

**TOWN OF SEABROOK,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021**

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and aggregate remaining fund information of the Town of Seabrook as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and aggregate remaining fund information of the Town of Seabrook, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Seabrook and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town of Seabrook's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Seabrook's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Town of Seabrook
Independent Auditor's Report

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Seabrook's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Seabrook's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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.

October 25, 2022

Plodzik & Sanderson
Professional Association

**Town of Seabrook
Management's Discussion and Analysis
For the Fiscal Year 2021**

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 \$43,897,279 (*net position*).
- The Town's change in net position was a decrease of \$418,703.
- At the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$17,897,672. Approximately 23% (\$4,179,460) 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 \$4,179,460, which is a decrease of 46% (\$3,627,873) 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

Town of Seabrook			
Net Position as of December 31, 2021 and 2020			
		Governmental Activities	
		2021	2020
			AS RESTATED
Current and other assets	\$	30,064,958	\$ 19,934,567
Capital assets, net		54,920,636	55,859,546
Total assets		84,985,594	75,794,113
Related to OPEB		174,224	190,987
Related to Pensions		4,006,607	4,371,757
Total Deferred outflow or resources		4,180,831	4,562,744
Current liabilities		11,172,271	1,654,712
Long-term liabilities		28,985,979	33,587,069
Total liabilities		40,158,250	35,241,781
Related to OPEB		70,506	78,750
Related to pensions		4,344,958	460,766
Unavailable Revenue - Prop Tax		-	26,305
Unavailable Revenue - Wtr/Swr		-	4,006
Unavailable Revenue - State Aid		-	227,405
Unavailable Revenue - grants		-	1,862
Unavailable Revenue		695,432	
Total Deferred outflow or resources		5,110,896	799,094
Net assets:			
Invested in capital assets, net of related debt		45,040,413	46,648,313
Restricted		6,048,511	5,621,432
Unrestricted		(7,191,645)	(7,953,763)
Total net assets	\$	43,897,279	\$ 44,315,982

Net position

Net investment in Capital Assets: The largest portion of the Town’s net position 102.6% reflects its net investment in capital assets.

Restricted Net Position: Only 13.77% 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 -16.37% 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 outflows of resources exceeded liabilities and deferred inflows of resources by \$43,897,279 as of December 31, 2021.

The Town's capital assets, net of related debt, at the end of 2021 were \$45,040,413. Capital assets are items such as land, buildings, equipment, and infrastructure (roads and bridges). This portion of the Town's net position (102.6%) 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 \$4,601,090. This was due to the following factors: an increase in bond debt of \$128,902, an increase in bond premium of \$66,462, an increase in capital leases of \$115,238; an increase in compensated absences (vested sick leave and accrued vacation leave) of \$137,591, a decrease in other post-employment benefits of \$60,781; and a decrease of \$4,758,026 in net pension liability.

The Town reported \$18,922 in net position restricted for perpetual care, representing the permanent trust funds. And the Town also reported \$6,029,589 which is restricted for the road improvements, donations, drug forfeiture, library, and capital project. Total restricted net position is \$6,048,511.

The balance of unrestricted net position totaling a deficit -\$7,191,645. The unrestricted net position represents negative 16.3% of the Town's total net position.

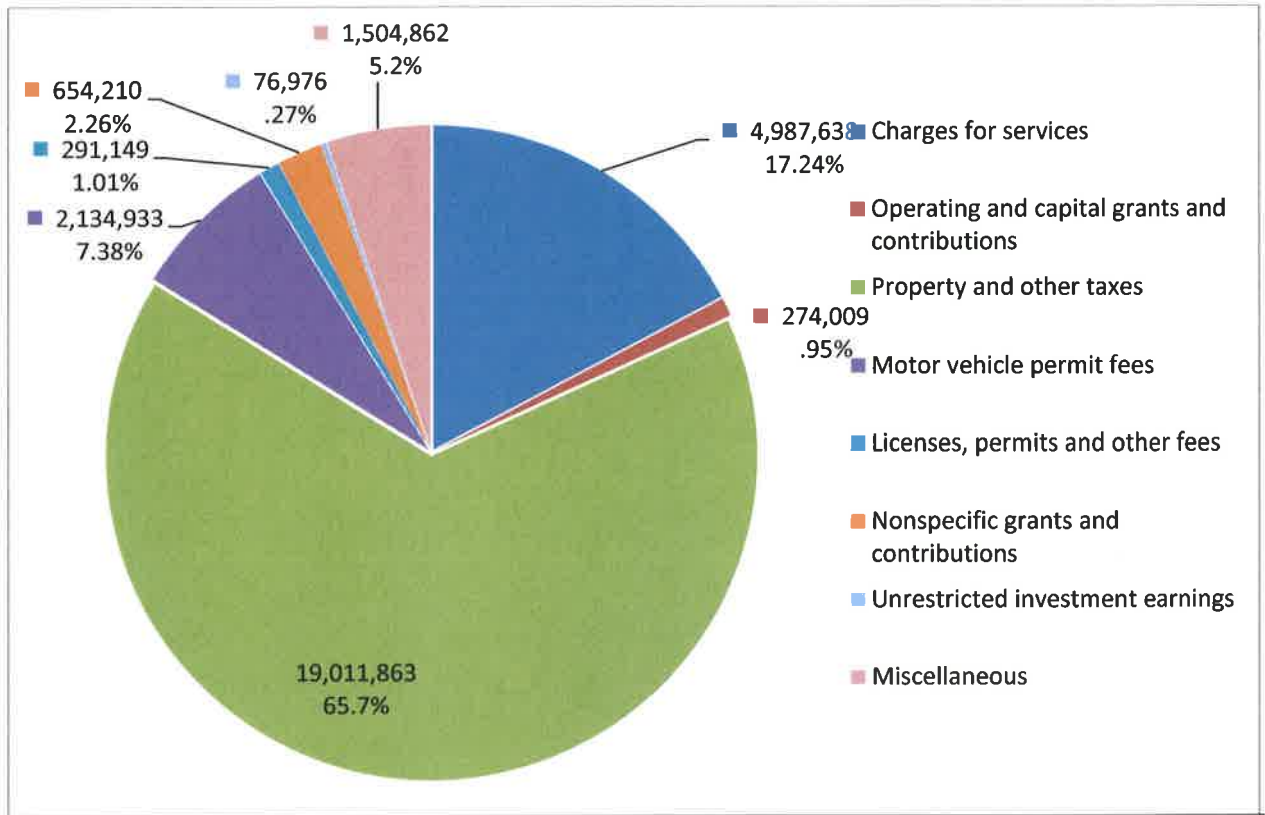
The following is a summary of the information presented in the Statement of Activities found on page 13.

Town of Seabrook		
Changes in Net Position for year ended December 31, 2021 and 2020		
	Governmental Activities	
Revenues	2021	2020
Program revenues:		
Charges for services	\$ 4,987,638	\$ 4,381,496
Operating and capital grants and contributions	274,009	506,195
Capital grants and contributions	-	-
General revenues:		
Property and other taxes	19,011,863	17,289,887
Motor vehicle permit fees	2,134,933	2,083,876
Licenses, permits and other fees	291,149	319,415
Grants and contributions not restricted to specific programs	654,210	525,727
Unrestricted investment earnings	76,976	218,568
Miscellaneous	1,504,862	1,214,328
Total revenues	\$ 28,935,640	\$ 26,539,492
Expenses		
General governmental	\$ 6,996,078	\$ 6,510,738
Public safety	11,347,189	10,928,664
Highways and streets	3,512,782	3,143,003
Sanitation	4,011,973	3,837,338
Water distributions and treatments	1,027,179	2,224,211
Health	219,432	283,477
Welfare	215,736	109,199
Culture and recreation	1,677,827	1,476,204
Conservation	10,805	10,524
Interest on long-term debt	335,342	417,452
Total expenses	\$ 29,354,343	\$ 28,940,810
Increase (Decrease) in net assets	(418,703)	(2,401,318)
Net effect of restatements		(1,136,799)
Net assets, beginning of year as restated	44,315,982	47,854,099
Net assets, end of year	\$ 43,897,279	\$ 44,315,982

