

**TOWN OF SEABROOK,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

TOWN OF SEABROOK, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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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, business-type activities, major governmental and proprietary funds, and aggregate remaining fund information of the Town of Seabrook as of and for the year ended December 31, 2022, 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, business-type activities, major governmental and proprietary funds, and aggregate remaining fund information of the Town of Seabrook, as of December 31, 2022, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the general 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.

Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in fiscal year 2022 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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 accompanying 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.

November 14, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

Town of Seabrook Management's Discussion and Analysis For the Fiscal Year 2022

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 \$43,895,590 (*net position*).
- The Town's change in net position was a decrease of \$328,194.
- At the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$15,046,624. Approximately 24.8% (\$3,731,958) 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 \$3,731,958, which is a decrease of 11% (\$447,502) 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 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 business type activities include water and sewer services.

The government-wide financial statements can be found on pages 13-14 of this report, the business type statements are found on page 20-22.

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 page 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 23-24 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 25.

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
- Notes to the required supplementary information

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

Government-wide Financial Statement Analysis:

The following table reflects a condensed summary of Net Position compared to the prior year. More detailed information can be found in the Notes to the Basic Financial Statements section of the annual report starting on page 25.

| Town of Seabrook | | |
|--|--|-------------------------------------|
| Net Position as of December 31, 2022 and 2021 | | |
| | Governmental and Business type Activities | |
| | 2022 | 2021 (As restated) |
| Current and other assets | \$ 32,143,226 | \$ 30,064,958 |
| Capital assets, net | 54,809,250 | 55,069,649 |
| Total assets | 86,952,476 | 85,134,607 |
| Related to OPEB | 165,902 | 174,224 |
| Related to Pensions | 5,740,951 | 4,006,607 |
| Total Deferred outflow or resources | 5,906,853 | 4,180,831 |
| Current liabilities | 11,792,892 | 11,083,453 |
| Long-term liabilities | 34,684,637 | 28,897,305 |
| Total liabilities | 46,477,529 | 39,980,758 |
| Related to OPEB | 67,154 | 70,506 |
| Related to pensions | 179,212 | 4,344,958 |
| Unavailable Revenue | 2,239,844 | 695,432 |
| Total Deferred outflow or resources | 2,486,210 | 5,110,896 |
| Net assets: | | |
| Invested in capital assets, net of related debt | 45,600,465 | 45,278,100 |
| Restricted | 7,681,564 | 6,048,511 |
| Unrestricted | (9,386,439) | (7,102,827) |
| Total net assets | \$ 43,895,590 | \$ 44,223,784 |

Net position

Net investment in Capital Assets: The largest portion of the Town's net position 103.9% reflects its net investment in capital assets.

Restricted Net Position: Only 17.5% 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 -21.4% 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 \$43,895,590 as of December 31, 2022.

The Town's capital assets, net of related debt, at the end of 2022 were \$45,600,465. Capital assets are items such as land, buildings, equipment, and infrastructure (roads and bridges). This portion of the Town's net position (103.9%) reflects its investment in capital assets, less any related debt used to acquire those assets. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

Long-term liabilities increased by \$6,382,366. This was due to the following factors: a decrease in bond debt of \$649,814, a decrease in bond premium of \$21,624; an increase in compensated absences (vested sick leave and accrued vacation leave) of \$377,636, an increase in other post-employment benefits of \$156,803; and an increase of \$6,519,365 in net pension liability.

The Town reported \$16,925 in net position restricted for perpetual care, representing the permanent trust funds. And the Town also reported \$7,664,639 which is restricted for the road improvements, donations, drug forfeiture, library, and capital project. Total restricted net position is \$7,681,564.

The balance of unrestricted net position totaling a deficit -\$9,386,439. The unrestricted net position represents negative 21.4% of the Town's total net position.

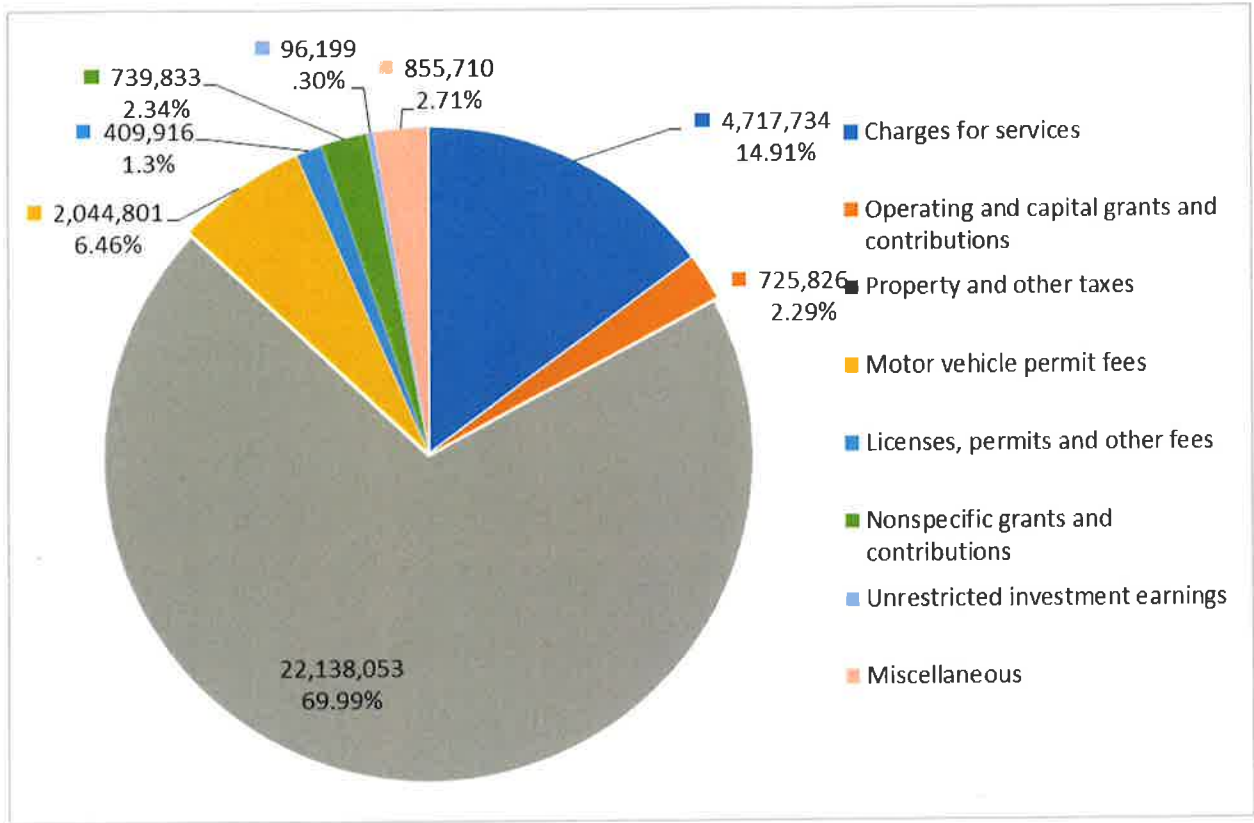
The following is a summary of the information presented in the Statement of Activities found on page 14.

| Town of Seabrook | | |
|--|--|----------------------|
| Changes in Net Position for year ended December 31, 2022 and 2021 | | |
| | Governmental and Business type Activities | |
| Revenues | 2022 | 2021 |
| Program revenues: | | (As restated) |
| Charges for services | \$ 4,717,734 | \$ 4,987,638 |
| Operating and capital grants and contributions | 628,723 | 274,009 |
| Capital grants and contributions | 97,103 | - |
| General revenues: | | |
| Property and other taxes | 22,138,053 | 19,011,863 |
| Motor vehicle permit fees | 2,044,801 | 2,134,933 |
| Licenses, permits and other fees | 409,916 | 291,149 |
| Grants and contributions not restricted to specific programs | 739,833 | 654,210 |
| Unrestricted investment earnings | 96,199 | 76,976 |
| Miscellaneous | 855,710 | 1,504,862 |
| Total revenues | \$ 31,728,072 | \$ 28,935,640 |
| Expenses | | |
| General governmental | \$ 7,506,162 | \$ 6,996,078 |
| Public safety | 12,502,367 | 11,347,189 |
| Highways and streets | 3,965,323 | 3,512,782 |
| Sanitation | 1,984,822 | 4,011,973 |
| Water distributions and treatments | 153,589 | 1,027,179 |
| Health | 205,662 | 219,432 |
| Welfare | 134,624 | 215,736 |
| Culture and recreation | 1,745,844 | 1,677,827 |
| Conservation | 10,329 | 10,805 |
| Debt Service | 26,904 | 335,342 |
| Sewer | 1,653,341 | - |
| Water | 2,167,299 | - |
| Total expenses | \$ 32,056,266 | \$ 29,354,343 |
| Increase (Decrease) in net assets | (328,194) | (418,703) |
| Net effect of restatements | | 326,505 |
| Net assets, beginning of year as restated | 44,223,784 | 44,315,982 |
| Net assets, end of year | \$ 43,895,590 | \$ 44,223,784 |

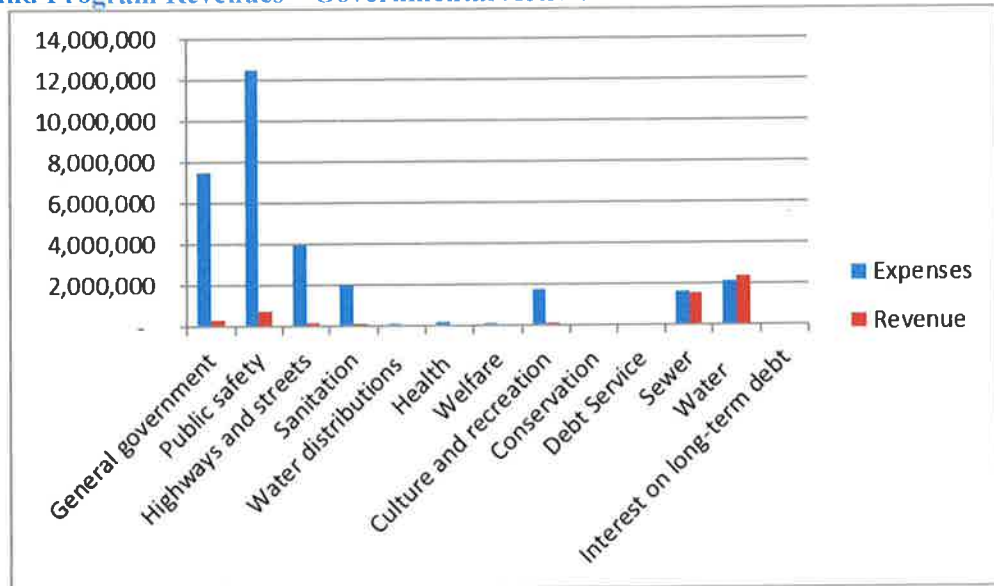
Governmental Activities

Net position decreased in 2022 by \$328,194. This decrease was due mainly to decrease in revenues.

