial Assumptions – The collective total OPEB liability was based on the following actuarial assumptions:

Inflation:	2.5 %
Wage inflation:	3.25 % (3.00%) for teachers
Salary increases:	5.6 % average, including inflation
Investment rate of return:	7.25 % net of OPEB plan investment expense, including inflation for determining solvency contributions

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Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Long-term Rates of Return – The long-term expected rate of return on OPEB 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 geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the Town’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the Town’s proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the Town’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 2,119,529	\$ 1,954,109	\$ 1,810,371

Sensitivity of the Town’s Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption – GASB No. 75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

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OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

15-B Town of Seabrook Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided – The Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees. The benefits are provided through the New Hampshire Inter-Local Trust.

Employees Covered by Benefit Terms – At July 1, 2018 the following employees were covered by the benefit terms:

Retired employees	21
Active employees	123
Total participants covered by OPEB plan	144

Total OPEB Liability – The Town’s total OPEB liability of \$1,067,501 was measured as of January 1, 2018 and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$1,067,501 in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.90%
Healthcare Cost Trend Rates:	
Current Year Trend	8.50%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2029

The selected discount rate was based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices (Bond Buyer 20-Bond GO – 2.74% , S&P Municipal Bond 20 Year HG – 3.26% and Fidelity GO AA - 20 Years – 2.75%) as of December 31, 2019

Mortality rates were based on the Employee and Healthy Annuitant Tables for both pre & post retirement projected with mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2018.

Changes in the Total OPEB Liability

	December 31, 2019
OPEB liability beginning of year	\$ 983,052
Changes for the year:	
Service cost	16,273
Interest	30,443
Assumption changes and difference between actual and expected experience	95,650
Benefit payments	(57,917)
OPEB liability end of year	\$ 1,067,501

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Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The July 1, 2018 actuarial valuation was prepared using a discount rate of 3.8%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$966,983 or by 9.42%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$1,067,501 or by 11.41%.

	Discount Rate		
	1% Decrease	Baseline 3.80%	1% Increase
Total OPEB Liability	\$ 1,189,291	\$ 1,067,501	\$ 966,983

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2018 actuarial valuation was prepared using an initial trend rate of 9.0%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$1,248,012 or by 16.91%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$914,610 or by 11.41%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 9.0%	1% Increase
Total OPEB Liability	\$ 914,610	\$ 1,067,501	\$ 1,248,012

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the Town recognized OPEB expense of \$56,281. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in OPEB liability due to actuarial experience different from expected and actuarial assumption changes	\$ 86,085	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2020	\$ 9,565
2021	9,565
2022	9,565
2023	9,565
Thereafter	47,825
Totals	\$ 86,085

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NOTE 16 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Statement of Net Position at December 31, 2019 include the following:

	Governmental Activities
Net investment in capital assets:	
Net book value, all capital assets	\$ 57,346,790
Less:	
General obligation bonds payable	(6,245,490)
Unamortized bond premiums	(18,850)
Capital leases payable	(89,030)
Total net investment in capital assets	50,993,420
Restricted net position:	
Perpetual care - principal balance	14,415
Perpetual care - income balance	2,700
Road improvements	941,569
Donations	29,999
Security bonds	10,000
Drug forfeiture	9,663
Library	493,285
Capital projects	235
D'Alessandro trust	217,428
Water treatment plant	424,175
Communication	91,389
Total restricted net position	2,234,858
Unrestricted	(5,374,179)
Total net position	\$ 47,854,099

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 21,214	\$ -	\$ 21,214
Tax dedeed property	37,338	-	37,338
Permanent fund - principal balance	-	14,415	14,415
Total nonspendable fund balance	58,552	14,415	72,967
Restricted:			
Road improvements	941,569	-	941,569
Donations	29,999	-	29,999
Security bonds	10,000	-	10,000
Drug forfeiture	9,663	-	9,663
Library	493,285	-	493,285
Water	424,175	-	424,175
Water treatment plant	-	235	235
Permanent - income balance	-	2,700	2,700
D'Alessandro trust	-	217,428	217,428
Communication	-	91,389	91,389
Total restricted fund balance	1,908,691	311,752	2,220,443