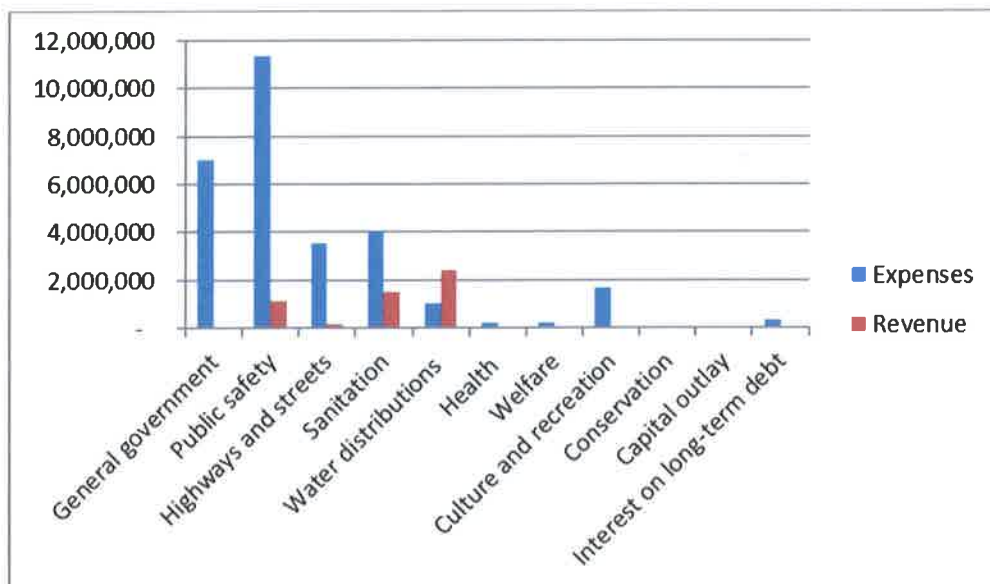
Governmental Activities

Net position decreased in 2021 by \$418,703. This decrease was due mainly to expenses increase.

The total cost of Governmental activities this year was \$29,354,343. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property taxes was only \$19,011,863. The overall tax rate in 2021 decreased to (\$13.73/\$1000) compared to the 2020 rate of (\$15.97/\$1000). Those who directly benefited from the programs paid \$4,987,638, and other governments and organizations subsidized certain programs in the amount of \$274,009. The Town paid for the remaining governmental activities with \$5,354,841 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 38.66% 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 and 18. 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 \$17,897,672, which increased \$73,029 from the prior year. Of the \$17,897,672 in combined ending fund balance, \$13,718,212 has been designated for specific uses. The remaining fund balance of \$4,179,460 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 \$4,179,460. 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 14.2% of total General Fund expenditures, while total fund balance represents 47.9% of that same amount.

The unassigned fund balance of the Town's General Fund decreased by \$3,516,050, or 43.2%, from the prior year. Key factors in this change are as follows:

Unassigned fund balance used to offset tax rate	(4,000,000)
Excess of revenues over budget estimates and unexpensed balance of appropriations	3,709,916
Increase in fund balance non-spendable	(189,836)
Increase in fund balance restricted	(8,229)
Increase in fund balance committed	(3,027,901)
Total	<u>(3,516,050)</u>

Capital Assets and Long-Term Liabilities:

Capital assets

The Town’s capital assets for its governmental activities as of December 31, 2021 are \$54,920,636 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.

	2021	2020
Land	\$ 3,847,749	\$ 3,847,749
Buildings and improvements	41,124,619	39,862,397
Improvements other than buildings	1,576,304	1,056,573
Equipment and vehicles	11,143,508	10,966,097
Construction in progress	843,434	864,040
Infrastructure	74,988,293	74,896,422
Total	133,523,907	131,493,278
Accumulated Depreciation	-78,603,271	-75,633,732
Total Capital Assets	\$ 54,920,636	\$ 55,859,546

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, 2021		
Long-term Liabilities Payable as of 2020		\$33,587,069
Reductions to Long-term liabilities		-\$5,457,838
Increases to Long-term liabilities		\$856,748
Long-term Liabilities Payable as of 2021		\$28,985,979

Economic Factors and the Future:

New Hampshire Employment Security reports Seabrook’s unemployment rate for September 2021 at 3.6%, the State’s unemployment rate at 3.4%. The National unemployment rate is at 4.7%. These same rates for September 2020 were 8.5%, 5.5%, and 7.9% 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, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 23,103,689
Investments	1,952,894
Taxes receivables (net)	3,452,517
Account receivables (net)	1,260,608
Prepaid items	274,909
Tax dedeed property, subject to resale	20,341
Capital assets:	
Land and construction in progress	4,691,183
Other capital assets, net of depreciation	50,229,453
Total assets	84,985,594
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	4,006,607
Amounts related to other postemployment benefits	174,224
Total deferred outflows of resources	4,180,831
LIABILITIES	
Accounts payable	776,278
Accrued salaries and benefits	406,337
Accrued interest payable	132,267
Intergovernmental payable	9,857,389
Long-term liabilities:	
Due within one year	1,072,448
Due in more than one year	27,913,531
Total liabilities	40,158,250
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	695,432
Amounts related to pensions	4,344,958
Amounts related to other postemployment benefits	70,506
Total deferred inflows of resources	5,110,896
NET POSITION	
Net investment in capital assets	45,040,413
Restricted	6,048,511
Unrestricted	(7,191,645)
Total net position	\$ 43,897,279

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, 2021

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change In Net Position
General government	\$ 6,996,078	\$ 15,817	\$ -	\$ (6,980,261)
Public safety	11,347,189	1,012,084	100,392	(10,234,713)
Highways and streets	3,512,782	-	173,617	(3,339,165)
Sanitation	4,011,973	1,482,404	-	(2,529,569)
Water distribution and treatment	1,027,179	2,412,410	-	1,385,231
Health	219,432	-	-	(219,432)
Welfare	215,736	3,904	-	(211,832)
Culture and recreation	1,677,827	61,019	-	(1,616,808)
Conservation	10,805	-	-	(10,805)
Interest on long-term debt	335,342	-	-	(335,342)
Total governmental activities	<u>\$ 29,354,343</u>	<u>\$ 4,987,638</u>	<u>\$ 274,009</u>	<u>(24,092,696)</u>
General revenues:				
Taxes:				
Property				18,910,987
Other				100,876
Motor vehicle permit fees				2,134,933
Licenses and other fees				291,149
Grants and contributions not restricted to specific programs				654,210
Unrestricted investment earnings				76,976
Miscellaneous				1,504,862
Total general revenues				<u>23,673,993</u>
Change in net position				(418,703)
Net position, beginning, as restated (see Note 20)				44,315,982
Net position, ending				<u>\$ 43,897,279</u>

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

EXHIBIT C-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2021

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 16,396,169	\$ 4,469,685	\$ 20,865,854
Investments	5,252	18,785	24,037
Receivables, net of allowance for uncollectible:			
Taxes	3,472,517	-	3,472,517
Accounts	893,691	366,917	1,260,608
Interfund receivable	539,028	-	539,028
Prepaid items	265,431	9,478	274,909
Tax deeded property, subject to resale	20,341	-	20,341
Restricted assets:			
Cash and cash equivalents	2,237,835	-	2,237,835
Investments	1,928,857	-	1,928,857
Total assets	<u>\$ 25,759,121</u>	<u>\$ 4,864,865</u>	<u>\$ 30,623,986</u>
LIABILITIES			
Accounts payable	\$ 755,064	\$ 21,214	\$ 776,278
Accrued salaries and benefits	400,381	5,956	406,337
Intergovernmental payable	9,857,389	-	9,857,389
Interfund payable	-	539,028	539,028
Total liabilities	<u>11,012,834</u>	<u>566,198</u>	<u>11,579,032</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	682,587	464,695	1,147,282
FUND BALANCES			
Nonspendable	285,772	25,725	311,497
Restricted	3,639,198	2,350,911	5,990,109
Committed	5,825,270	1,457,336	7,282,606
Assigned	134,000	-	134,000
Unassigned	4,179,460	-	4,179,460
Total fund balances	<u>14,063,700</u>	<u>3,833,972</u>	<u>17,897,672</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,759,121</u>	<u>\$ 4,864,865</u>	<u>\$ 30,623,986</u>