The total cost of Governmental activities this year was \$26,235,626 and the cost for business type activities of \$3,820,640. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property taxes was only \$22,044,579. The overall tax rate in 2022 decreased to (\$13.25/\$1000) compared to the 2021 rate of (\$13.73/\$1000). Those who directly benefited from the programs paid \$4,717,734, and other governments and organizations subsidized certain programs in the amount of \$725,826. The Town paid for the remaining governmental activities with \$4,239,933 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 39.3% 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 15-18. 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 \$15,046,624, which increased \$728,142 from the prior year. Of the \$15,046,624 in combined ending fund balance, \$11,314,666 has been designated for specific uses. The remaining fund balance of \$3,731,958 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 \$3,731,958. 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 57.3% of that same amount.

The unassigned fund balance of the Town's General Fund increased by \$1,642,007, or 8%, from the prior year. Key factors in this change are as follows:

| | |
|---|--------------------|
| Excess of revenues over budget estimates and unexpensed balance of appropriations | \$2,013,156 |
| Decrease in fund balance non-spendable | 9,263 |
| Increase in fund balance restricted | (860,488) |
| Decrease in fund balance committed | <u>480,076</u> |
| Total | <u>\$1,642,007</u> |

Capital Assets and Long-Term Liabilities:

Capital assets

The Town's capital assets for its governmental and business type activities as of December 31, 2022 are \$54,809,250 net of accumulated depreciation. This investment in capital assets includes land, construction in progress, buildings and building improvements, improvements other than buildings, equipment and vehicles, and infrastructure.

| Capital Assets | | |
|-----------------------------------|----------------------|----------------------|
| | 2022 | 2021 |
| Land | \$ 4,282,101 | \$ 3,847,749 |
| Buildings and improvements | 41,186,368 | 41,124,619 |
| Improvements other than buildings | 2,102,912 | 1,576,304 |
| Equipment and vehicles | 12,480,700 | 11,143,508 |
| Construction in progress | 888,882 | 843,434 |
| Infrastructure | 75,284,907 | 74,988,293 |
| Total | 136,225,870 | 133,523,907 |
| Accumulated Depreciation | -81,416,620 | -78,603,271 |
| Total Capital Assets | \$ 54,809,250 | \$ 54,920,636 |

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, 2022

| | |
|---|---------------------|
| Long-term Liabilities Payable as of 2021 | \$28,985,979 |
| Reductions to Long-term liabilities | -\$787,688 |
| Increases to Long-term liabilities | \$7,170,054 |
| Long-term Liabilities Payable as of 2022 | \$35,368,345 |

Economic Factors and the Future:

New Hampshire Employment Security reports Seabrook's unemployment rate for September 2022 at 3.1%, the State's unemployment rate at 2%. The National unemployment rate is at 3.8%. These same rates for September 2021 were 3.6%, 3.4%, and 4.7% 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, 2022

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 19,739,093 | \$ 3,512,508 | \$ 23,251,601 |
| Investments | 1,881,502 | - | 1,881,502 |
| Taxes receivables (net) | 4,151,411 | - | 4,151,411 |
| Account receivables (net) | 454,507 | 913,458 | 1,367,965 |
| Lease receivables | 998,030 | - | 998,030 |
| Intergovernmental receivable | 122,749 | 135,614 | 258,363 |
| Internal balances | 919,238 | (919,238) | - |
| Prepaid items | 214,013 | - | 214,013 |
| Tax deeded property, subject to resale | 20,341 | - | 20,341 |
| Capital assets: | | | |
| Land and construction in progress | 4,563,269 | 607,714 | 5,170,983 |
| Other capital assets, net of depreciation | 40,541,929 | 9,096,338 | 49,638,267 |
| Total assets | <u>73,606,082</u> | <u>13,346,394</u> | <u>86,952,476</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Amounts related to pensions | 5,740,951 | - | 5,740,951 |
| Amounts related to other postemployment benefits | 165,902 | - | 165,902 |
| Total deferred outflows of resources | <u>5,906,853</u> | <u>-</u> | <u>5,906,853</u> |
| LIABILITIES | | | |
| Accounts payable | 480,952 | 141,780 | 622,732 |
| Accrued salaries and benefits | 588,793 | 43,066 | 631,859 |
| Accrued interest payable | 10,309 | 112,694 | 123,003 |
| Intergovernmental payable | 9,731,393 | - | 9,731,393 |
| Escrow and performance deposits | 197 | - | 197 |
| Long-term liabilities: | | | |
| Due within one year | 135,521 | 548,187 | 683,708 |
| Due in more than one year | 26,760,361 | 7,924,276 | 34,684,637 |
| Total liabilities | <u>37,707,526</u> | <u>8,770,003</u> | <u>46,477,529</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 2,234,074 | 5,770 | 2,239,844 |
| Amounts related to pensions | 179,212 | - | 179,212 |
| Amounts related to other postemployment benefits | 67,154 | - | 67,154 |
| Total deferred inflows of resources | <u>2,480,440</u> | <u>5,770</u> | <u>2,486,210</u> |
| NET POSITION | | | |
| Net investment in capital assets | 44,131,564 | 1,468,901 | 45,600,465 |
| Restricted | 4,579,844 | 3,101,720 | 7,681,564 |
| Unrestricted | (9,386,439) | - | (9,386,439) |
| Total net position | <u>\$ 39,324,969</u> | <u>\$ 4,570,621</u> | <u>\$ 43,895,590</u> |

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, 2022

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | | Total |
|--|---------------|----------------------------|--|--|---|-----------------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental activities: | | | | | | | |
| General government | \$ 7,506,162 | \$ 28,780 | \$ 265,765 | \$ - | \$ (7,211,617) | \$ - | \$ (7,211,617) |
| Public safety | 12,502,367 | 732,774 | 9,368 | - | (11,760,225) | - | (11,760,225) |
| Highways and streets | 3,965,323 | - | 176,241 | 97,103 | (3,691,979) | - | (3,691,979) |
| Sanitation | 1,984,822 | 68,919 | 41,735 | - | (1,874,168) | - | (1,874,168) |
| Water distribution and treatment | 153,589 | - | - | - | (153,589) | - | (153,589) |
| Health | 205,662 | - | - | - | (205,662) | - | (205,662) |
| Welfare | 134,624 | 6,090 | - | - | (128,534) | - | (128,534) |
| Culture and recreation | 1,745,844 | 110,417 | - | - | (1,635,427) | - | (1,635,427) |
| Conservation | 10,329 | - | - | - | (10,329) | - | (10,329) |
| Interest on long-term debt | 26,904 | - | - | - | (26,904) | - | (26,904) |
| Total governmental activities | 28,235,626 | 946,980 | 493,109 | 97,103 | (26,698,434) | - | (26,698,434) |
| Business-type activities: | | | | | | | |
| Sewer | 1,653,341 | 1,414,848 | 135,614 | - | - | (102,879) | (102,879) |
| Water | 2,167,299 | 2,355,906 | - | - | - | 188,607 | 188,607 |
| Total business-type activities | 3,820,640 | 3,770,754 | 135,614 | - | - | 85,728 | 85,728 |
| Total | \$ 32,056,266 | \$ 4,717,734 | \$ 628,723 | \$ 97,103 | (26,698,434) | 85,728 | (26,612,706) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | | | | | 22,044,579 | - | 22,044,579 |
| Other | | | | | 93,474 | - | 93,474 |
| Motor vehicle permit fees | | | | | 2,044,801 | - | 2,044,801 |
| Licenses and other fees | | | | | 409,916 | - | 409,916 |
| Grants and contributions not restricted to specific programs | | | | | 739,833 | - | 739,833 |
| Unrestricted investment earnings | | | | | 96,199 | - | 96,199 |
| Miscellaneous | | | | | 839,445 | 16,265 | 855,710 |
| Total general revenues | | | | | 26,268,247 | 16,265 | 26,284,512 |
| Transfers | | | | | (799,350) | 799,350 | - |
| Total general revenues and transfers | | | | | 25,468,897 | 815,615 | 26,284,512 |
| Change in net position | | | | | (1,229,537) | 901,343 | (328,194) |
| Net position, beginning, as restated (see Note 21) | | | | | 40,554,506 | 3,669,278 | 44,223,784 |
| Net position, ending | | | | | \$ 39,324,969 | \$ 4,570,621 | \$ 43,895,590 |

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, 2022

| | General | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 13,419,247 | \$ 4,119,705 | \$ 17,538,952 |
| Investments | 5,339 | 16,772 | 22,111 |
| Receivables, net of allowance for uncollectible: | | | |
| Taxes | 4,171,411 | - | 4,171,411 |
| Accounts | 42,518 | 411,989 | 454,507 |
| Lease receivable | 998,030 | - | 998,030 |
| Intergovernmental receivable | - | 122,749 | 122,749 |
| Interfund receivable | 1,190,541 | 22,651 | 1,213,192 |
| Prepaid items | 214,013 | - | 214,013 |
| Tax dedeed property, subject to resale | 20,341 | - | 20,341 |
| Restricted assets: | | | |
| Cash and cash equivalents | 2,200,141 | - | 2,200,141 |
| Investments | 1,859,391 | - | 1,859,391 |
| Total assets | <u>\$ 24,120,972</u> | <u>\$ 4,693,866</u> | <u>\$ 28,814,838</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 375,571 | \$ 105,381 | \$ 480,952 |
| Accrued salaries and benefits | 587,482 | 1,311 | 588,793 |
| Intergovernmental payable | 9,731,393 | - | 9,731,393 |
| Interfund payable | - | 293,954 | 293,954 |
| Escrow and performance deposits | 197 | - | 197 |
| Total liabilities | <u>10,694,643</u> | <u>400,646</u> | <u>11,095,289</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 478,301 | - | 478,301 |
| Unavailable revenue - state aid | 357,740 | - | 357,740 |
| Unavailable revenue - grants | - | 927,528 | 927,528 |
| Unavailable revenue - leases | 909,356 | - | 909,356 |
| Total deferred inflows of resources | <u>1,745,397</u> | <u>927,528</u> | <u>2,672,925</u> |
| FUND BALANCES | | | |
| Nonspendable | 234,354 | 10,831 | 245,185 |
| Restricted | 3,104,007 | 1,465,006 | 4,569,013 |
| Committed | 4,514,949 | 1,889,855 | 6,404,804 |
| Assigned | 95,664 | - | 95,664 |
| Unassigned | 3,731,958 | - | 3,731,958 |
| Total fund balances | <u>11,680,932</u> | <u>3,365,692</u> | <u>15,046,624</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 24,120,972</u> | <u>\$ 4,693,866</u> | <u>\$ 28,814,838</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, 2022

| | | | |
|---|--|----|--------------------------|
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | | |
| Total fund balances of governmental funds (Exhibit C-1) | | \$ | 15,046,624 |
| Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds. | | | |
| Cost | | \$ | 118,081,344 |
| Less accumulated depreciation | | | <u>(72,976,146)</u> |
| | | | 45,105,198 |
| 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 | | \$ | 5,740,951 |
| Deferred inflows of resources related to pensions | | | (179,212) |
| Deferred outflows of resources related to OPEB | | | 165,902 |
| Deferred inflows of resources related to OPEB | | | <u>(67,154)</u> |
| | | | 5,660,487 |
| Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position. | | | |
| Receivables | | \$ | (293,954) |
| Payables | | | <u>293,954</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 | | \$ | 438,851 |
| Allowance for uncollectible taxes | | | <u>(20,000)</u> |
| | | | 418,851 |
| Interest on long-term debt is not accrued in governmental funds. | | | |
| Accrued interest payable | | | (10,309) |
| Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds. | | | |
| Bonds | | \$ | 570,000 |
| Note | | | 324,017 |
| Unamortized bond premium | | | 79,617 |
| Compensated absences | | | 2,176,352 |
| Net pension liability | | | 20,887,722 |
| Other postemployment benefits | | | <u>2,858,174</u> |
| | | | <u>(26,895,882)</u> |
| Net position of governmental activities (Exhibit A) | | \$ | <u><u>39,324,969</u></u> |