(Continued)

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Governmental fund balances continued:

	General Fund	Nonmajor Funds	Total Governmental Funds
Committed:			
Expendable trust	1,742,054	-	1,742,054
Nonlapsing appropriations	1,582,506	-	1,582,506
Conservation commission	-	206,135	206,135
Transportation	-	19,971	19,971
Recreation	-	88,348	88,348
Police detail	-	350,917	350,917
Ambulance	-	747,724	747,724
Recycling	-	178,276	178,276
Total committed fund balance	<u>3,324,560</u>	<u>1,591,371</u>	<u>4,915,931</u>
Unassigned:			
General fund	6,837,393	-	6,837,393
Capital project - Maintenance (deficit)	-	(15,986)	(15,986)
Total unassigned fund balance	<u>6,837,393</u>	<u>(15,986)</u>	<u>6,821,407</u>
Total governmental fund balances	<u>\$ 12,129,196</u>	<u>\$ 1,901,552</u>	<u>\$ 14,030,748</u>

NOTE 18 – PRIOR PERIOD ADJUSTMENT

Net position/fund balance at January 1, 2019 was restated to give retroactive effect to the following prior period adjustment:

	Fiduciary Funds
To restate for the cumulative changes related to implementation of GASB Statement No. 84	\$ 835,584
Net position, as previously reported	<u>1,212,636</u>
Net position, as restated	<u>\$ 2,048,220</u>

NOTE 19 – 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 2019, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2019 to December 31, 2019 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 workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2019 the Town paid \$226,142 and \$443,413 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 20 – CONTINGENT LIABILITIES

There are various legal claims and suits pending against the Town which arose in the normal course of the government's activities. In the opinion of management, the ultimate disposition of these various claims and suits is unknown. Management continues to work with legal council to ensure favorable outcomes for the Town.

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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 21 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

For the fiscal year 2019 the Town did not have any such agreements.

NOTE 22 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through December 3, 2020, the date the December 31, 2019 financial statements were available to be issued, and the following events occurred that require recognition or disclosure.

- Auditor noted that a bond issued on January 8, 2020 for \$2,921,200 and premium of \$317,900.
- On March 11, 2020, the World Health Organization declared, the outbreak of a coronavirus (COVID-19), a pandemic. In response to the pandemic, the State of New Hampshire's Governor, issued an order declaring a state of emergency on March 13, 2020. As a result, economic uncertainties have arisen which could have financial impact could occur though such impact is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
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, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Town's proportion of the net pension liability	0.27%	0.28%	0.27%	0.30%	0.31%	0.31%	0.30%
Town's proportionate share of the net pension liability	\$ 11,520,032	\$ 10,620,503	\$ 10,666,965	\$ 15,974,182	\$ 15,113,057	\$ 14,745,598	\$ 14,580,482
Town's covered payroll	\$ 4,033,905	\$ 3,871,031	\$ 3,833,602	\$ 4,301,631	\$ 4,185,317	\$ 4,387,923	\$ 5,024,735
Town's proportionate share of the net pension liability as a percentage of its covered payroll	285.58%	274.36%	278.25%	371.35%	361.10%	336.05%	290.17%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%

EXHIBIT G
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 665,576	\$ 917,932	\$ 903,349	\$ 1,075,678	\$ 1,125,778	\$ 1,294,305	\$ 1,318,706
Contributions in relation to the contractually required contributions	665,576	917,932	903,349	1,075,678	1,125,778	1,294,305	1,318,706
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 4,033,905	\$ 3,871,031	\$ 3,833,602	\$ 4,301,631	\$ 4,185,317	\$ 4,387,923	\$ 5,024,735
Contributions as a percentage of covered payroll	16.50%	23.71%	23.56%	25.01%	26.90%	29.50%	26.24%

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

***Schedule of the Town’s Proportionate Share of Net Pension Liability and
Schedule of Town Contributions - Pensions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town’s pension plan at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2019:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

Other Information:

Notes	Contribution rates for fiscal year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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EXHIBIT H
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,			
	2016	2017	2018	2019
Town's proportion of the net OPEB liability	0.30%	0.30%	0.45%	0.45%
Town's proportionate share of the net OPEB liability	\$ 1,436,916	\$ 1,392,675	\$ 2,069,659	\$ 1,954,109
Town's covered payroll	\$ 4,301,631	\$ 4,185,317	\$ 4,387,923	\$ 5,024,735
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	33.40%	33.28%	47.17%	38.89%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

EXHIBIT I
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,			
	2016	2017	2018	2019
Contractually required contribution	\$ 172,470	\$ 180,529	\$ 199,952	\$ 203,411
Contributions in relation to the contractually required contribution	172,470	180,529	199,952	203,411
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 4,301,631	\$ 4,185,317	\$ 4,387,923	\$ 5,024,735
Contributions as a percentage of covered payroll	4.01%	4.31%	4.56%	4.05%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

EXHIBIT J
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended December 31, 2019

	December 31,	
	2018	2019
OPEB liability, beginning of year, as restated	\$ 987,896	\$ 983,052
Changes for the year:		
Service cost	14,423	16,273
Interest	36,481	30,443
Assumption changes and difference between actual and expected experience	-	95,650
Benefit payments	(55,748)	(57,917)
OPEB liability, end of year	<u>\$ 983,052</u>	<u>\$ 1,067,501</u>
Covered payroll	<u>\$ 7,475,688</u>	<u>\$ 7,475,688</u>
Total OPEB liability as a percentage of covered payroll	13.15%	14.28%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

***Schedule of the Town’s Proportionate Share of Net Other Postemployment Benefits Liability and
Schedule of Town Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

Schedule of Changes in Town’s Total Other Postemployment Benefits Liability and Related Ratios

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2019. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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, 2019

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 17,090,741	\$ 17,113,505	\$ 22,764
Yield	900	912	12
Excavation	40	47	7
Interest and penalties on taxes	121,600	131,208	9,608
Total from taxes	<u>17,213,281</u>	<u>17,245,672</u>	<u>32,391</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	20,460	36,486	16,026
Motor vehicle permit fees	1,895,000	2,007,722	112,722
Building permits	115,400	147,308	31,908
Other	53,980	191,790	137,810
Total from licenses, permits, and fees	<u>2,084,840</u>	<u>2,383,306</u>	<u>298,466</u>
Intergovernmental:			
State:			
Meals and rooms distribution	451,901	451,901	-
Highway block grant	183,356	127,801	(55,555)
From other governments	50,000	50,000	-
Total from intergovernmental	<u>685,257</u>	<u>629,702</u>	<u>(55,555)</u>
Charges for services:			
Income from departments	<u>172,637</u>	<u>199,123</u>	<u>26,486</u>
Miscellaneous:			
Sale of municipal property	318,888	322,289	3,401
Interest on investments	150,000	165,553	15,553
Other	198,260	398,601	200,341
Total from miscellaneous	<u>667,148</u>	<u>886,443</u>	<u>219,295</u>
Other financing sources:			
Transfers in	<u>548,196</u>	<u>47,796</u>	<u>(500,400)</u>
Total revenues and other financing sources	21,371,359	<u>\$ 21,392,042</u>	<u>\$ 20,683</u>
Unassigned fund balance used to reduce tax rate	750,000		
Amounts voted from fund balance	274,464		
Total revenues, other financing sources, and use of fund balance	<u>\$ 22,395,823</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, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Current:				
General government:				
Executive	\$ -	\$ 654,080	\$ 666,485	\$ (12,405)
Election and registration	-	317,191	301,355	15,836
Financial administration	10,000	979,214	957,464	31,750
Legal	-	220,000	315,355	(95,355)
Personnel administration	-	3,324,756	2,935,583	389,173
Planning and zoning	-	87,770	79,926	7,844
General government buildings	-	122,730	126,452	(3,722)
Cemeteries	-	145,877	89,356	56,521
Insurance, not otherwise allocated	-	673,654	687,401	(13,747)
Total general government	<u>10,000</u>	<u>6,525,272</u>	<u>6,159,377</u>	<u>375,895</u>
Public safety:				
Police	-	3,962,182	3,918,256	43,926
Fire	-	3,731,694	3,975,244	(243,550)
Building inspection	-	114,159	84,842	29,317
Emergency management	-	138,927	143,903	(4,976)
Total public safety	<u>-</u>	<u>7,946,962</u>	<u>8,122,245</u>	<u>(175,283)</u>
Highways and streets:				
Administration	3,500	1,272,926	1,280,814	(4,388)
Street lighting	-	90,000	109,744	(19,744)
Total highways and streets	<u>3,500</u>	<u>1,362,926</u>	<u>1,390,558</u>	<u>(24,132)</u>
Sanitation:				
Administration	-	25,100	33,572	(8,472)
Solid waste collection	-	1,217,906	1,394,393	(176,487)
Total sanitation	<u>-</u>	<u>1,243,006</u>	<u>1,427,965</u>	<u>(184,959)</u>
Water distribution and treatment	-	119,400	95,035	24,365
Health:				
Administration	8,669	98,509	65,662	41,516
Pest control	-	131,343	124,607	6,736
Health agencies	-	100,130	95,130	5,000
Total health	<u>8,669</u>	<u>329,982</u>	<u>285,399</u>	<u>53,252</u>
Welfare:				
Administration and direct assistance	-	71,873	73,799	(1,926)
Vendor payments and other	-	88,500	61,460	27,040
Total welfare	<u>-</u>	<u>160,373</u>	<u>135,259</u>	<u>25,114</u>
Culture and recreation:				
Parks and recreation	-	1,020,589	1,036,212	(15,623)
Library	-	501,813	501,360	453
Patriotic purposes	-	33,880	36,000	(2,120)
Total culture and recreation	<u>-</u>	<u>1,556,282</u>	<u>1,573,572</u>	<u>(17,290)</u>
Conservation	-	3,618	1,163	2,455