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

EXHIBIT C-2
TOWN OF SEABROOK, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)	\$	17,897,672
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$	133,523,907
Less accumulated depreciation		<u>(78,603,271)</u>
		54,920,636
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the post-retirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$	4,006,607
Deferred inflows of resources related to pensions		(4,344,958)
Deferred outflows of resources related to OPEB		174,224
Deferred inflows of resources related to OPEB		<u>(70,506)</u>
		(234,633)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$	(539,028)
Payables		<u>539,028</u>
		-
Property taxes not collected within 60 days of fiscal year-end are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.		
Deferred property taxes	\$	451,850
Allowance for uncollectible taxes		<u>(20,000)</u>
		431,850
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(132,267)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$	8,982,713
Unamortized bond premium		403,186
Capital leases		494,324
Compensated absences		2,036,028
Net pension liability		14,368,357
Other postemployment benefits		<u>2,701,371</u>
		<u>(28,985,979)</u>
Net position of governmental activities (Exhibit A)	\$	<u><u>43,897,279</u></u>

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, 2021

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 18,900,040	\$ -	\$ 18,900,040
Licenses and permits	2,426,082	63,760	2,489,842
Intergovernmental receivable	1,024,944	-	1,024,944
Charges for services	3,935,520	1,052,118	4,987,638
Miscellaneous	1,339,965	81,388	1,421,353
Total revenues	<u>27,626,551</u>	<u>1,197,266</u>	<u>28,823,817</u>
EXPENDITURES			
Current:			
General government	6,944,076	-	6,944,076
Public safety	10,044,060	1,515,377	11,559,437
Highways and streets	1,416,251	-	1,416,251
Water distribution and treatment	1,990,539	-	1,990,539
Sanitation	3,415,284	65,992	3,481,276
Health	218,295	-	218,295
Welfare	212,907	-	212,907
Culture and recreation	1,547,748	34,391	1,582,139
Conservation	3,207	-	3,207
Debt service:			
Principal	472,598	-	472,598
Interest	344,813	-	344,813
Capital outlay	830,065	414,342	1,244,407
Total expenditures	<u>27,439,843</u>	<u>2,030,102</u>	<u>29,469,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>186,708</u>	<u>(832,836)</u>	<u>(646,128)</u>
OTHER FINANCING SOURCES			
Transfers in	80,000	-	80,000
Transfers out	-	(80,000)	(80,000)
Bond proceeds	-	685,307	685,307
Capital lease	33,850	-	33,850
Total other financing sources	<u>113,850</u>	<u>605,307</u>	<u>719,157</u>
Net change in fund balances	300,558	(227,529)	73,029
Fund balances, beginning	13,763,142	4,061,501	17,824,643
Fund balances, ending	<u>\$ 14,063,700</u>	<u>\$ 3,833,972</u>	<u>\$ 17,897,672</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, 2021

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 73,029
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	\$ 2,082,564	
Disposal of capital assets	(7,438)	
Depreciation expense	<u>(3,014,036)</u>	(938,910)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (80,000)	
Transfers out	<u>80,000</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		111,823
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.		
Proceeds of note	\$ (601,500)	
Inception of capital leases	(33,850)	
Bond premium on new issuance	(83,807)	
Repayment of bond principal	472,598	
Repayment of capital leases	149,088	
Amortization of bond premium	<u>17,345</u>	(80,126)
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	\$ (7,874)	
Increase in compensated absences	(137,591)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	508,684	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>52,262</u>	415,481
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ (418,703)</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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 19,038,646	\$ 19,038,646	\$ 19,011,863	\$ (26,783)
Licenses and permits	2,132,685	2,132,685	2,426,082	293,397
Intergovernmental receivable	1,372,871	1,425,971	1,024,944	(401,027)
Charges for services	67,470	67,470	93,982	26,512
Miscellaneous	634,037	634,037	1,217,343	583,306
Total revenues	<u>23,245,709</u>	<u>23,298,809</u>	<u>23,774,214</u>	<u>475,405</u>
EXPENDITURES				
Current:				
General government	4,062,969	7,262,614	6,967,275	295,339
Public safety	11,787,495	9,663,786	10,078,439	(414,653)
Highways and streets	1,811,718	1,440,996	1,420,661	20,335
Water distribution and treatment	135,000	135,000	127,800	7,200
Sanitation	1,693,796	1,356,457	1,490,488	(134,031)
Health	286,571	233,177	218,579	14,598
Welfare	315,219	267,615	212,907	54,708
Culture and recreation	1,817,534	1,603,757	1,577,397	26,360
Conservation	3,618	3,618	4,953	(1,335)
Debt service:				
Principal	472,598	472,598	472,598	-
Interest	348,521	348,521	344,813	3,708
Capital outlay	4,108,000	4,108,000	830,065	3,277,935
Total expenditures	<u>26,843,039</u>	<u>26,896,139</u>	<u>23,745,975</u>	<u>3,150,164</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,597,330)</u>	<u>(3,597,330)</u>	<u>28,239</u>	<u>3,625,569</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	280,400	280,400	318,366	37,966
Transfers out	(683,070)	(683,070)	(636,689)	46,381
Total other financing sources (uses)	<u>(402,670)</u>	<u>(402,670)</u>	<u>(318,323)</u>	<u>84,347</u>
Net change in fund balances	<u>\$ (4,000,000)</u>	<u>\$ (4,000,000)</u>	<u>(290,084)</u>	<u>\$ 3,709,916</u>
Increase in nonspendable fund balance			(189,836)	
Increase in restricted fund balance			(8,229)	
Increase in committed fund balance			(3,027,901)	
Unassigned fund balance, beginning			8,127,360	
Unassigned fund balance, ending			<u>\$ 4,611,310</u>	

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

EXHIBIT E-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2021

	Private Purpose Trust Funds	All Custodial Funds	Total
ASSETS			
Cash and cash equivalents	\$ 35,415	\$ 1,191,460	\$ 1,226,875
Investments	1,516,806	500,848	2,017,654
Accounts receivable	88,818	-	88,818
Intergovernmental receivable	-	9,505,935	9,505,935
Total assets	<u>1,641,039</u>	<u>11,198,243</u>	<u>12,839,282</u>
LIABILITIES			
Due to school district	-	9,505,935	9,505,935
NET POSITION			
Restricted	<u>\$1,641,039</u>	<u>\$ 1,692,308</u>	<u>\$ 3,333,347</u>

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

EXHIBIT E-2
TOWN OF SEABROOK, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2021

	Private Purpose Trust Funds	All Custodial Funds	Total
ADDITIONS			
Contributions	\$ 98,053	\$ 17,072	\$ 115,125
Investment earnings	31,311	6,976	38,287
Change in fair market value	67,242	-	67,242
Tax collections for other governments	-	23,350,211	23,350,211
State fees collected	-	715,774	715,774
Total additions	<u>196,606</u>	<u>24,090,033</u>	<u>24,286,639</u>
DEDUCTIONS			
Scholarships	63,110	-	63,110
Payments of taxes to other governments	-	23,350,211	23,350,211
Payments for escrow purposes	-	20,096	20,096
Payments of State fees	-	715,774	715,774
Total deductions	<u>63,110</u>	<u>24,086,081</u>	<u>24,149,191</u>
Change in net position	133,496	3,952	137,448
Net position, beginning, as restated (see Note 20)	<u>1,507,543</u>	<u>1,688,356</u>	<u>3,195,899</u>
Net position, ending	<u>\$1,641,039</u>	<u>\$ 1,692,308</u>	<u>\$ 3,333,347</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, 2021

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TOWN OF SEABROOK, NEW HAMPSHIRE
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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, 2021

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.

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 three-member Board of Selectmen and Town Manager. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B 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.

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.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

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, escrow, 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 Funds – 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 twelve 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 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, bond covenants and/or they are earmarked for a specific purpose such as developer’s cash deposits.

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,

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

- 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.