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

EXHIBIT C-3
TOWN OF SEABROOK, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2022

| | General | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|--------------------------------|--------------------------------|
| REVENUES | | | |
| Taxes | \$ 22,151,052 | \$ - | \$ 22,151,052 |
| Licenses and permits | 2,393,555 | 61,162 | 2,454,717 |
| Intergovernmental | 1,328,931 | 166,484 | 1,495,415 |
| Charges for services | 131,595 | 831,511 | 963,106 |
| Miscellaneous | 632,649 | 121,499 | 754,148 |
| Total revenues | <u>26,637,782</u> | <u>1,180,656</u> | <u>27,818,438</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 7,378,784 | 4,515 | 7,383,299 |
| Public safety | 11,078,714 | 386,411 | 11,465,125 |
| Highways and streets | 1,452,243 | 25,646 | 1,477,889 |
| Water distribution and treatment | 132,656 | - | 132,656 |
| Sanitation | 1,544,908 | 107,727 | 1,652,635 |
| Health | 205,662 | - | 205,662 |
| Welfare | 136,086 | - | 136,086 |
| Culture and recreation | 1,553,306 | 60,996 | 1,614,302 |
| Conservation | 1,337 | - | 1,337 |
| Debt service: | | | |
| Principal | 31,500 | - | 31,500 |
| Interest | 31,618 | 1,016 | 32,634 |
| Capital outlay | 2,043,686 | 114,135 | 2,157,821 |
| Total expenditures | <u>25,590,500</u> | <u>700,446</u> | <u>26,290,946</u> |
| Excess of revenues over expenditures | <u>1,047,282</u> | <u>480,210</u> | <u>1,527,492</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 948,490 | - | 948,490 |
| Transfers out | (799,350) | (948,490) | (1,747,840) |
| Total other financing sources (uses) | <u>149,140</u> | <u>(948,490)</u> | <u>(799,350)</u> |
| Net change in fund balances | 1,196,422 | (468,280) | 728,142 |
| Fund balances, beginning, as restated (see Note 21) | 10,484,510 | 3,833,972 | 14,318,482 |
| Fund balances, ending | <u>\$ 11,680,932</u> | <u>\$ 3,365,692</u> | <u>\$ 15,046,624</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, 2022

| | | |
|---|--------------------|------------------------------|
| Net change in fund balances of governmental funds (Exhibit C-3) | | \$ 728,142 |
| 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 expenditure in the current year, as follows: | | |
| Capitalized capital outlay | \$ 1,703,763 | |
| Depreciation expense | <u>(2,591,863)</u> | (888,100) |
| Transfers in and out between governmental funds are eliminated on the Statement of Activities. | | |
| Transfers in | \$ (948,490) | |
| Transfers out | <u>948,490</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 | | (12,999) |
| Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | | |
| Repayment of bond principal | \$ 31,500 | |
| Repayment of note payable | 97,996 | |
| Amortization of bond premium | <u>4,190</u> | 133,686 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. | | |
| Decrease in accrued interest expense | \$ 1,540 | |
| Increase in compensated absences | (410,758) | |
| Net change in net pension liability and deferred outflows and inflows of resources related to pensions | (619,275) | |
| Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits | <u>(161,773)</u> | (1,190,266) |
| Changes in net position of governmental activities (Exhibit B) | | <u><u>\$ (1,229,537)</u></u> |

EXHIBIT D
TOWN OF SEABROOK, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2022

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|---|-------------------|-------------------|---------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 21,802,789 | \$ 21,802,789 | \$ 22,138,053 | \$ 335,264 |
| Licenses and permits | 2,251,025 | 2,251,025 | 2,393,555 | 142,530 |
| Intergovernmental receivable | 966,760 | 1,329,617 | 1,328,931 | (686) |
| Charges for services | 85,325 | 85,325 | 131,595 | 46,270 |
| Miscellaneous | 338,850 | 338,850 | 589,173 | 250,323 |
| Total revenues | <u>25,444,749</u> | <u>25,807,606</u> | <u>26,581,307</u> | <u>773,701</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,149,289 | 7,614,842 | 7,207,786 | 407,056 |
| Public safety | 13,173,121 | 11,080,799 | 11,047,995 | 32,804 |
| Highways and streets | 1,815,926 | 1,438,155 | 1,421,388 | 16,767 |
| Water distribution and treatment | 140,000 | 140,000 | 132,656 | 7,344 |
| Sanitation | 1,751,968 | 1,409,122 | 1,553,139 | (144,017) |
| Health | 299,567 | 242,135 | 205,378 | 36,757 |
| Welfare | 263,468 | 211,478 | 137,163 | 74,315 |
| Culture and recreation | 1,838,828 | 1,658,493 | 1,584,589 | 73,904 |
| Conservation | 3,618 | 3,618 | (409) | 4,027 |
| Debt service: | | | | |
| Principal | 516,518 | 31,500 | 31,500 | - |
| Interest | 339,806 | 339,806 | 31,618 | 308,188 |
| Capital outlay | 874,000 | 874,000 | 2,043,686 | (1,169,686) |
| Total expenditures | <u>25,166,109</u> | <u>25,043,948</u> | <u>25,396,489</u> | <u>(352,541)</u> |
| Excess of revenues over expenditures | <u>278,640</u> | <u>763,658</u> | <u>1,184,818</u> | <u>421,160</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 415,400 | 415,400 | 1,627,688 | 1,212,288 |
| Transfers out | (694,040) | (1,179,058) | (799,350) | 379,708 |
| Total other financing sources (uses) | <u>(278,640)</u> | <u>(763,658)</u> | <u>828,338</u> | <u>1,591,996</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | 2,013,156 | <u>\$ 2,013,156</u> |
| Decrease in nonspendable fund balance | | | 9,263 | |
| Increase in restricted fund balance | | | (860,488) | |
| Decrease in committed fund balance | | | 480,076 | |
| Unassigned fund balance, beginning, as restated (see Note 21) | | | <u>2,420,128</u> | |
| Unassigned fund balance, ending | | | <u>\$ 4,062,135</u> | |

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

EXHIBIT E-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
December 31, 2022

| | Business-type Activities | | |
|--|--------------------------|---------------------|---------------------|
| | Enterprise Funds | | Total |
| | Water | Sewer | Enterprise Funds |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,340,666 | \$ 2,171,842 | \$ 3,512,508 |
| Receivables, net of allowance for uncollectible: | | | |
| Accounts receivable | 570,163 | 343,295 | 913,458 |
| Intergovernmental receivable | - | 135,614 | 135,614 |
| Internal balances | 96,436 | 72,746 | 169,182 |
| Capital assets: | | | |
| Land and construction in progress | - | 607,714 | 607,714 |
| Other capital assets, net of depreciation | 8,703,370 | 392,968 | 9,096,338 |
| Total assets | <u>10,710,635</u> | <u>3,724,179</u> | <u>14,434,814</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 43,706 | 98,074 | 141,780 |
| Accrued salaries and benefits | 20,791 | 22,275 | 43,066 |
| Accrued interest payable | 112,377 | 317 | 112,694 |
| Internal balances | - | 1,088,420 | 1,088,420 |
| Long term liabilities: | | | |
| Due within one year | 528,432 | 19,755 | 548,187 |
| Due in more than one year | 7,830,642 | 93,634 | 7,924,276 |
| Total liabilities | <u>8,535,948</u> | <u>1,322,475</u> | <u>9,858,423</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - overpayments | <u>3,478</u> | <u>2,292</u> | <u>5,770</u> |
| NET POSITION | | | |
| Net investment in capital assets | 487,974 | 980,927 | 1,468,901 |
| Restricted | <u>1,683,235</u> | <u>1,418,485</u> | <u>3,101,720</u> |
| Total net position | <u>\$ 2,171,209</u> | <u>\$ 2,399,412</u> | <u>\$ 4,570,621</u> |

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

EXHIBIT E-2
TOWN OF SEABROOK, NEW HAMPSHIRE
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended December 31, 2022

| | Business-type Activities | | |
|---|--------------------------|---------------------|---------------------|
| | Enterprise Funds | | Total |
| | Water | Sewer | Enterprise Funds |
| Operating revenues: | | | |
| User charges | \$ 2,355,906 | \$ 1,414,848 | \$ 3,770,754 |
| Miscellaneous | 16,112 | 153 | 16,265 |
| Total operating revenues | <u>2,372,018</u> | <u>1,415,001</u> | <u>3,787,019</u> |
| Operating expenses: | | | |
| Salaries and wages | 955,680 | 1,087,809 | 2,043,489 |
| Operation and maintenance | 337,302 | 279,433 | 616,735 |
| Contractual services | 57,826 | 76,535 | 134,361 |
| Materials and supplies | 189,485 | 177,740 | 367,225 |
| Depreciation | 330,108 | 31,824 | 361,932 |
| Total operating expenses | <u>1,870,401</u> | <u>1,653,341</u> | <u>3,523,742</u> |
| Operating gain (loss) | <u>501,617</u> | <u>(238,340)</u> | <u>263,277</u> |
| Nonoperating revenues (expenses): | | | |
| Intergovernmental revenues | - | 135,614 | 135,614 |
| Interest expense | (296,898) | - | (296,898) |
| Total nonoperating revenues (expenses) | <u>(296,898)</u> | <u>135,614</u> | <u>(161,284)</u> |
| Other financing sources: | | | |
| Transfers in | <u>799,350</u> | <u>-</u> | <u>799,350</u> |
| Change in net position | 1,004,069 | (102,726) | 901,343 |
| Net position, beginning as restated (see Note 21) | 1,167,140 | 2,502,138 | 3,669,278 |
| Net position, ending | <u>\$ 2,171,209</u> | <u>\$ 2,399,412</u> | <u>\$ 4,570,621</u> |