(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, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Debt service:				
Principal of long-term debt	-	389,458	389,458	-
Interest on long-term debt	-	248,462	248,462	-
Interest on tax anticipation notes	-	4,000	-	4,000
Total debt service	-	641,920	637,920	4,000
Capital outlay	-	1,720,600	884,941	835,659
Other financing uses:				
Transfers out	-	785,482	677,509	107,973
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 22,169	\$ 22,395,823	\$ 21,390,943	\$ 1,027,049

SCHEDULE 3
TOWN OF SEABROOK, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2019

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 7,600,025
Changes:		
Unassigned fund balance used to reduce 2019 tax rate		(750,000)
Amounts voted from fund balance		(274,464)
2019 Budget summary:		
Revenue surplus (Schedule 1)	\$ 20,683	
Unexpended balance of appropriations (Schedule 2)	<u>1,027,049</u>	
2019 Budget surplus		1,047,732
Increase in nonspendable fund balance		(10,573)
Increase in restricted fund balance		(7)
Increase in committed fund balance		<u>(485,291)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		7,127,422
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(320,029)
Elimination of the allowance for uncollectible taxes		<u>30,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 6,837,393</u></u>

SCHEDULE 4
TOWN OF SEABROOK, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2019

	Special Revenue Funds				
	Conservation Commission	Transportation	Recreation Revolving	Police Outside Detail	Grants
ASSETS					
Cash and cash equivalents	\$ 206,135	\$ 85,011	\$ 88,409	\$ 287,569	\$ 92,939
Investments	-	-	-	-	-
Accounts receivable, net of allowance for uncollectable	-	-	-	69,618	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 206,135</u>	<u>\$ 85,011</u>	<u>\$ 88,409</u>	<u>\$ 357,187</u>	<u>\$ 92,939</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 61	\$ -	\$ -
Accrued salaries and benefits	-	-	-	6,270	-
Interfund payable	-	65,040	-	-	92,174
Total liabilities	<u>-</u>	<u>65,040</u>	<u>61</u>	<u>6,270</u>	<u>92,174</u>
Deferred inflows of resources:					
Unavailable revenue - grants	-	-	-	-	765
Fund balances (deficit):					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	206,135	19,971	88,348	350,917	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>206,135</u>	<u>19,971</u>	<u>88,348</u>	<u>350,917</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 206,135</u>	<u>\$ 85,011</u>	<u>\$ 88,409</u>	<u>\$ 357,187</u>	<u>\$ 92,939</u>