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The nonspendable fund balance at the governmental fund level is equal to the amount of prepaid items at year-end to indicate that portion of the governmental fund balance that is nonspendable.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

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:

	<u>Years</u>
Capital Asset Classes:	
Land improvements	20-50
Buildings and building 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 13, 2021 and November 30, 2021, and due on July 1, 2021 and January 5, 2022. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2020 on May 7, 2021.

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, Seabrook Beach Village District, and Rockingham County, which are remitted to these entities as required by law.

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The Town net assessed valuation as of April 1, 2021 utilized in the setting of the tax rate was as follows:

Total assessment valuation with utilities	\$ 3,275,418.100
Total assessment valuation without utilities	\$ 2,103,642.050

The tax rates and amounts assessed for the year ended December 31, 2021 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.01	\$19,699,567
School portion:		
State of New Hampshire	\$1.64	3,456,679
Local	\$5.33	17,449,256
County portion	\$0.75	2,444,276
Total	<u>\$13.73</u>	<u>\$43,049,778</u>

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, 2021.

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/expenditure) 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.

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

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the Town utilizes the following classifications to categorize the financial transactions:

Direct Placements – financial transactions for the sale of bonds where the Town engages with a single buyer or limited number of buyers without a public offering.

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I-N Compensated Absences

General leave for the Town includes vacation, and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the Town's personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

I-O 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.

I-P 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.

I-Q 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, notes, 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 and Town Manager through the budgetary process.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

The Town's fund balance policy indicates that the Town will strive to maintain a level of fund balance between 5% and 17% of total annual budget plus school and county appropriations.

1-R 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, taxes and ambulance receivables, and the useful lives and impairment of tangible and intangible capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, 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.

1-S Material Change in Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the ambulance and town pier & water tank projects funds did not qualify as major funds for the current fiscal year. As such it was reclassified to the nonmajor governmental funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, \$4,000,000 of the beginning general fund unassigned fund balance was applied for this purpose.

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 the 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)	\$ 24,092,580
Adjustments:	
Basis differences:	
Inception of capital leases	33,850
GASB Statement No. 54:	
To record income of the blended funds	3,964,160
To eliminate transfers between blended expendable trust and general funds	(238,366)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	<u>(111,823)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 27,740,401</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 24,382,664
Adjustments:	
Basis differences:	
Inception of capital leases	33,850
Encumbrances, beginning	-
Encumbrances, ending	(134,000)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	3,794,018
To eliminate transfers between general and blended expendable trust funds	<u>(875,055)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 27,439,843</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2021, the reported amount of the Town’s deposits was \$24,330,564 and the bank balance was \$24,508,365. Of the bank balance \$743,554 was covered by federal depository insurance or by collateral held by the pledging bank or pledging bank’s trust department in the Town’s name. As of August 1, 2021 the State of NH RSA 41:29 was amended, which made changes to the collateral requirements for out of state banks. The Town has significant balances in an out of state bank totaling \$1,103,993 which no longer meet the requirements of RSA 41:29.

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Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 23,103,689
Cash per Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit E-1)	1,226,875
Total cash and cash equivalents	<u>\$ 24,330,564</u>

Custodial Credit Risk – The Town’s repurchase agreements are all with banking institutions; therefore, are subject to custodial credit risk. The custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be recovered.

Interest Rate Risk – The term repurchase agreements are also subject to interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of the Town’s investments.

NOTE 4 – RESTRICTED ASSETS

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

Cash and cash equivalents:	
General fund:	
Library	\$ 582,627
Expendable trust funds	95,412
Escrow accounts	1,559,796
Total restricted cash and cash equivalents	<u>2,237,835</u>
Investments:	
General fund:	
Expendable trust funds	1,928,857
Total restricted assets	<u>\$ 4,166,692</u>

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. Since 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.

The Town has the following recurring fair value measurements and maturities as of December 31, 2021:

	Valuation Measurement Method	Reported Balance
Investments type:		
Equity exchange traded funds	Level 1	\$ 475,416
Equity mutual funds	Level 1	543,700
Fixed income mutual funds	Level 1	2,946,180
Total fair value		<u>3,965,296</u>
Investments carried at amortized cost:		
New Hampshire Public Deposit Investment Pool		5,252
Total investments		<u>\$ 3,970,548</u>

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

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Custodial Credit Risk – This is the risk that in the 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 custodial credit risk policies for investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$1,952,894
Investments per Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit E-1)	2,017,654
Total investments	<u>\$3,970,548</u>

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2021. The amount has been reduced by an allowance for an estimated uncollectible amount of \$20,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2021	\$3,102,878	\$3,102,878
Unredeemed (under tax lien):		
Levy of 2020	188,767	188,767
Levy of 2019	109,626	109,626
Levies of 2018 and prior	71,246	71,246
Less: allowance for estimated uncollectible taxes	(20,000) *	-
Net taxes receivable	<u>\$3,452,517</u>	<u>\$3,472,517</u>

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

NOTE 7 – OTHER RECEIVABLES

Receivables at December 31, 2021, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2021 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	Governmental Funds		Fiduciary Funds
		General Fund	Nonmajor Funds	
Receivables:				
Accounts	\$ 1,910,834	\$ 893,691	\$ 1,017,143	\$ -
Intergovernmental	-	-	-	9,505,935 ¹
Gross receivables	1,910,834	893,691	1,017,143	9,505,935
Less: allowance for uncollectibles	(650,226)	-	(650,226)	-
Net total receivables	<u>\$ 1,260,608</u>	<u>\$ 893,691</u>	<u>\$ 366,917</u>	<u>\$ 9,505,935</u>

1. Fiduciary Funds – Intergovernmental receivables represent property taxes collected on behalf of the Winnacunnet Cooperative and Seabrook School Districts. These amounts are collected and are part of the Town's general fund cash at year-end. The general fund reports an offsetting intergovernmental payable for this amount at year-end, see Note 11.

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NOTE 8 – PREPAID ITEMS

Prepaid items at December 31, 2021 consisted of the following:

	Governmental		
	Activities	General	Nonmajor
Health insurance	\$ 255,331	\$ 245,853	\$ 9,478
Gas and diesel	13,297	13,297	-
Miscellaneous	6,281	6,281	-
Total	<u>\$ 274,909</u>	<u>\$ 265,431</u>	<u>\$ 9,478</u>

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 3,847,749	\$ -	\$ -	\$ 3,847,749
Construction in progress	864,040	741,145	(761,751)	843,434
Total capital assets not being depreciated	<u>4,711,789</u>	<u>741,145</u>	<u>(761,751)</u>	<u>4,691,183</u>
Being depreciated:				
Land improvements	1,056,573	519,731	-	1,576,304
Buildings and building improvements	39,862,397	1,262,222	-	41,124,619
Equipment and vehicles	10,966,097	229,346	(51,935)	11,143,508
Infrastructure	74,896,422	91,871	-	74,988,293
Total capital assets being depreciated	<u>126,781,489</u>	<u>2,103,170</u>	<u>(51,935)</u>	<u>128,832,724</u>
Total all capital assets	<u>131,493,278</u>	<u>2,844,315</u>	<u>(813,686)</u>	<u>133,523,907</u>
Less accumulated depreciation:				
Land improvements	(791,623)	(29,683)	-	(821,306)
Buildings and building improvements	(21,403,023)	(850,349)	-	(22,253,372)
Equipment and vehicles	(8,070,343)	(626,988)	44,497	(8,652,834)
Infrastructure	(45,368,743)	(1,507,016)	-	(46,875,759)
Total accumulated depreciation	<u>(75,633,732)</u>	<u>(3,014,036)</u>	<u>44,497</u>	<u>(78,603,271)</u>
Net book value, capital assets being depreciated	<u>51,147,757</u>	<u>(910,866)</u>	<u>(7,438)</u>	<u>50,229,453</u>
Net book value, all governmental activities capital assets	<u>\$ 55,859,546</u>	<u>\$ (169,721)</u>	<u>\$ (769,189)</u>	<u>\$ 54,920,636</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	\$ 68,591
Public safety	366,553
Highways and streets	1,609,627
Sanitation	565,805
Water treatment	285,503
Culture and recreation	110,359
Conservation	7,598
Total depreciation expense	<u>\$ 3,014,036</u>

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NOTE 10 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 539,028

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, 2021 is as follows:

Transfers In:	
General Fund	
Transfers out:	
Nonmajor fund	\$ 80,000

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 11 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2021 consist of the following:

	Governmental Activities	General Fund	Fidciary Funds
Property taxes due to the Winnacunnet Cooperative School District	\$ 6,316,814 ²	\$ 6,316,814 ²	\$ 6,316,814 ²
Property taxes due to the Seabrook School District	3,189,121 ²	3,189,121 ²	3,189,121 ²
Fees due to the State of New Hampshire	351,454	351,454	-
Total intergovernmental payables due	\$ 9,857,389	\$ 9,857,389	\$ 9,505,935

2. Property taxes due to the custodial funds represent amounts collected by the Town on behalf of Seabrook and Winnacunnet Cooperative School Districts and are reported as a component of general fund cash at year-end.

NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2021 consist of amounts related to pensions totaling \$4,006,607 and amounts related to OPEB totaling \$174,224. For further discussion on these amounts, see Note 15 and 16, respectively.

Deferred inflows of resources are as follows:

	Exhibit A	Exhibit C-1
Property taxes levied prior to their due date	\$ -	\$ 451,850
Property taxes collected in advance	49,315	49,315
Sewer & Water Overpayments	7,117	7,117
Deferred state aid	174,305	174,305
Unspent American Rescue Plan Act (ARPA) grant funds (also see Note 23)	464,695	464,695
Amounts related to pensions (see Note 15)	4,344,958	-
Amounts related to other postemployment benefits (see Note 16)	70,506	-
Total governmental activities	\$5,110,896	\$ 1,147,282

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NOTE 13 – CAPITAL LEASE OBLIGATIONS

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2021
Capital lease obligations:		
2018 Ford F150	2.40%	\$ 14,872
2018 Tahoe	2.40%	18,310
2018 Ford F250	2.40%	18,843
2019 Wheel Loader	2.98%	129,922
2020 Chevy Silverado	2.01%	32,680
2021 Chevy Silverado	2.00%	39,090
2021 Ford F150	2.28%	29,944
Sewer Vehicles	2.40%	38,597
Rubbish Truck	1.25%	172,066
Total capital lease obligations		<u>\$ 494,324</u>

The annual requirements to amortize the capital leases payable as of December 31, 2021, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2022	\$ 149,024
2023	149,024
2024	100,965
2025	70,668
2026	31,053
2027	31,053
Total requirements	531,787
Less: interest	(37,463)
Present value of remaining payments	<u>\$ 494,324</u>

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

NOTE 14 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2021:

	Balance January 1, 2021 (as restated)	Additions	Reductions	Balance December 31, 2021	Due Within One Year	Due In More Than One Year
Bonds payable:						
Direct placements	\$ 8,853,811	\$ 601,500	\$ (472,598)	\$ 8,982,713	\$ 516,518	\$ 8,466,195
Premium	336,724	83,807	(17,345)	403,186	21,624	381,562
Total bonds payable	<u>9,190,535</u>	<u>685,307</u>	<u>(489,943)</u>	<u>9,385,899</u>	<u>538,142</u>	<u>8,847,757</u>
Capital leases	609,562	33,850	(149,088)	494,324	133,296	361,028
Compensated absences	1,898,437	137,591	-	2,036,028	401,010	1,635,018
Net pension liability	19,126,383	-	(4,758,026)	14,368,357	-	14,368,357
Net other postemployment benefits	2,762,152	-	(60,781)	2,701,371	-	2,701,371
Total long-term liabilities	<u>\$ 33,587,069</u>	<u>\$ 856,748</u>	<u>\$ (5,457,838)</u>	<u>\$ 28,985,979</u>	<u>\$ 1,072,448</u>	<u>\$ 27,913,531</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, 2021	Current Portion
Bonds payable						
Direct placements:						
Water treatment facility	\$ 5,997,345	2008	2037	1.00-5.25%	\$ 3,610,000	\$ 155,000
Drinking water state revolving loan	\$ 5,000,000	2011	2031	2.86%	1,481,213	130,018
Water treatment facility	\$ 971,000	2012	2032	2.75-4.00%	520,000	50,000
Town pier and water tank	\$ 2,921,200	2020	2040	2.15%	2,770,000	150,000
Radio equipment	\$ 601,500	2021	2041	1.59%	601,500	31,500
Total direct placements					<u>8,982,713</u>	<u>516,518</u>
Bond premium					403,186	21,624
Total governmental activities					<u>\$ 9,385,899</u>	<u>\$ 538,142</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2021, including interest payments, are as follows:

Fiscal Year Ending December 31,	Bonds Payable - Direct Placement		
	Principal	Interest	Total
2022	\$ 516,518	\$ 306,181	\$ 822,699
2023	523,742	286,707	810,449
2024	537,573	267,027	804,600
2025	546,513	246,834	793,347
2026	560,565	226,583	787,148
2027-2031	2,992,802	806,742	3,799,544
2032-2036	2,265,000	293,553	2,558,553
2037-2041	1,040,000	46,635	1,086,635
Totals	<u>\$ 8,982,713</u>	<u>\$ 2,480,262</u>	<u>\$ 11,462,975</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, 2021 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 2017	Asset management plan for Town water and sewer	<u>\$ 60,000</u>

NOTE 15 – 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 – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). 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.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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 the period of January 1, 2021 to June 30, 2021, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. For the period of July 1, 2021 to December 31, 2021 the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2021 was \$1,838,616, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2021 the Town reported a liability of \$14,368,357 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Town’s proportion was 0.32% which was an increase of 0.02% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$1,330,460. At December 31, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 1,052,579	\$ 176,031
Changes in assumptions	1,500,694	-
Net difference between projected and actual investment earnings on pension plan investments	-	4,018,500
Differences between expected and actual experience	402,335	150,427
Contributions subsequent to the measurement date	1,050,999	-
Total	<u>\$ 4,006,607</u>	<u>\$ 4,344,958</u>

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The \$1,050,999 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, 2022. 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,	
2022	\$ (148,250)
2023	(59,695)
2024	(110,003)
2025	(1,071,402)
Thereafter	-
Totals	<u>\$ (1,389,350)</u>

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

Inflation:	2.0%
Salary increases:	5.6% average, including inflation
Wage inflation:	2.75% (2.25% for Teachers)
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	<u>20.00%</u>	
Core US Fixed Income	25.00%	3.60%
Total fixed income	<u>25.00%</u>	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	6.60%
Total	<u>100.00%</u>	

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Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	\$ 20,548,395	\$ 14,368,357	\$ 9,213,197

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 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

16-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 2021 Annual Comprehensive 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 2021 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 the period of January 1, 2021 to June 30, 2021, the Town contributed 3.66% for police and fire, and 0.29% for other employees. For the period of July 1, 2021 to December 31, 2021, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2021 was \$223,997 which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2021, the Town reported a liability of \$1,771,247 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the Town’s proportion was 0.44% which was an increase of 0.03% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized OPEB expense of \$210,342. At December 31, 2021, 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	\$ 1,244	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	22,126
Differences between expected and actual experience	-	370
Contributions subsequent to the measurement date	111,530	-
Total	\$ 112,774	\$ 22,496

The \$111,530 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, 2022. 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,	
2022	\$ (4,186)
2023	(4,649)
2024	(5,211)
2025	(7,206)
Thereafter	-
Totals	\$ (21,252)

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

Inflation:	2.0%
Salary increases:	5.6 % average, including inflation
Wage inflation:	2.75% (2.25% for Teachers)
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation for determining solvency contributions

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Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 - June 30, 2019.

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 2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total fixed income	25.00%	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2021 was 6.75%. 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 6.75% 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	\$ 1,925,485	\$ 1,771,247	\$ 1,637,051

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.

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.

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16-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 and prescription drug benefits for certain eligible retirees based on their bargaining unit, age, and number of years of service completed.