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

EXHIBIT E-3
TOWN OF SEABROOK, NEW HAMPSHIRE
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year ended December 31, 2022

| | Business-type Activities | | |
|--|--------------------------|---------------------|---------------------|
| | Enterprise Funds | | Total |
| | Water | Sewer | Enterprise Funds |
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 2,333,341 | \$ 1,260,342 | \$ 3,593,683 |
| Payments to employees | (992,860) | (266,926) | (1,259,786) |
| Payments to suppliers | (303,649) | (525,327) | (828,976) |
| Net cash provided by operating activities | <u>1,036,832</u> | <u>468,089</u> | <u>1,504,921</u> |
| Cash flows from capital and related financing activities: | | | |
| Principal paid on bonds | (485,018) | (18,842) | (503,860) |
| Acquisition and construction of fixed assets | (296,614) | (693,019) | (989,633) |
| Interest paid | (214,521) | - | (214,521) |
| Intergovernmental | - | 135,614 | 135,614 |
| Net cash used for capital and related financing activities | <u>(996,153)</u> | <u>(576,247)</u> | <u>(1,572,400)</u> |
| Net increase (decrease) in cash | 40,679 | (108,158) | (67,479) |
| Cash, beginning | 1,299,987 | 2,280,000 | 3,579,987 |
| Cash, ending | <u>\$ 1,340,666</u> | <u>\$ 2,171,842</u> | <u>\$ 3,512,508</u> |

Reconciliation of Operating Gain (Loss) to Net Cash Provided by Operating Activities

| | | | |
|---|---------------------|-------------------|---------------------|
| Operating gain (loss) | \$ 501,617 | \$ (238,340) | \$ 263,277 |
| Adjustments to reconcile operating gain to net cash provided by operating activities: | | | |
| Depreciation expense | 330,108 | 31,824 | 361,932 |
| Changes in other receivables | (38,677) | (154,659) | (193,336) |
| Changes in prepaid expenses | 22,775 | 19,380 | 42,155 |
| Changes in accounts payable | (19,993) | (10,184) | (30,177) |
| Changes in accrued payroll | (8,138) | (2,130) | (10,268) |
| Changes in internal balances | 278,714 | 826,893 | 1,105,607 |
| Changes in compensated absences payable | (29,042) | (3,880) | (32,922) |
| Changes in deferred inflows of resources | (532) | (815) | (1,347) |
| Total adjustments | <u>535,215</u> | <u>706,429</u> | <u>1,241,644</u> |
| Net cash provided by operating activities | <u>\$ 1,036,832</u> | <u>\$ 468,089</u> | <u>\$ 1,504,921</u> |

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

EXHIBIT F-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2022

| | Private Purpose Trust Funds | All Custodial Funds | Total |
|------------------------------|-----------------------------------|---------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 64,925 | \$ 1,172,388 | \$ 1,237,313 |
| Investments | 1,346,207 | 481,174 | 1,827,381 |
| Intergovernmental receivable | - | 9,426,936 | 9,426,936 |
| Total assets | <u>1,411,132</u> | <u>11,080,498</u> | <u>12,491,630</u> |
| LIABILITIES | | | |
| Due to school district | - | 9,426,936 | 9,426,936 |
| NET POSITION | | | |
| Restricted | <u>\$ 1,411,132</u> | <u>\$ 1,653,562</u> | <u>\$ 3,064,694</u> |

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

EXHIBIT F-2
TOWN OF SEABROOK, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2022

| | Private Purpose Trust Funds | All Custodial Funds | Total |
|--|-----------------------------------|---------------------------|---------------------|
| ADDITIONS | | | |
| Contributions | \$ 166,586 | \$ - | \$ 166,586 |
| Investment earnings | 41,828 | 7,821 | 49,649 |
| Change in fair market value | (287,996) | - | (287,996) |
| Tax collections for other governments | - | 23,255,671 | 23,255,671 |
| State fees collected | - | 700,811 | 700,811 |
| Total additions | <u>(79,582)</u> | <u>23,964,303</u> | <u>23,884,721</u> |
| DEDUCTIONS | | | |
| Scholarships | 61,507 | 46,567 | 108,074 |
| Payments of taxes to other governments | - | 23,255,671 | 23,255,671 |
| Payments of State fees | - | 700,811 | 700,811 |
| Total deductions | <u>61,507</u> | <u>24,003,049</u> | <u>24,064,556</u> |
| Change in net position | (141,089) | (38,746) | (179,835) |
| Net position, beginning, as restated (see Note 21) | <u>1,552,221</u> | <u>1,692,308</u> | <u>3,244,529</u> |
| Net position, ending | <u>\$ 1,411,132</u> | <u>\$ 1,653,562</u> | <u>\$ 3,064,694</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, 2022

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NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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 and business-type 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 three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital 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, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses, and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental fund:

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

Proprietary Fund Financial Statements – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total 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.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary funds:

Water Fund – accounts for the activities related to the operation of the water treatment plant, wells, and water system.

Sewer Fund – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines.

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 (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The Town also reports the following fiduciary funds:

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

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

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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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 Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-F Investments

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

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

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

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

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.

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.

Level 3 – Inputs are significant unobservable inputs, using assumptions in determining the fair value of investments and derivative instruments.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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). 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-G Receivables

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist

1-H Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The non spendable fund balance at the governmental fund level includes the prepaid balance.

1-I 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 government wide and proprietary 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 recorded as expenditures in a governmental fund and capitalized as assets in the government -wide and proprietary statement of net position.

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The Town has established a threshold of \$10,000 or more and an estimate useful life in excess of one years for capitalization of depreciable assets.

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 |

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

1-J 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 proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-K Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 13, 2022 and December 1, 2022 and due on July 1, 2022 and January 6, 2023. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at December 31, 2022 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

The Town net assessed valuation as of April 1, 2022 utilized in the setting of the tax rate was as follows:

| | |
|--|------------------|
| Total assessment valuation with utilities | \$ 3,586,283,600 |
| Total assessment valuation without utilities | \$ 2,149,881,650 |

The tax rates and amounts assessed for the year ended December 31, 2022 were as follows:

| | Per \$1,000 of Assessed Valuation | Property Taxes Assessed |
|------------------------|---|-------------------------------|
| Municipal portion | \$6.31 | \$ 22,639,453 |
| School portion: | | |
| State of New Hampshire | \$1.13 | 2,418,784 |
| Local | \$5.13 | 18,408,152 |
| County portion | \$0.68 | 2,428,735 |
| Total | <u>\$13.25</u> | <u>\$ 45,895,124</u> |

1-L 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, 2022.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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DECEMBER 31, 2022

1-M Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. The Town has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

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. The Town has three types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, unavailable revenues from grants arises when the related eligible expenditures will not be made until the subsequent period.

1-N Compensated Absences

General leave for the Town includes vacation, sick, and retirement stipend 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.

1-O Leases

The Town is a lessor for a noncancellable lease of with T-Mobile and Verizon. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) lease term, and (2) lease receipts.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

1-P Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund 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.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 Director Borrowings and Direct Placements*, the Town utilizes the following classifications to categorize the financial transactions:

Direct Borrowings – financial transaction for a note or a loan where the Town negotiates certain terms with a single lender and are not offered for public sale.

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.

1-Q Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

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

1-R Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

1-S 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.

TOWN OF SEABROOK, NEW HAMPSHIRE
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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.

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

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

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

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

Assigned – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

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

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

1-T 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/expenditures during the period reported. These estimates include assessing the collectability of 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-U Material Change in Fund Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the water and sewer funds, previously blended with the general fund, will be reported as proprietary funds for the year ended December 31, 2022. See Note 21 for the adjustments to beginning fund balance.

TOWN OF SEABROOK, NEW HAMPSHIRE
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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. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2022, none 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 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) | \$ 28,208,995 |
| Adjustments: | |
| Basis differences: | |
| GASB Statement No. 54: | |
| To record income of the blended funds | 43,476 |
| To eliminate transfers between blended expendable trust and general funds | (679,198) |
| Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis | 12,999 |
| Per Exhibit C-3 (GAAP basis) | <u>\$ 27,586,272</u> |
| Expenditures and other financing uses: | |
| Per Exhibit D (budgetary basis) | \$ 26,195,839 |
| Adjustments: | |
| Basis differences: | |
| Encumbrances, beginning | 134,000 |
| Encumbrances, ending | (95,664) |
| GASB Statement No. 54: | |
| To record expenditures of the blended funds during the year | 155,675 |
| To eliminate transfers between general and blended expendable trust funds | (679,198) |
| To recognize transfers out of the blended expendable trust funds | 679,198 |
| Per Exhibit C-3 (GAAP basis) | <u>\$ 26,389,850</u> |

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2-C Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Beginning net position/fund balance was restated to retroactively report the change in accounting principle, see Note 13, *Leases*, for further information.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2022, the reported amount of the Town's deposits was \$24,488,914 and the bank balance was \$24,379,779. Of the bank balance \$765,257 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 and out of state bank totaling \$1,106,052, which no longer meet the requirement for RSA 41:29.

Cash and cash equivalents reconciliation:

| | |
|---|----------------------|
| Cash per Statement of Net Position (Exhibit A) | \$ 23,251,601 |
| Cash per Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit F-1) | <u>1,237,313</u> |
| Total cash and cash equivalents | <u>\$ 24,488,914</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 | \$ 614,942 |
| Expendable trust funds | 13,831 |
| Escrow accounts | <u>1,571,368</u> |
| Total restricted cash and cash equivalents | <u>2,200,141</u> |
| Investments: | |
| General fund: | |
| Expendable trust funds | <u>1,859,391</u> |
| Total restricted assets | <u>\$ 4,059,532</u> |

TOWN OF SEABROOK, NEW HAMPSHIRE
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NOTE 5 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2022:

| | Valuation Measurement Method | Reported Balance |
|--|------------------------------------|---------------------|
| Investments type: | | |
| Equity exchange traded funds | Level 1 | \$ 432,999 |
| Equity mutual funds | Level 1 | 428,893 |
| Fixed income mutual funds | Level 1 | 2,841,652 |
| Total fair value | | 3,703,544 |
| Investments carried at amortized cost: | | |
| New Hampshire Public Deposit Investment Pool | | 5,339 |
| Total investments | | \$ 3,708,883 |

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.