Special Revenue Funds				Capital Project Funds			Total
Ambulance Revolving	Recycling Revolving	D'Alessandro Trust	Town Communications	Water Treatment Plant	Maintenance Fund	Permanent Fund	
\$ 635,829	\$ 178,276	\$ 219,383	\$ 91,389	\$ 5,021	\$ -	\$ 106	\$ 1,890,067
-	-	-	-	-	-	17,009	17,009
171,128	-	-	-	-	-	-	240,746
-	-	25,000	-	-	-	-	25,000
<u>\$ 806,957</u>	<u>\$ 178,276</u>	<u>\$ 244,383</u>	<u>\$ 91,389</u>	<u>\$ 5,021</u>	<u>\$ -</u>	<u>\$ 17,115</u>	<u>\$ 2,172,822</u>
\$ 1,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,640
8,245	-	-	-	-	-	-	14,515
49,409	-	26,955	-	4,786	15,986	-	254,350
59,233	-	26,955	-	4,786	15,986	-	270,505
-	-	-	-	-	-	-	765
-	-	-	-	-	-	14,415	14,415
-	-	217,428	91,389	235	-	2,700	311,752
747,724	178,276	-	-	-	-	-	1,591,371
-	-	-	-	-	(15,986)	-	(15,986)
<u>747,724</u>	<u>178,276</u>	<u>217,428</u>	<u>91,389</u>	<u>235</u>	<u>(15,986)</u>	<u>17,115</u>	<u>1,901,552</u>
<u>\$ 806,957</u>	<u>\$ 178,276</u>	<u>\$ 244,383</u>	<u>\$ 91,389</u>	<u>\$ 5,021</u>	<u>\$ -</u>	<u>\$ 17,115</u>	<u>\$ 2,172,822</u>

SCHEDULE 5
TOWN OF SEABROOK, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2019

	Special Revenue Funds				
	Conservation Commission	Transportation	Recreation Revolving	Police Outside Detail	Grants
Revenues:					
Licenses and permits	\$ -	\$ 56,635	\$ -	\$ -	\$ -
Intergovernmental receivable	-	-	-	-	136,856
Charges for services	-	-	36,144	148,588	-
Miscellaneous	4,408	1,900	17,034	-	-
Total revenues	<u>4,408</u>	<u>58,535</u>	<u>53,178</u>	<u>148,588</u>	<u>136,856</u>
Expenditures:					
Current:					
General government	-	-	-	-	4,000
Public safety	-	-	-	123,401	40,926
Highways and streets	-	-	-	-	73,294
Water distribution and treatment	-	-	-	-	17,978
Culture and recreation	-	-	43,346	-	658
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>43,346</u>	<u>123,401</u>	<u>136,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,408</u>	<u>58,535</u>	<u>9,832</u>	<u>25,187</u>	<u>-</u>
Other financing uses:					
Transfers out	-	(47,796)	-	-	-
Net change in fund balances	4,408	10,739	9,832	25,187	-
Fund balances, beginning	201,727	9,232	78,516	325,730	-
Fund balances (deficit), ending	<u>\$ 206,135</u>	<u>\$ 19,971</u>	<u>\$ 88,348</u>	<u>\$ 350,917</u>	<u>\$ -</u>

Special Revenue Funds				Capital Project Funds			Total
Ambulance Revolving	Recycling Revolving	D'Alessandro Trust	Town Communications	Water Treatment Plant	Maintenance Fund	Permanent Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,635
-	-	-	-	-	-	-	136,856
441,997	24,417	-	-	-	-	-	651,146
12,439	3,593	1,501	70,640	107	-	2,069	113,691
454,436	28,010	1,501	70,640	107	-	2,069	958,328
-	-	-	-	-	-	-	4,000
608,466	-	32,370	-	-	-	-	805,163
-	-	-	-	-	-	-	73,294
-	-	-	-	-	-	-	17,978
-	-	-	-	-	-	-	44,004
-	-	-	-	-	15,986	-	15,986
608,466	-	32,370	-	-	15,986	-	960,425
(154,030)	28,010	(30,869)	70,640	107	(15,986)	2,069	(2,097)
-	-	-	-	-	-	-	(47,796)
(154,030)	28,010	(30,869)	70,640	107	(15,986)	2,069	(49,893)
901,754	150,266	248,297	20,749	128	-	15,046	1,951,445
\$ 747,724	\$ 178,276	\$ 217,428	\$ 91,389	\$ 235	\$ (15,986)	\$ 17,115	\$ 1,901,552