Employees Covered by Benefit Terms – At January 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Active employees	118
Total participants covered by OPEB plan	147

Total OPEB Liability – The Town’s total OPEB liability of \$930,124 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$930,124 in the January 1, 2020 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:	2.05%
Healthcare Cost Trend Rates:	
Current Year Trend	6.75%
Second Year Trend	6.50%
Decrement	0.25%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2032

The 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 as of December 31, 2020.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount – Weighted Mortality tables using Employee and Health Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

Changes in the Total OPEB Liability

	December 31,	
	2020	2021
OPEB liability beginning of year	\$ 1,067,501	\$ 974,849
Changes for the year:		
Service cost	19,610	20,087
Interest	20,829	19,148
Assumption changes and difference between actual and expected experience	(60,360)	(2,314)
Benefit payments	(72,731)	(81,646)
OPEB liability end of year	\$ 974,849	\$ 930,124

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Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The January 1, 2020 actuarial valuation was prepared using a discount rate of 2.05%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$861,977. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$1,005,853.

	Discount Rate		
	1% Decrease	Baseline 2.05%	1% Increase
Total OPEB Liability	<u>\$ 1,005,853</u>	<u>\$ 930,124</u>	<u>\$ 861,977</u>

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The January 1, 2020 actuarial valuation was prepared using an initial trend rate of 6.75%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$1,043,897. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$834,038.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline	1% Increase
	6.00% Year 1	7.00% Year 1	8.00% Year 1
	Decreasing	Decreasing	Decreasing
	to 3.50%	to 4.50%	to 5.50%
Total OPEB Liability	<u>\$ 834,038</u>	<u>\$ 930,124</u>	<u>\$ 1,043,897</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2021, the Town recognized OPEB expense of \$44,725. At December 31, 2021, 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 assumptions	<u>\$ 61,450</u>	<u>\$ 48,010</u>

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,	
2022	\$ 3,930
2023	3,930
2024	3,930
2025	3,930
2026	3,930
Thereafter	<u>(6,210)</u>
Totals	<u>\$ 13,440</u>

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NOTE 17 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2021 and are as follows:

General fund:	
General government	\$ 23,199
Public safety	34,379
Highways and streets	38,260
Sanitation	36,091
Health	284
Culture and recreation	41
Conservation	1,746
Total encumbrances	<u>\$ 134,000</u>

NOTE 18 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Net position reported on the governmental activities and fiduciary funds Statements of Net Position at December 31, 2021 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 54,920,636	\$ -
Less:		
General obligation bonds payable	(8,982,713)	-
Unamortized bond premiums	(403,186)	-
Capital leases payable	(494,324)	-
Total net investment in capital assets	<u>45,040,413</u>	<u>-</u>
Restricted net position:		
Perpetual care - nonexpendable	16,247	-
Perpetual care - expendable	2,675	-
Road improvements	1,560,242	-
Donations	49,999	-
Security bonds	10,000	-
Drug forfeiture	8,023	-
Library	576,407	-
Capital projects	1,965,927	-
D'Alessandro trust	108,323	-
Water	1,457,302	-
Sewer	19,380	-
Communications	273,986	-
School trust funds	-	525,623
Escrow accounts	-	1,166,685
Individuals, organizations, and other governments	-	1,641,039
Total restricted net position	<u>6,048,511</u>	<u>3,333,347</u>
Unrestricted	<u>(7,191,645)</u>	<u>-</u>
Total net position	<u>\$ 43,897,279</u>	<u>\$ 3,333,347</u>

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NOTE 19 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 265,431	\$ 9,478	\$ 274,909
Tax deeded property	20,341	-	20,341
Permanent fund - principal balance	-	16,247	16,247
Total nonspendable fund balance	<u>285,772</u>	<u>25,725</u>	<u>311,497</u>
Restricted:			
Road improvements	1,560,242	-	1,560,242
Library	576,407	-	576,407
Donations	49,999	-	49,999
Security bonds	10,000	-	10,000
Drug forfeiture	8,023	-	8,023
Water	1,434,527	-	1,434,527
Unspent bond proceeds	-	1,965,927	1,965,927
D'Alessandro trust	-	108,323	108,323
Communications	-	273,986	273,986
Permanent - income balance	-	2,675	2,675
Total restricted fund balance	<u>3,639,198</u>	<u>2,350,911</u>	<u>5,990,109</u>
Committed:			
Expendable trust	1,566,782	-	1,566,782
Nonlapsing appropriations	4,258,488	-	4,258,488
Conservation	-	207,806	207,806
Ambulance	-	490,840	490,840
Transportation	-	55,064	55,064
Recreation	-	41,366	41,366
Police detail	-	492,348	492,348
Recycling	-	169,912	169,912
Total committed fund balance	<u>5,825,270</u>	<u>1,457,336</u>	<u>7,282,606</u>
Assigned:			
Encumbrances	134,000	-	134,000
Unassigned			
	<u>4,179,460</u>	<u>-</u>	<u>4,179,460</u>
Total governmental fund balances	<u>\$ 14,063,700</u>	<u>\$ 3,833,972</u>	<u>\$ 17,897,672</u>

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

Net position at January 1, 2021 was restated to give retroactive effect to the following prior period adjustments:

	Governmental Activities	Fiduciary Funds
To restate for incorrectly recorded balances in the private purpose trusts	\$ -	\$ (115,000)
To record capital leases not previously included	(587,440)	-
To adjust for compensated absences incorrectly calculated	(547,935)	-
To record bond premium not previously recorded	(1,424)	-
Net position as previously reported	45,452,781	1,622,543
Net position as restated	<u>\$ 44,315,982</u>	<u>\$ 1,507,543</u>

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 21 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2021, 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, 2021 to December 31, 2021 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 2021 the Town paid \$245,523 and \$421,352 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 22 – CONTINGENCIES

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 Town'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 Town anticipates such amounts, if any, will be immaterial.

The Town is a defendant in various claims and suits. Although the outcome of these claims and suits is not presently determinable, in the opinion of the Town's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town of Seabrook.

NOTE 23 – COVID-19

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Town was allotted a total of \$925,666 in federal funding from the American Rescue Plan Act (ARPA) in 2021. A total of \$462,863 or 50% of the funding was received in 2021. The remainder is expected to be received in 2022. Eligible uses of these funds include pandemic response or its negative impacts, workforce/personnel, including payroll and hazard/premium pay, provision of government services to the extent of reduced revenue and necessary water, sewer, and broadband investment. For the year ended December 31, 2021 the Town spent none of the funds received. The remaining funds are included in deferred inflows of resources until eligible expenditures have been made.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 24 – 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.

The Town had no such abatements for 2021.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

NOTE 25 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through October 25, 2022, the date the December 31, 2021 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of 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, 2021
Unaudited

Fiscal year-end	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Town's:									
Proportion of the net pension liability	0.27%	0.28%	0.27%	0.30%	0.31%	0.31%	0.30%	0.30%	0.32%
Proportionate share of the net pension liability	\$11,520,032	\$10,620,503	\$10,666,965	\$15,974,182	\$15,113,057	\$14,745,597	\$14,580,482	\$19,126,383	\$14,368,357
Covered pay roll	\$4,033,905	\$3,871,031	\$3,833,602	\$4,301,631	\$4,185,317	\$4,387,923	\$5,024,735	\$5,078,953	\$5,803,969
Proportionate share of the net pension liability as a percentage of its covered pay roll	285.58%	274.36%	278.25%	371.35%	361.10%	336.05%	290.17%	376.58%	247.56%
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%	58.72%	72.22%

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, 2021
Unaudited

Fiscal year-end	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contributions	\$ 665,576	\$ 917,932	\$ 903,349	\$ 1,075,678	\$ 1,125,778	\$ 1,294,305	\$ 1,318,706	\$ 1,328,415	\$ 1,838,616
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)	(1,328,415)	(1,838,616)
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	\$ 5,078,953	\$ 6,547,325
Contributions as a percentage of covered payroll	16.50%	23.71%	23.56%	25.01%	26.90%	29.50%	26.24%	26.16%	28.08%

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

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

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

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, 2021. 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.