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) | \$ 1,881,502 |
| Investments per Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit F-1) | 1,827,381 |
| Total investments | \$ 3,708,883 |

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2022. 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 2022 | \$ 3,761,344 | \$ 3,761,344 |
| Unredeemed (under tax lien): | | |
| Levy of 2021 | 205,564 | 205,564 |
| Levy of 2020 | 120,968 | 120,968 |
| Levies of 2019 and prior | 83,535 | 83,535 |
| Less: allowance for estimated uncollectible taxes | (20,000) * | - |
| Net taxes receivable | \$ 4,151,411 | \$ 4,171,411 |

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

TOWN OF SEABROOK, NEW HAMPSHIRE
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NOTE 7 – OTHER RECEIVABLES

Receivables at December 31, 2022, 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, 2022 for the Town's proprietary funds, individual governmental major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

| | Governmental | Business-type | Governmental Funds | | Fiduciary |
|------------------------------------|-------------------|---------------------|--------------------|-------------------|------------------------|
| | Activities | Activities | General | Nonmajor | Funds |
| Receivables: | | | | | |
| Accounts | \$ 733,754 | \$ 913,458 | \$ 42,518 | \$ 691,236 | \$ - |
| Intergovernmental | 122,749 | 135,614 | - | 122,749 | 9,426,936 ¹ |
| Gross receivables | 856,503 | 1,049,072 | 42,518 | 813,985 | 9,426,936 |
| Less: allowance for uncollectibles | (279,247) | - | - | (279,247) | - |
| Net total receivables | <u>\$ 577,256</u> | <u>\$ 1,049,072</u> | <u>\$ 42,518</u> | <u>\$ 534,738</u> | <u>\$ 9,426,936</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.

NOTE 8 – PREPAID ITEMS

Prepaid items at December 31, 2022 consisted of the following:

| | General Fund |
|----------------|-------------------|
| Gas and diesel | \$ 161,306 |
| Miscellaneous | 52,707 |
| Total | <u>\$ 214,013</u> |

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is as follows:

| Governmental activities: | Balance, beginning (as restated) | Additions | Deletions | Balance, ending |
|--|-------------------------------------|------------------|------------------|--------------------|
| At cost: | | | | |
| Not being depreciated: | | | | |
| Land | \$ 3,847,749 | \$ 434,352 | \$ - | \$ 4,282,101 |
| Construction in progress | 843,434 | 115,151 | (677,417) | 281,168 |
| Total capital assets not being depreciated | <u>4,691,183</u> | <u>549,503</u> | <u>(677,417)</u> | <u>4,563,269</u> |
| Being depreciated: | | | | |
| Land improvements | 1,369,272 | 526,608 | - | 1,895,880 |
| Buildings and building improvements | 25,069,061 | 14,850 | - | 25,083,911 |
| Equipment and vehicles | 10,425,561 | 1,290,219 | (38,332) | 11,677,448 |
| Infrastructure | 74,860,836 | - | - | 74,860,836 |
| Total capital assets being depreciated | <u>111,724,730</u> | <u>1,831,677</u> | <u>(38,332)</u> | <u>113,518,075</u> |
| Total all capital assets | <u>116,415,913</u> | <u>2,381,180</u> | <u>(715,749)</u> | <u>118,081,344</u> |

(Continued)

TOWN OF SEABROOK, NEW HAMPSHIRE
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Capital assets continued:

| | Balance, beginning (as restated) | Additions | Deletions | Balance, ending |
|--|--|---------------------|---------------------|----------------------|
| Less accumulated depreciation: | | | | |
| Land improvements | (811,933) | (41,196) | - | (853,129) |
| Buildings and building improvements | (14,683,199) | (553,573) | - | (15,236,772) |
| Machinery, equipment, and vehicles | (8,054,239) | (497,796) | 38,332 | (8,513,703) |
| Infrastructure | (46,873,244) | (1,499,298) | - | (48,372,542) |
| Total accumulated depreciation | <u>(70,422,615)</u> | <u>(2,591,863)</u> | <u>38,332</u> | <u>(72,976,146)</u> |
| Net book value, capital assets being depreciated | 41,302,115 | (760,186) | - | 40,541,929 |
| Net book value, all governmental activities capital assets | <u>\$ 45,993,298</u> | <u>\$ (210,683)</u> | <u>\$ (677,417)</u> | <u>\$ 45,105,198</u> |

Business-type activities:

| | | | | |
|---|---------------------|-------------------|-------------|---------------------|
| At cost: | | | | |
| Not being depreciated: | | | | |
| Construction in progress | \$ - | \$ 607,714 | \$ - | \$ 607,714 |
| Being depreciated: | | | | |
| Land improvements | 207,032 | - | - | 207,032 |
| Buildings and building improvements | 16,102,457 | - | - | 16,102,457 |
| Machinery, equipment, and vehicles | 717,947 | 85,305 | - | 803,252 |
| Infrastructure | 127,457 | 296,614 | - | 424,071 |
| Total capital assets being depreciated | <u>17,154,893</u> | <u>381,919</u> | <u>-</u> | <u>17,536,812</u> |
| Total all capital assets | <u>17,154,893</u> | <u>989,633</u> | <u>-</u> | <u>18,144,526</u> |
| Less accumulated depreciation: | | | | |
| Land improvements | (9,373) | (13,475) | - | (22,848) |
| Buildings and building improvements | (7,528,516) | (302,838) | - | (7,831,354) |
| Machinery, equipment, and vehicles | (538,138) | (33,894) | - | (572,032) |
| Infrastructure | (2,515) | (11,725) | - | (14,240) |
| Total accumulated depreciation | <u>(8,078,542)</u> | <u>(361,932)</u> | <u>-</u> | <u>(8,440,474)</u> |
| Net book value, capital assets being depreciated | 9,076,351 | 19,987 | - | 9,096,338 |
| Net book value, all business-type activities capital assets | <u>\$ 9,076,351</u> | <u>\$ 627,701</u> | <u>\$ -</u> | <u>\$ 9,704,052</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:

| | |
|----------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 111,441 |
| Public safety | 380,671 |
| Highways and streets | 1,609,206 |
| Sanitation | 332,187 |
| Water treatment | 20,933 |
| Culture and recreation | 128,433 |
| Conservation | 8,992 |
| Total depreciation expense | <u>\$ 2,591,863</u> |
| Business-type activities: | |
| Water | \$ 330,108 |
| Sewer | 31,824 |
| Total depreciation expense | <u>\$ 361,932</u> |

TOWN OF SEABROOK, NEW HAMPSHIRE
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NOTE 10 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2022 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|---------------------|
| General | Nonmajor | \$ 271,303 |
| General | Sewer | 919,238 |
| Nonmajor | Nonmajor | 22,651 |
| | | <u>\$ 1,213,192</u> |

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

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2022 is as follows:

| | <u>Transfers In:</u> | | <u>Total</u> |
|----------------|----------------------|--------------------|---------------------|
| | <u>Governmental</u> | <u>Proprietary</u> | |
| | <u>Fund</u> | <u>Fund</u> | |
| | <u>General</u> | <u>Water</u> | |
| Transfers out: | | | |
| General fund | \$ - | \$ 799,350 | \$ 799,350 |
| Nonmajor funds | 948,490 | - | 948,490 |
| Total | <u>\$ 948,490</u> | <u>\$ 799,350</u> | <u>\$ 1,747,840</u> |

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

NOTE 11 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2022 consist of:

| | <u>Governmental</u> | <u>General</u> | <u>Fidciary</u> |
|---|------------------------|---------------------|---------------------------|
| | <u>Activities</u> | <u>Fund</u> | <u>Funds</u> |
| Property taxes due to the Winnacunnet Cooperative School District | \$ - | \$ - | \$ 3,307,659 ³ |
| Property taxes due to the Seabrook School District | - | - | 6,119,277 ³ |
| Fees due to the State of New Hampshire | 304,457 | 304,457 | - |
| Property taxes due to the custodial funds | 9,426,936 ² | 9,426,936 | - |
| Total intergovernmental payables due | <u>\$ 9,731,393</u> | <u>\$ 9,731,393</u> | <u>\$ 9,426,936</u> |

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

³ Property taxes due to the Winnacunnet Cooperative and Seabrook School Districts represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next calendar year.

NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2022 consist of amounts related to pensions totaling \$5,740,951 and amounts related to OPEB totaling \$165,902. For further discussion on these amounts, see Note 16 and 17, respectively.

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Deferred inflows of resources are as follows:

| | Exhibit A | Exhibit C-1 |
|--|---------------------|---------------------|
| Governmental activities: | | |
| Property taxes levied prior to their due date | \$ - | \$ 438,851 |
| Property taxes collected in advance | 39,450 | 39,450 |
| Deferred state aid | 357,740 | 357,740 |
| Leases (also see Note 13) | 909,356 | 909,356 |
| Unspent American Rescue Plan Act (ARPA) grant funds | 925,666 | 925,666 |
| Other | 1,862 | 1,862 |
| Amounts related to pensions (see Note 16) | 179,212 | - |
| Amounts related to other postemployment benefits (see Note 17) | 67,154 | - |
| Total governmental activities | <u>\$ 2,480,440</u> | <u>\$ 2,672,925</u> |

NOTE 13 – LEASES

The Town recognized \$88,674 in lease revenue. As of December 31, 2022, the Town's receivable for lease payments was \$998,030. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$909,356.

The Town had the following lease receivables as of December 31, 2022:

| | Initial Annual Amount | Issue Date | Yearly Increase | Maturity Date | Receivable at December 31, 2022 |
|--------------------|-----------------------------|---------------|--------------------|------------------|---------------------------------------|
| Lease receivables: | | | | | |
| T-mobile | \$ 35,000 | 2014 | 3% | 2029 | \$ 349,922 |
| Verizon | \$ 35,000 | 2014 | 3% | 2035 | 648,108 |
| | | | | | <u>\$ 998,030</u> |

The annual requirements to amortize all lease receivables outstanding as of December 31, 2022, including interest payments are as follows:

| Fiscal Year Ending December 31, | Total |
|------------------------------------|-------------------|
| 2023 | \$ 91,334 |
| 2024 | 94,074 |
| 2025 | 96,896 |
| 2026 | 99,803 |
| 2027 | 102,798 |
| 2028-2032 | 328,953 |
| 2033-2037 | 184,172 |
| Totals | <u>\$ 998,030</u> |

NOTE 14 – SHORT-TERM DEBT

Changes in the Town's short-term operational borrowing during the year ended December 31, 2022 consisted of the following:

| Governmental Activities | Original Issue | Interest Rate | Balance January 1, 2022 | Additions | Deletions | Balance December 31, 2022 |
|-------------------------|-------------------|------------------|----------------------------|--------------|----------------|------------------------------|
| Tax anticipation Note | \$ 2,000,000 | 6.80% | \$ - | \$ 2,000,000 | \$ (2,000,000) | \$ - |

The purpose of the short-term borrowing was to provide interim financing of general fund operations. The Town paid \$10,145 in interest on the short-term debt during the year.