SCHEDULE 6
TOWN OF SEABROOK, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2019

	Custodial Funds		Total
	Taxes	Trust Funds	
ASSETS			
Cash and cash equivalents	\$ 9,716,177	\$ 615,347	\$ 10,331,524
Investments	-	407,218	407,218
Total assets	<u>9,716,177</u>	<u>1,022,565</u>	<u>10,738,742</u>
LIABILITIES			
Intergovernmental payables:			
School	<u>9,716,177</u>	<u>-</u>	<u>9,716,177</u>
NET POSITION			
Restricted	<u>\$ -</u>	<u>\$ 1,022,565</u>	<u>\$ 1,022,565</u>

SCHEDULE 7
TOWN OF SEABROOK, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2019

	Custodial Funds		Total
	Taxes	Trust Funds	
Additions:			
Contributions	\$ -	\$ 218,500	\$ 218,500
Investment earnings	-	7,115	7,115
Change in fair market value	-	21,511	21,511
Tax collections for other governments	22,956,977	-	22,956,977
Total additions	<u>22,956,977</u>	<u>247,126</u>	<u>23,204,103</u>
Deductions:			
Administrative expenses	-	60,145	60,145
Payments of taxes to other governments	22,956,977	-	22,956,977
Total deductions	<u>22,956,977</u>	<u>60,145</u>	<u>23,017,122</u>
Change in net position	-	186,981	186,981
Net position, beginning, as restated (see Note 18)	-	835,584	835,584
Net position, ending	<u>\$ -</u>	<u>\$ 1,022,565</u>	<u>\$ 1,022,565</u>



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESSES

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

In planning and performing our audit of the 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, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Seabrook's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Seabrook's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Seabrook's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and no deficiency that we consider to be a significant deficiency.

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

General Ledger Maintenance

It was determined that the Town's general ledger is not being properly reconciled and maintained, this condition existed and was commented on in the prior period. The interfund accounts required significant adjustment and further reconciliation to complete the audit. We recommend that the Town establish more efficient review and reconciliation policies and procedures as a customary part of the accounting processes.

Cable Franchise Fees

Review of the private purpose trust funds indicated that cable franchise fees are being utilized to fund scholarships to local students. State requirements indicate that these funds should be added to the general fund surplus or used to fund local cable television access. This continued practice can lead to misuse of funds. We recommend that the Town record all cable franchise fees in the general fund. Any amounts that are held by the Trustees of the Trust Funds should be remitted to the Treasurer and these funds should no longer be used to fund scholarships.

Stale Dated Checks

Testing of cash balances indicated several outstanding checks dating back to 2015. These stale dated checks should be removed and/or voided or reissued to the appropriate vendors or individuals in order to maintain a current listing of outstanding amounts. This can increase the risk of misstated cash balances and cause lengthy reconciliations. We recommend that the Town review outstanding check listings for stale dated amounts and that those identified be appropriately followed up on and reissued or removed.

*Town of Seabrook
Independent Auditor's Communication of Material Weakness*

Capital Project Fund Account

The Town has not closed a bank account, which was used for the capital project fund, which was completed in prior years. The bank account remains open and continues to earn interest, which should be reported and closed into the general fund. The Town had previously voted to move the remaining funds into the general fund; however, the bank account was never closed and the fund in the Town's general ledger has also not been closed. Action should be taken to close these items in order to eliminate unnecessary adjustments and reconciliations going forward.

This communication is intended solely for the information and use of management, Board of Selectmen, and others within the Town of Seabrook, and is not intended to be and should not be used by anyone other than these specified parties.

December 3, 2020

*Plodzik & Sanderson
Professional Association*