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, 2021

Unaudited

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Town's proportion of the net OPEB liability	0.30%	0.30%	0.45%	0.45%	0.41%	0.44%
Town's proportionate share of the net OPEB liability (asset)	\$ 1,436,916	\$ 1,392,675	\$ 2,069,659	\$ 1,954,109	\$ 1,787,303	\$ 1,771,247
Town's covered payroll	\$ 4,301,631	\$ 4,185,317	\$ 4,387,923	\$ 5,024,735	\$ 5,078,953	\$ 5,803,969
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	33.40%	33.28%	47.17%	38.89%	35.19%	30.52%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

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, 2021
Unaudited

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 172,470	\$ 180,529	\$ 199,952	\$ 203,411	\$ 189,536	\$ 223,997
Contributions in relation to the contractually required contribution	(172,470)	(180,529)	(199,952)	(203,411)	(189,536)	(223,997)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 4,301,631	\$ 4,185,317	\$ 4,387,923	\$ 5,024,735	\$ 5,078,953	\$ 6,547,325
Contributions as a percentage of covered payroll	4.01%	4.31%	4.56%	4.05%	3.73%	3.42%

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, 2021
Unaudited

	December 31.			
	2018	2019	2020	2021
OPEB liability, beginning of year	\$ 987,896	\$ 983,052	\$ 1,067,501	\$ 974,849
Changes for the year:				
Service cost	14,423	16,273	19,610	20,087
Interest	36,481	30,443	20,829	19,148
Assumption changes and difference between actual and expected experience	-	95,650	(60,360)	(2,314)
Benefit payments	(55,748)	(57,917)	(72,731)	(81,646)
OPEB liability, end of year	<u>\$ 983,052</u>	<u>\$ 1,067,501</u>	<u>\$ 974,849</u>	<u>\$ 930,124</u>
Covered payroll	<u>\$ 7,475,688</u>	<u>\$ 7,475,688</u>	<u>\$ 7,672,841</u>	<u>\$ 7,672,841</u>
Total OPEB liability as a percentage of covered payroll	13.15%	14.28%	12.71%	12.12%

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, 2021

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

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

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, 2021. 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.

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

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

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, 2021. 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, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 18,948,046	\$ 18,910,987	\$ (37,059)
Excavation	600	612	12
Interest and penalties on taxes	90,000	100,264	10,264
Total from taxes	<u>19,038,646</u>	<u>19,011,863</u>	<u>(26,783)</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	33,125	49,240	16,115
Motor vehicle permit fees	1,900,000	2,134,933	234,933
Building permits	85,300	96,707	11,407
Other	114,260	145,202	30,942
Total from licenses, permits, and fees	<u>2,132,685</u>	<u>2,426,082</u>	<u>293,397</u>
Intergovernmental:			
State:			
Meals and rooms distribution	654,210	654,210	-
Highway block grant	173,661	173,617	(44)
From other governments	53,100	53,100	-
USDA rural development	495,000	-	(495,000)
Federal:			
FEMA	-	94,017	94,017
Other governments:			
Seabrook Elementary School - School Resource Officer	50,000	50,000	-
Total from intergovernmental	<u>1,425,971</u>	<u>1,024,944</u>	<u>(401,027)</u>
Charges for services:			
Income from departments	67,470	93,982	26,512
Miscellaneous:			
Sale of municipal property	404,437	397,600	(6,837)
Interest on investments	15,000	17,283	2,283
Other	214,600	802,460	587,860
Total from miscellaneous	<u>634,037</u>	<u>1,217,343</u>	<u>583,306</u>
Other financing sources:			
Transfers in	280,400	318,366	37,966
Total revenues and other financing sources	23,579,209	<u>\$ 24,092,580</u>	<u>\$ 513,371</u>
Unassigned fund balance used to reduce tax rate	4,000,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 27,579,209</u>		

See Independent Auditor's Report.

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, 2021

	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:				
General government:				
Executive	\$ 726,490	\$ 773,278	\$ 1,541	\$ (48,329)
Election and registration	324,121	322,867	-	1,254
Financial administration	1,110,483	1,040,200	2,512	67,771
Legal	220,000	115,813	-	104,187
Personnel administration	3,859,736	3,557,214	6,881	295,641
Planning and zoning	72,512	123,856	1,329	(52,673)
General government buildings	132,993	224,747	10,936	(102,690)
Cemeteries	147,102	122,302	-	24,800
Insurance, not otherwise allocated	669,177	663,799	-	5,378
Total general government	7,262,614	6,944,076	23,199	295,339
Public safety:				
Police	5,085,207	5,271,070	25,214	(211,077)
Fire	4,335,126	4,537,035	8,060	(209,969)
Building inspection	107,425	95,240	-	12,185
Emergency management	136,028	140,715	1,105	(5,792)
Total public safety	9,663,786	10,044,060	34,379	(414,653)
Highways and streets:				
Administration	1,330,996	1,254,403	38,260	38,333
Street lighting	110,000	127,998	-	(17,998)
Total highways and streets	1,440,996	1,382,401	38,260	20,335
Sanitation:				
Administration	25,100	28,312	1,909	(5,121)
Solid waste collection	1,331,357	1,426,085	34,182	(128,910)
Total sanitation	1,356,457	1,454,397	36,091	(134,031)
Water distribution and treatment	135,000	127,800	-	7,200
Health:				
Administration	97,497	78,323	45	19,129
Pest control	135,680	139,972	239	(4,531)
Total health	233,177	218,295	284	14,598
Welfare:				
Administration and direct assistance	75,585	73,491	-	2,094
Vendor payments and other	192,030	139,416	-	52,614
Total welfare	267,615	212,907	-	54,708
Culture and recreation:				
Parks and recreation	1,066,157	1,046,494	41	19,622
Library	499,149	499,153	-	(4)
Patriotic purposes	38,451	31,709	-	6,742
Total culture and recreation	1,603,757	1,577,356	41	26,360
Conservation	3,618	3,207	1,746	(1,335)

(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, 2021

	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:				
Principal of long-term debt	472,598	472,598	-	-
Interest on long-term debt	344,521	344,813	-	(292)
Interest on tax anticipation notes	4,000	-	-	4,000
Total debt service	<u>821,119</u>	<u>817,411</u>	<u>-</u>	<u>3,708</u>
Capital outlay	<u>4,108,000</u>	<u>830,065</u>	<u>-</u>	<u>3,277,935</u>
Other financing uses:				
Transfers out	<u>683,070</u>	<u>636,689</u>	<u>-</u>	<u>46,381</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 27,579,209</u>	<u>\$ 24,248,664</u>	<u>\$ 134,000</u>	<u>\$ 3,196,545</u>

SCHEDULE 3
TOWN OF SEABROOK, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2021

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)	\$ 8,127,360
Changes:	
Unassigned fund balance used to reduce 2021 tax rate	(4,000,000)
2021 Budget summary:	
Revenue surplus (Schedule 1)	\$ 513,371
Unexpended balance of appropriations (Schedule 2)	<u>3,196,545</u>
2021 Budget surplus	3,709,916
Increase in nonspendable fund balance	(189,836)
Increase in restricted fund balance	(8,229)
Increase in committed fund balance	<u>(3,027,901)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)	4,611,310
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	(451,850)
Elimination of the allowance for uncollectible taxes	<u>20,000</u>
Unassigned fund balance, ending GAAP basis (Exhibit C-1)	<u><u>\$ 4,179,460</u></u>

SCHEDULE 4
TOWN OF SEABROOK, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Special Revenue Funds					
	Conservation Commission	Ambulance Revolving	Transportation	Recreation Revolving	Police Outside Detail	Grants
ASSETS						
Cash and cash equivalents	\$ 207,935	\$ 487,917	\$ 55,064	\$ 86,708	\$ 454,155	\$ 589,654
Investments	-	-	-	-	-	-
Accounts receivable, net of allowance for uncollectible	-	328,724	-	-	38,193	-
Prepaid items	-	9,478	-	-	-	-
Total assets	\$ 207,935	\$ 826,119	\$ 55,064	\$ 86,708	\$ 492,348	\$ 589,654
LIABILITIES						
Accounts payable	\$ -	\$ 5,079	\$ -	\$ 14,135	\$ -	\$ -
Accrued salaries and benefits	-	5,956	-	-	-	-
Interfund payable	129	314,766	-	31,207	-	124,959
Total liabilities	129	325,801	-	45,342	-	124,959
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - grants	-	-	-	-	-	464,695
FUND BALANCES						
Nonspendable	-	9,478	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	207,806	490,840	55,064	41,366	492,348	-
Total fund balances	207,806	500,318	55,064	41,366	492,348	-
Total liabilities and fund balances	\$ 207,935	\$ 826,119	\$ 55,064	\$ 86,708	\$ 492,348	\$ 589,654