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NOTE 15 – LONG-TERM LIABILITIES

Changes in the Town’s long-term liabilities consisted of the following for the year ended December 31, 2022:

| | Balance January 1, 2022 (as restated) | Additions | Reductions | Balance December 31, 2022 | Due Within One Year | Due In More Than One Year |
|---------------------------------------|--|---------------------|---------------------|---------------------------------|------------------------|------------------------------|
| Governmental activities: | | | | | | |
| Bonds payable: | | | | | | |
| Direct placement | \$ 601,500 | \$ - | \$ (31,500) | \$ 570,000 | \$ 30,000 | \$ 540,000 |
| Note payable - direct borrowing | 422,013 | - | (97,996) | 324,017 | 101,331 | 222,686 |
| Premium | 83,807 | - | (4,190) | 79,617 | 4,190 | 75,427 |
| Total bonds and notes payables | <u>1,107,320</u> | <u>-</u> | <u>(133,686)</u> | <u>973,634</u> | <u>135,521</u> | <u>838,113</u> |
| Compensated absences | 1,765,594 | 412,220 | (1,462) | 2,176,352 | - | 2,176,352 |
| Net pension liability | 14,368,357 | 6,519,365 | - | 20,887,722 | - | 20,887,722 |
| Net other postemployment benefits | 2,701,371 | 238,469 | (81,666) | 2,858,174 | - | 2,858,174 |
| Total long-term liabilities | <u>\$ 19,942,642</u> | <u>\$ 7,170,054</u> | <u>\$ (216,814)</u> | <u>\$ 26,895,882</u> | <u>\$ 135,521</u> | <u>\$ 26,760,361</u> |
| Business-type activities: | | | | | | |
| Bonds payable: | | | | | | |
| Direct placements - water | \$ 8,381,213 | \$ - | \$ (485,018) | \$ 7,896,195 | \$ 493,742 | \$ 7,402,453 |
| Note payable - direct borrowing sewer | 38,597 | - | (18,842) | 19,755 | 19,755 | - |
| Note payable - direct borrowing water | 33,714 | - | (16,458) | 17,256 | 17,256 | - |
| Premium | 319,379 | - | (17,434) | 301,945 | 17,434 | 284,511 |
| Total bonds and notes payables | <u>8,772,903</u> | <u>-</u> | <u>(537,752)</u> | <u>8,235,151</u> | <u>548,187</u> | <u>7,686,964</u> |
| Compensated absences-water | 172,920 | - | (29,242) | 143,678 | - | 143,678 |
| Compensated absences- sewer | 97,514 | - | (3,880) | 93,634 | - | 93,634 |
| Total long-term liabilities | <u>\$ 9,043,337</u> | <u>\$ -</u> | <u>\$ (570,874)</u> | <u>\$ 8,472,463</u> | <u>\$ 548,187</u> | <u>\$ 7,924,276</u> |

Long-term bonds are comprised of the following:

| | Original Amount | Issue Date | Maturity Date | Interest Rate % | Outstanding at December 31, 2022 | Current Portion |
|------------------------------------|--------------------|---------------|------------------|--------------------|--|--------------------|
| Governmental activities: | | | | | | |
| Bond payable: | | | | | | |
| Direct placement: | | | | | | |
| Radio equipment | \$ 601,500 | 2021 | 2041 | 1.59% | <u>\$ 570,000</u> | <u>\$ 30,000</u> |
| Notes payable - direct borrowings: | | | | | | |
| Rubbish truck | \$ 198,340 | 2020 | 2027 | 1.25% | 145,136 | 27,607 |
| 2018 Tahoe | \$ 42,729 | 2018 | 2023 | 2.40% | 9,372 | 9,372 |
| 2020 Chevy Silverado | \$ 42,741 | 2020 | 2024 | 2.01% | 22,214 | 10,888 |
| 2021 Chevy Silverado | \$ 21,132 | 2020 | 2024 | 2.00% | 26,571 | 13,023 |
| 2019 Wheel loader | \$ 164,424 | 2020 | 2025 | 2.98% | 98,860 | 31,989 |
| Ford 150 | \$ 33,850 | 2021 | 2025 | 2.28% | 21,864 | 8,452 |
| Total notes payable | | | | | <u>324,017</u> | <u>101,331</u> |
| Bond premium | | | | | 79,617 | 4,190 |
| Total governmental activities | | | | | <u>\$ 973,634</u> | <u>\$ 135,521</u> |

(Continued)

TOWN OF SEABROOK, NEW HAMPSHIRE
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Long-term bonds continued:

| | Original Amount | Issue Date | Maturity Date | Interest Rate % | Outstanding at December 31, 2022 | Current Portion |
|-------------------------------------|--------------------|---------------|------------------|--------------------|--|--------------------|
| Business - type activities: | | | | | | |
| Bonds payable: | | | | | | |
| Direct placements: | | | | | | |
| Water treatment facility | \$ 5,997,345 | 2008 | 2037 | 1.00-5.25% | \$ 3,455,000 | \$ 160,000 |
| Drinking water state revolving loan | \$ 5,000,000 | 2011 | 2031 | 2.86% | 1,351,195 | 133,742 |
| Water treatment facility | \$ 971,000 | 2012 | 2032 | 2.75-4.00% | 470,000 | 50,000 |
| Town pier and water tank | \$ 2,921,200 | 2020 | 2040 | 2.15% | 2,620,000 | 150,000 |
| Total direct placements | | | | | <u>7,896,195</u> | <u>493,742</u> |
| Notes payable - direct borrowings: | | | | | | |
| Sewer Vehicles | \$ 90,025 | 2019 | 2023 | 2.40% | 19,755 | 19,755 |
| Water Ford F150 | \$ 34,705 | 2019 | 2023 | 2.40% | 9,644 | 9,644 |
| Water Ford Super F250 | \$ 43,968 | 2019 | 2023 | 2.40% | 7,612 | 7,612 |
| Total direct borrowings | | | | | <u>37,011</u> | <u>37,011</u> |
| Bond premium | | | | | 301,945 | 17,434 |
| Total | | | | | <u>\$ 8,235,151</u> | <u>\$ 548,187</u> |

The annual requirements to amortize all general obligation bonds and notes outstanding as of December 31, 2022, including interest payments, are as follows:

Governmental activities:

| Fiscal Year Ending December 31, | Bond - Direct Placement | | | Notes - Direct Borrowings | | |
|------------------------------------|-------------------------|-------------------|-------------------|---------------------------|------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | \$ 30,000 | \$ 19,905 | \$ 49,905 | \$ 101,331 | \$ 9,345 | \$ 110,676 |
| 2024 | 30,000 | 18,375 | 48,375 | 94,959 | 6,007 | 100,966 |
| 2025 | 30,000 | 16,845 | 46,845 | 67,508 | 3,160 | 70,668 |
| 2026 | 30,000 | 15,315 | 45,315 | 29,736 | 1,316 | 31,052 |
| 2027 | 30,000 | 13,785 | 43,785 | 30,483 | 571 | 31,054 |
| 2028-2032 | 150,000 | 47,175 | 197,175 | - | - | - |
| 2033-2037 | 150,000 | 21,825 | 171,825 | - | - | - |
| 2038-2042 | 120,000 | 5,040 | 125,040 | - | - | - |
| Totals | <u>\$ 570,000</u> | <u>\$ 158,265</u> | <u>\$ 728,265</u> | <u>\$ 324,017</u> | <u>\$ 20,399</u> | <u>\$ 344,416</u> |

Business -type activities:

| Fiscal Year Ending December 31, | Bonds - Direct Placements | | | Notes - Direct Borrowings | | |
|------------------------------------|---------------------------|---------------------|---------------------|---------------------------|-----------------|------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | \$ 493,742 | \$ 266,802 | \$ 760,544 | \$ 37,011 | \$ 1,336 | \$ 38,347 |
| 2024 | 507,573 | 248,652 | 756,225 | - | - | - |
| 2025 | 516,513 | 229,989 | 746,502 | - | - | - |
| 2026 | 530,565 | 211,268 | 741,833 | - | - | - |
| 2027 | 539,734 | 191,076 | 730,810 | - | - | - |
| 2028-2032 | 2,748,068 | 646,072 | 3,394,140 | - | - | - |
| 2033-2037 | 2,125,000 | 205,808 | 2,330,808 | - | - | - |
| 2038-2042 | 435,000 | 16,149 | 451,149 | - | - | - |
| Totals | <u>\$ 7,896,195</u> | <u>\$ 2,015,816</u> | <u>\$ 9,912,011</u> | <u>\$ 37,011</u> | <u>\$ 1,336</u> | <u>\$ 38,347</u> |

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Bonds Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2022 were as follows:

| Per Town Meeting Vote of | Purpose | Unissued Amount |
|--------------------------------|--|--------------------|
| March 2017 | Asset management plan for Town water and sewer | \$ 60,000 |

NOTE 16 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers 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.

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 members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2022, the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$2,096,935, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2022 the Town reported a liability of \$20,887,722 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the Town’s proportion was 0.36% which was an increase of 0.04% from its proportion measured as of June 30, 2021.

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For the year ended December 31, 2022, the Town recognized pension expense of \$2,716,242. At December 31, 2022 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 | \$ 2,406,724 | \$ 99,028 |
| Changes in assumptions | 1,111,060 | - |
| Net difference between projected and actual investment earnings on pension plan investments | 791,618 | - |
| Differences between expected and actual experience | 392,025 | 80,184 |
| Contributions subsequent to the measurement date | 1,039,524 | - |
| Total | \$ 5,740,951 | \$ 179,212 |

The \$1,039,354 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, 2023. 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, | |
|------------------------------------|--------------|
| 2023 | \$ 1,424,379 |
| 2024 | 1,364,533 |
| 2025 | 284,836 |
| 2026 | 1,448,467 |
| Thereafter | - |
| Totals | \$ 4,522,215 |

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions which, accordingly, apply to 2022 measurements:

| | |
|----------------------------|---|
| Inflation: | 2.0% |
| Salary increases: | 5.4% 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 Health 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, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – 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.

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Following is a table presenting target allocations and long-term rates of return for 2022:

| Asset Class | Target Allocation | 30 Year Geometric Return |
|-----------------------------|-------------------|--------------------------|
| Broad US Equity (1) | 30.00% | 7.60% |
| Global Ex-US Equity (2) | 20.00% | 7.90% |
| Total public equity | 50.00% | |
| Real Estate Equity | 10.00% | 6.60% |
| Private Equity | 10.00% | 8.85% |
| Total private market equity | 20.00% | |
| Private Debt | 5.00% | 7.25% |
| Core U.S. Fixed Income (3) | 25.00% | 3.60% |
| Inflation | 0.00% | 2.25% |
| Total | 100.00% | 7.30% |

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, 2022 | \$ 28,026,057 | \$ 20,887,722 | \$ 14,952,858 |

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 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

17-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

Benefits Provided - Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers, and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree,

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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 2022 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.

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 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2022, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$222,810, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2022, the Town reported a liability of \$2,009,716 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022, the Town’s proportion was 0.53% which was an increase of 0.09% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$435,673. At December 31, 2022, 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 |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual investment earnings on OPEB plan investments | \$ 5,492 | \$ - |
| Contributions subsequent to the measurement date | 110,360 | - |
| Total | \$ 115,852 | \$ - |

The \$110,360 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, 2023. 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, | |
|------------------------------------|----------|
| 2023 | \$ 913 |
| 2024 | 237 |
| 2025 | (2,161) |
| 2026 | 6,503 |
| Thereafter | - |
| Totals | \$ 5,492 |

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Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

| | |
|----------------------------|--|
| Price inflation: | 2.0% per year |
| Wage inflation: | 2.75% (2.25% for teachers) |
| Salary increases: | 5.4% average, including inflation |
| Investment rate of return: | 6.75% net of OPEB plan investment expense, including inflation |
| Health care trend rate: | Not applicable, given that the benefits are fixed stipends |

Mortality rates were based on the Pub-2010 Health 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, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – 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 long-term rates of return for 2022:

| Asset Class | Target Allocation | 30 Year Geometric Return |
|-----------------------------|-------------------|--------------------------|
| Broad US Equity (1) | 30.00% | 7.60% |
| Global Ex-US Equity (2) | 20.00% | 7.90% |
| Total public equity | 50.00% | |
| Real Estate Equity | 10.00% | 6.60% |
| Private Equity | 10.00% | 8.85% |
| Total private market equity | 20.00% | |
| Private Debt | 5.00% | 7.25% |
| Core U.S. Fixed Income (3) | 25.00% | |
| Inflation | 0.00% | 2.25% |
| Total | 100.00% | 7.30% |

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. 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, 2022 | \$ 2,181,889 | \$ 2,009,716 | \$ 1,859,767 |

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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17-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 drugs for certain eligible retirees based on their collective bargaining unit, age, and number of years of service completed.

Employees Covered by Benefit Terms – At January 1, 2022, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 30 |
| Active employees | <u>124</u> |
| Total participants covered by OPEB plan | <u><u>154</u></u> |

Total OPEB Liability – The Town’s total OPEB liability of \$848,458 was measured as of January 1, 2022, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$848,458 in the January 1, 2022 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: | 4.18% |
| Healthcare Cost Trend Rates: | |
| Current Year Trend | 7.00% |
| Second Year Trend | 6.75% |
| Decrement | 0.25% |
| Ultimate Trend | 4.50% |
| Year Ultimate Trend is Reached | 2034 |

The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of two 20-year municipal bond indices (e.g., S&P Municipal Bond 20 Year High Grade Rate Index - 4.31% and Fidelity GO AA 20 Years - 4.05%) as of December 31, 2022.

Prior discount rate used in January 1, 2021 to December 31, 2021 GASB 74/75 report was 2.05%.

Mortality rates were based on Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre- and post-retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

Changes in the Total OPEB Liability

| | December 31, | |
|--|-------------------|-------------------|
| | 2021 | 2022 |
| OPEB liability beginning of year | \$ 974,849 | \$ 930,124 |
| Changes for the year: | | |
| Service cost | 20,087 | 17,428 |
| Interest | 19,148 | 36,670 |
| Assumption changes and difference between actual and expected experience | (2,314) | (30,061) |
| Benefit payments | (81,646) | (105,703) |
| OPEB liability end of year | <u>\$ 930,124</u> | <u>\$ 848,458</u> |

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Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The January 1, 2022 actuarial valuation was prepared using a discount rate of 4.18%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$798,633 or by 5.87%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$901,507 or by 6.25%.

| | Discount Rate | | |
|----------------------|---------------|----------------|-------------|
| | 1% Decrease | Baseline 4.18% | 1% Increase |
| Total OPEB Liability | \$ 901,507 | \$ 848,458 | \$ 798,633 |

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The January 1, 2022 actuarial valuation was prepared using an initial trend rate of 7.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$928,987 or by 9.49%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$778,941 or by 8.19%.

| | Healthcare Cost Trend Rates | | |
|----------------------|---|--|---|
| | 1% Decrease 6.00% Year 1 Decreasing to 3.50% | Baseline 7.00% Year 1 Decreasing to 4.50% | 1% Increase 8.00% Year 1 Decreasing to 5.50% |
| Total OPEB Liability | \$ 778,941 | \$ 848,458 | \$ 928,987 |

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2022, the Town recognized OPEB expense of \$54,581. At December 31, 2022, 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 | \$ 50,050 | \$ 67,154 |

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, | |
|------------------------------------|-------------|
| 2023 | \$ 483 |
| 2024 | 483 |
| 2025 | 483 |
| 2026 | 483 |
| 2027 | (6,467) |
| Thereafter | (12,569) |
| Totals | \$ (17,104) |

NOTE 18 - ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2022 are as follows:

| | |
|------------------------|-----------|
| General fund: | |
| General government | \$ 24,685 |
| Public safety | 3,660 |
| Highways and streets | 7,405 |
| Sanitation | 44,322 |
| Welfare | 1,077 |
| Culture and recreation | 14,515 |
| Total general fund | \$ 95,664 |

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NOTE 19 – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES AND FIDUCIARY FUNDS
NET POSITION

Governmental and business-type activities and fiduciary fund net position reported on the Statements of Net Position at December 31, 2022 include the following:

| | Governmental Activities | Business-type Activities (Proprietary Funds) | Total | Fiduciary Funds |
|---|----------------------------|--|----------------------|---------------------|
| Net investment in capital assets: | | | | |
| Net book value, all capital assets | \$ 45,105,198 | \$ 9,704,052 | \$ 54,809,250 | \$ - |
| Less: | | | | |
| General obligation bonds payable | (570,000) | (7,896,195) | (8,466,195) | - |
| Unamortized bond premiums | (79,617) | (301,945) | (381,562) | - |
| Note payable | (324,017) | (37,011) | (361,028) | - |
| Total net investment in capital assets | <u>44,131,564</u> | <u>1,468,901</u> | <u>45,600,465</u> | <u>-</u> |
| Restricted net position: | | | | |
| Perpetual care - nonexpendable | 10,831 | - | 10,831 | - |
| Perpetual care - expendable | 6,094 | - | 6,094 | - |
| Road improvements | 1,571,368 | - | 1,571,368 | - |
| Unspent bond proceed | 868,490 | - | 868,490 | - |
| Drug forfeiture | 10,020 | - | 10,020 | - |
| Channel 22 | 50,000 | - | 50,000 | - |
| Library | 604,129 | - | 604,129 | - |
| Capital projects | 995,700 | - | 995,700 | - |
| D'Alessandro trust | 109,078 | - | 109,078 | - |
| Water | - | 1,683,235 | 1,683,235 | - |
| Sewer | - | 1,418,485 | 1,418,485 | - |
| Communications | 354,134 | - | 354,134 | - |
| School trust funds | - | - | - | 484,753 |
| Escrow accounts | - | - | - | 1,168,809 |
| Individuals, organizations, and other governments | - | - | - | 1,411,132 |
| Total restricted net position | <u>4,579,844</u> | <u>3,101,720</u> | <u>7,681,564</u> | <u>3,064,694</u> |
| Unrestricted | <u>(9,386,439)</u> | <u>-</u> | <u>(9,386,439)</u> | <u>-</u> |
| Total net position | <u>\$ 39,324,969</u> | <u>\$ 4,570,621</u> | <u>\$ 43,895,590</u> | <u>\$ 3,064,694</u> |

NOTE 20 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

| | General Fund | Nonmajor Funds | Total Governmental Funds |
|------------------------------------|-----------------|-------------------|--------------------------------|
| Nonspendable: | | | |
| Prepaid items | \$ 214,013 | \$ - | \$ 214,013 |
| Tax deeded property | 20,341 | - | 20,341 |
| Permanent fund - principal balance | - | 10,831 | 10,831 |
| Total nonspendable fund balance | <u>234,354</u> | <u>10,831</u> | <u>245,185</u> |

(Continued)

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

Governmental fund balances continued:

| | General Fund | Nonmajor Funds | Total Governmental Funds |
|----------------------------------|----------------------|---------------------|--------------------------------|
| Restricted: | | | |
| Road improvements | 1,571,368 | - | 1,571,368 |
| Library | 604,129 | - | 604,129 |
| Drug forfeiture | 10,020 | - | 10,020 |
| Capital expenditures | 868,490 | 995,700 | 1,864,190 |
| Channel 22 | 50,000 | - | 50,000 |
| D'Alessandro trust | - | 109,078 | 109,078 |
| Communications | - | 354,134 | 354,134 |
| Permanent - income balance | - | 6,094 | 6,094 |
| Total restricted fund balance | <u>3,104,007</u> | <u>1,465,006</u> | <u>4,569,013</u> |
| Committed: | | | |
| Expendable trust | 736,537 | - | 736,537 |
| Nonlapsing appropriations | 3,778,412 | - | 3,778,412 |
| Conservation | - | 209,233 | 209,233 |
| Ambulance | - | 983,047 | 983,047 |
| Transportation | - | 36,876 | 36,876 |
| Recreation | - | 37,975 | 37,975 |
| Police detail | - | 471,475 | 471,475 |
| Recycling | - | 151,249 | 151,249 |
| Total committed fund balance | <u>4,514,949</u> | <u>1,889,855</u> | <u>6,404,804</u> |
| Assigned: | | | |
| Encumbrances | 95,664 | - | 95,664 |
| Unassigned | <u>3,731,958</u> | <u>-</u> | <u>3,731,958</u> |
| Total governmental fund balances | <u>\$ 11,680,932</u> | <u>\$ 3,365,692</u> | <u>\$ 15,046,624</u> |

NOTE 21 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at January 1, 2022 was restated to give retroactive effect to the following prior period adjustments:

| | Governmental Activities | Business-type Activities | Proprietary Funds | | Governmental Funds | | Fiduciary Funds |
|--|----------------------------|-----------------------------|-------------------|---------------|----------------------------------|---------------------------------|--------------------|
| | | | Sewer Fund | Water Fund | General Fund (Exhibit C-3) | General Fund (Schedule 3) | |
| Restatement to opening fund balance/net position for: | | | | | | | |
| Recognize a prior year liability in private purpose trust funds | \$ 88,818 | \$ - | \$ - | \$ - | \$ 88,818 | \$ 88,818 | \$ (88,818) |
| Reclassification of the water fund as a proprietary fund | (3,737,302) | 3,737,302 | 2,280,000 | 1,457,302 | (3,737,302) | (2,280,000) | - |
| Reclassification of the sewer fund as a proprietary fund | (19,380) | 19,380 | 19,380 | - | (19,380) | - | - |

(Continued)

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

Prior period adjustments continued:

| | Governmental Activities | Business-type Activities | Proprietary Funds | | Governmental Funds | | Fiduciary Funds |
|--|----------------------------|-----------------------------|---------------------|---------------------|----------------------------------|---------------------------------|---------------------|
| | | | Sewer Fund | Water Fund | General Fund (Exhibit C-3) | General Fund (Schedule 3) | |
| Reclassification of long-term assets and liabilities from governmental activities to business-type activities | 87,404 | (87,404) | 202,758 | (290,162) | - | - | - |
| Adjustment for capital assets over depreciated in prior year | 149,013 | - | - | - | - | - | - |
| Adjustment to for leases - GASB Statement No. 87 | 88,674 | - | - | - | 88,674 | - | - |
| Net position/fund balance as previously reported | 43,897,279 | - | - | - | 14,063,700 | 4,611,310 | 1,641,039 |
| Net position/fund balance as restated | <u>\$ 40,554,506</u> | <u>\$ 3,669,278</u> | <u>\$ 2,502,138</u> | <u>\$ 1,167,140</u> | <u>\$ 10,484,510</u> | <u>\$ 2,420,128</u> | <u>\$ 1,552,221</u> |

NOTE 22 – 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 2022, 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, 2022 to December 31, 2022 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex³. 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 fiscal year 2022 the Town paid \$245,523 and \$434,537 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 23 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 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 has no such abatements for 2022.