Special Revenue Funds			Capital Project Funds			Total
Recycling Revolving	D'Alessandro Trust	Town Communications	Town Pier & Water Tank Projects	Water Treatment Plant	Permanent Fund	
\$ 193,619	\$ 110,278	\$ 273,986	2,010,232	\$ -	\$ 137	\$ 4,469,685
-	-	-	-	-	18,785	18,785
-	-	-	-	-	-	366,917
-	-	-	-	-	-	9,478
<u>\$ 193,619</u>	<u>\$ 110,278</u>	<u>\$ 273,986</u>	<u>\$ 2,010,232</u>	<u>\$ -</u>	<u>\$ 18,922</u>	<u>\$ 4,864,865</u>
\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ 21,214
-	-	-	-	-	-	5,956
23,707	1,955	-	42,305	-	-	539,028
<u>23,707</u>	<u>1,955</u>	<u>-</u>	<u>44,305</u>	<u>-</u>	<u>-</u>	<u>566,198</u>
-	-	-	-	-	-	464,695
-	-	-	-	-	16,247	25,725
-	108,323	273,986	1,965,927	-	2,675	2,350,911
169,912	-	-	-	-	-	1,457,336
<u>169,912</u>	<u>108,323</u>	<u>273,986</u>	<u>1,965,927</u>	<u>-</u>	<u>18,922</u>	<u>3,833,972</u>
<u>\$ 193,619</u>	<u>\$ 110,278</u>	<u>\$ 273,986</u>	<u>\$ 2,010,232</u>	<u>\$ -</u>	<u>\$ 18,922</u>	<u>\$ 4,864,865</u>

See Independent Auditor's Report

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, 2021

	Special Revenue Funds					
	Conservation Commission	Ambulance Revolving	Transportation	Recreation Revolving	Police Outside Detail	Grants
REVENUES						
Licenses and permits	\$ -	\$ -	\$ 63,760	\$ -	\$ -	\$ -
Charges for services	-	460,267	-	19,595	535,323	-
Miscellaneous	438	111	13	-	-	-
Total revenues	<u>438</u>	<u>460,378</u>	<u>63,773</u>	<u>19,595</u>	<u>535,323</u>	<u>-</u>
EXPENDITURES						
Current:						
Public safety	-	509,656	-	-	403,865	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	34,391	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>509,656</u>	<u>-</u>	<u>34,391</u>	<u>403,865</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>438</u>	<u>(49,278)</u>	<u>63,773</u>	<u>(14,796)</u>	<u>131,458</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Transfers out	-	-	(80,000)	-	-	-
Debt proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	438	(49,278)	(16,227)	(14,796)	131,458	-
Fund balances, beginning	207,368	549,596	71,291	56,162	360,890	-
Fund balances, ending	<u>\$ 207,806</u>	<u>\$ 500,318</u>	<u>\$ 55,064</u>	<u>\$ 41,366</u>	<u>\$ 492,348</u>	<u>\$ -</u>

Special Revenue Funds			Capital Project Funds			Total
Recycling Revolving	D'Alessandro Trust	Town Communications	Town Pier & Water Tank Projects	Water Treatment Plant	Permanent Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,760
36,933	-	-	-	-	-	1,052,118
39	287	78,293	1,303	-	904	81,388
36,972	287	78,293	1,303	-	904	1,197,266
-	13,606	-	588,250	-	-	1,515,377
65,992	-	-	-	-	-	65,992
-	-	-	-	-	-	34,391
-	-	-	414,073	269	-	414,342
65,992	13,606	-	1,002,323	269	-	2,030,102
(29,020)	(13,319)	78,293	(1,001,020)	(269)	904	(832,836)
-	-	-	-	-	-	(80,000)
-	-	-	685,307	-	-	685,307
-	-	-	685,307	-	-	605,307
(29,020)	(13,319)	78,293	(315,713)	(269)	904	(227,529)
198,932	121,642	195,693	2,281,640	269	18,018	4,061,501
\$ 169,912	\$ 108,323	\$ 273,986	\$ 1,965,927	\$ -	\$ 18,922	\$ 3,833,972

See Independent Auditor's Report

SCHEDULE 6
TOWN OF SEABROOK, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2021

	Custodial Funds				Total
	Taxes	School Trust Funds	Escrows	State Fees	
ASSETS					
Cash and cash equivalents	\$ -	\$ 24,775	\$1,166,685	\$ -	\$1,191,460
Investments	-	500,848	-	-	500,848
Intergovernmental receivables	9,505,935	-	-	-	9,505,935
Total assets	<u>9,505,935</u>	<u>525,623</u>	<u>1,166,685</u>	<u>-</u>	<u>11,198,243</u>
LIABILITIES					
Due to school district	<u>9,505,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,505,935</u>
NET POSITION					
Restricted	<u>\$ -</u>	<u>\$ 525,623</u>	<u>\$1,166,685</u>	<u>\$ -</u>	<u>\$1,692,308</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, 2021

	Custodial Funds				Total
	School			State	
	Taxes	Trust Funds	Escrows	Fees	
Additions:					
Contributions	\$ -	\$ 17,072	\$ -	\$ -	\$ 17,072
Investment earnings	-	4,815	2,161	-	6,976
Tax collections for other governments	23,350,211	-	-	-	23,350,211
State fees collected	-	-	-	715,774	715,774
Total additions	<u>23,350,211</u>	<u>21,887</u>	<u>2,161</u>	<u>715,774</u>	<u>24,090,033</u>
Deductions:					
Payments of taxes to other governments:	23,350,211	-	-	-	23,350,211
Payments for escrow purposes	-	-	20,096	-	20,096
Payments of State fees	-	-	-	715,774	715,774
Total deductions	<u>23,350,211</u>	<u>-</u>	<u>20,096</u>	<u>715,774</u>	<u>24,086,081</u>
Change in net position	-	21,887	(17,935)	-	3,952
Net position, beginning	-	503,736	1,184,620	-	1,688,356
Net position, ending	<u>\$ -</u>	<u>\$ 525,623</u>	<u>\$ 1,166,685</u>	<u>\$ -</u>	<u>\$ 1,692,308</u>



PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCY

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

In planning and performing our audit of the basic financial statements of the Town of Seabrook as of and for the year ended December 31, 2021, 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Seabrook's internal control over financial reporting.

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 significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and another 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 over financial reporting, 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. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

We consider the following deficiencies in the Town of Seabrook's 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 adjustments and further reconciliation to complete the audit. Additionally, reconciliation of balance sheet accounts was not being done in a timely manner in 2021. We recommend that the Town establish more efficient review and reconciliation policies and procedures as a customary part of the accounting process.

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.

***Town of Seabrook
Independent Auditor's Communication of Material Weaknesses and Significant Deficiency***

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 the outstanding check listing for stale dated amounts and that those identified be appropriately followed up on and reissued or removed.

Capital Project Fund Account

The Town has not closed a bank account which was used for a closed capital project fund. 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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Town's internal control to be a significant deficiency:

Collateralization of Cash Balances

As of August 1, 2021 State RSA 41:29 was amended, which made changes to out of state bank requirements related to collateralized funds over the \$250,000 FDIC limit. A bank that the Town has significant balances with did not make the necessary changes as required by the State and so any Town funds over the FDIC limit at the non-state-chartered bank are no longer in accordance with the state RSA. Funds in banks over the FDIC limit of \$250,000 should be collateralized to reduce the risk of fund loss should the bank fail. We recommend that the Town research this change and work with the Treasurer to ensure that all funds are held in accordance with NH RSA 41:29.

This communication is intended solely for the information and use of management, the 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.

October 25, 2022

*Plodyk & Sanderson
Professional Association*