NOTE 24 – 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.

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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 remaining 50% was received in 2022. Eligible uses of these funds include pandemic responses or its negative impacts, workforce/personnel, including payroll and hazard/premium pay, provision of government services to the extent of reduces revenue and necessary water, sewer, and broadband investment. For the year ended December 31, 2022 the Town spent none of the funds received. The remaining funds are included in the deferred inflows of resources until eligible expenditures have been made.

NOTE 25 – CONTINGENT LIABILITIES

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

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 26 – 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 November 14, 2023, the date the December 31, 2022 financial statements were available to be issued, and no event occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2022
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 | December 31, 2022 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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 | June 30, 2022 |
| 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% | 0.36% |
| 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 | \$20,887,722 |
| 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 | \$5,803,969 | \$7,469,524 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 285.58% | 274.36% | 278.25% | 371.35% | 361.10% | 336.05% | 290.17% | 376.58% | 247.56% | 279.64% |
| 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% | 65.12% |

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

EXHIBIT H
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, 2022
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 | December 31, 2022 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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 | June 30, 2022 |
| 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 | \$ 2,096,935 |
| 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) | (2,096,935) |
| 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 | \$ 7,433,082 |
| 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% | 28.21% |

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.
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TOWN OF SEABROOK, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

***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 – Salary increases changed to 5.4% from 5.6% in 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 G and H represent the actuarial determined costs associated with the Town's pension plan at December 31, 2022. 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 I
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, 2022
Unaudited

| Fiscal year-end | December 31, 2016 | December 31, 2017 | December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement date | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 | June 30, 2022 |
| Town's proportion of the net OPEB liability | 0.30% | 0.30% | 0.45% | 0.45% | 0.41% | 0.44% | 0.53% |
| 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 | \$ 2,009,716 |
| Town's covered payroll | \$ 4,301,631 | \$ 4,185,317 | \$ 4,387,923 | \$ 5,024,735 | \$ 5,078,953 | \$ 5,803,969 | \$ 7,469,524 |
| Town's proportionate share of the net OPEB liability (asset) as a percentag of its covered payroll | 33.40% | 33.28% | 47.17% | 38.89% | 35.19% | 30.52% | 26.91% |
| Plan fiduciary net position as a percentag of the total OPEB liability | 5.21% | 7.91% | 7.53% | 7.75% | 7.74% | 11.06% | 10.64% |

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 Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2022
Unaudited

| Fiscal year-end | December 31, 2016 | December 31, 2017 | December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement date | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 | June 30, 2022 |
| Contractually required contribution | \$ 172,470 | \$ 180,529 | \$ 199,952 | \$ 203,411 | \$ 189,536 | \$ 223,997 | \$ 222,810 |
| Contributions in relation to the contractually required contribution | (172,470) | (180,529) | (199,952) | (203,411) | (189,536) | (223,997) | (222,810) |
| 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 | \$ 7,433,082 |
| Contributions as a percentage of covered payroll | 4.01% | 4.31% | 4.56% | 4.05% | 3.73% | 3.42% | 3.00% |

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

EXHIBIT K
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, 2022
Unaudited

| | December 31, | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| OPEB liability, beginning of year | \$ 987,896 | \$ 983,052 | \$ 1,067,501 | \$ 974,849 | \$ 930,124 |
| Changes for the year: | | | | | |
| Service cost | 14,423 | 16,273 | 19,610 | 20,087 | 17,428 |
| Interest | 36,481 | 30,443 | 20,829 | 19,148 | 36,670 |
| Assumption changes and difference between actual and expected experience | - | 95,650 | (60,360) | (2,314) | (30,061) |
| Benefit payments | (55,748) | (57,917) | (72,731) | (81,646) | (105,703) |
| OPEB liability, end of year | <u>\$ 983,052</u> | <u>\$ 1,067,501</u> | <u>\$ 974,849</u> | <u>\$ 930,124</u> | <u>\$ 848,458</u> |
| Covered payroll | <u>\$ 7,475,688</u> | <u>\$ 7,475,688</u> | <u>\$ 7,672,841</u> | <u>\$ 7,672,841</u> | <u>\$ 6,961,026</u> |
| Total OPEB liability as a percentage of covered payroll | 13.15% | 14.28% | 12.71% | 12.12% | 12.19% |

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, 2022

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 – Salary increases changed to 5.4% from 5.6% in 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 I, J, and K represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. 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 K represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. 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, 2022

| | Estimated | Actual | Variance Positive (Negative) |
|--|-----------------------------|-----------------------------|------------------------------------|
| Taxes: | | | |
| Property | \$ 21,717,639 | \$ 22,044,319 | \$ 326,680 |
| Yield | - | 1,138 | 1,138 |
| Excavation | 150 | 149 | (1) |
| Interest and penalties on taxes | 85,000 | 92,447 | 7,447 |
| Total from taxes | <u>21,802,789</u> | <u>22,138,053</u> | <u>335,264</u> |
| Licenses, permits, and fees: | | | |
| Business licenses, permits, and fees | 21,525 | 30,238 | 8,713 |
| Motor vehicle permit fees | 2,000,000 | 2,044,801 | 44,801 |
| Building permits | 85,250 | 125,941 | 40,691 |
| Other | 144,250 | 192,575 | 48,325 |
| Total from licenses, permits, and fees | <u>2,251,025</u> | <u>2,393,555</u> | <u>142,530</u> |
| Intergovernmental: | | | |
| State: | | | |
| Meals and rooms distribution | 739,833 | 739,833 | - |
| Highway block grant | 176,927 | 176,241 | (686) |
| From other governments | 97,092 | 97,092 | - |
| Federal: | | | |
| FEMA | 265,765 | 265,765 | - |
| Other governments: | | | |
| Seabrook School District - School Resource Officer | 50,000 | 50,000 | - |
| Total from intergovernmental | <u>1,329,617</u> | <u>1,328,931</u> | <u>(686)</u> |
| Charges for services: | | | |
| Income from departments | <u>85,325</u> | <u>131,595</u> | <u>46,270</u> |
| Miscellaneous: | | | |
| Sale of municipal property | 28,450 | 31,592 | 3,142 |
| Interest on investments | 24,000 | 27,802 | 3,802 |
| Other | 286,400 | 529,779 | 243,379 |
| Total from miscellaneous | <u>338,850</u> | <u>589,173</u> | <u>250,323</u> |
| Other financing sources: | | | |
| Transfers in | <u>415,400</u> | <u>1,627,688</u> | <u>1,212,288</u> |
| Total revenues and other financing sources | <u><u>\$ 26,223,006</u></u> | <u><u>\$ 28,208,995</u></u> | <u><u>\$ 1,985,989</u></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, 2022

| | Encumbered from Prior Year | Appropriations | Expenditures | Encumbered to Subsequent Year | Variance Positive (Negative) |
|--------------------------------------|----------------------------------|-------------------|-------------------|-------------------------------------|------------------------------------|
| Current: | | | | | |
| General government: | | | | | |
| Executive | \$ 1,541 | \$ 784,642 | \$ 743,971 | \$ 1,236 | \$ 40,976 |
| Election and registration | - | 349,696 | 358,869 | - | (9,173) |
| Financial administration | 2,512 | 1,058,416 | 1,122,090 | 18,609 | (79,771) |
| Legal | - | 230,000 | 177,628 | - | 52,372 |
| Personnel administration | 6,881 | 4,138,505 | 3,763,527 | - | 381,859 |
| Planning and zoning | 1,329 | 72,512 | 61,423 | - | 12,418 |
| General government buildings | 10,936 | 140,473 | 170,882 | 4,619 | (24,092) |
| Cemeteries | - | 150,258 | 133,082 | 221 | 16,955 |
| Insurance, not otherwise allocated | - | 690,340 | 674,828 | - | 15,512 |
| Total general government | <u>23,199</u> | <u>7,614,842</u> | <u>7,206,300</u> | <u>24,685</u> | <u>407,056</u> |
| Public safety: | | | | | |
| Police | 25,214 | 5,584,355 | 5,588,184 | 3,311 | 18,074 |
| Fire | 8,060 | 5,244,297 | 5,252,879 | 349 | (871) |
| Building inspection | - | 109,171 | 97,909 | - | 11,262 |
| Emergency management | 1,105 | 142,976 | 139,742 | - | 4,339 |
| Total public safety | <u>34,379</u> | <u>11,080,799</u> | <u>11,078,714</u> | <u>3,660</u> | <u>32,804</u> |
| Highways and streets: | | | | | |
| Administration | 38,260 | 1,328,155 | 1,348,376 | 5,703 | 12,336 |
| Street lighting | - | 110,000 | 103,867 | 1,702 | 4,431 |
| Total highways and streets | <u>38,260</u> | <u>1,438,155</u> | <u>1,452,243</u> | <u>7,405</u> | <u>16,767</u> |
| Sanitation: | | | | | |
| Administration | 1,909 | 25,100 | 32,093 | - | (5,084) |
| Solid waste collection | 34,182 | 1,384,022 | 1,512,815 | 44,322 | (138,933) |
| Total sanitation | <u>36,091</u> | <u>1,409,122</u> | <u>1,544,908</u> | <u>44,322</u> | <u>(144,017)</u> |
| Water distribution and treatment | - | 140,000 | 132,656 | - | 7,344 |
| Health: | | | | | |
| Administration | 45 | 95,405 | 80,299 | - | 15,151 |
| Pest control | 239 | 146,730 | 125,363 | - | 21,606 |
| Total health | <u>284</u> | <u>242,135</u> | <u>205,662</u> | <u>-</u> | <u>36,757</u> |
| Welfare: | | | | | |
| Administration and direct assistance | - | 77,254 | 74,208 | - | 3,046 |
| Vendor payments and other | - | 134,224 | 61,878 | 1,077 | 71,269 |
| Total welfare | <u>-</u> | <u>211,478</u> | <u>136,086</u> | <u>1,077</u> | <u>74,315</u> |
| Culture and recreation: | | | | | |
| Parks and recreation | 41 | 1,108,894 | 1,019,736 | 11,324 | 77,875 |
| Library | - | 508,648 | 509,930 | - | (1,282) |
| Patriotic purposes | - | 40,951 | 40,449 | 3,191 | (2,689) |
| Total culture and recreation | <u>41</u> | <u>1,658,493</u> | <u>1,570,115</u> | <u>14,515</u> | <u>73,904</u> |
| Conservation | 1,746 | 3,618 | 1,337 | - | 4,027 |

(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, 2022

| | Encumbered from Prior Year | Appropriations | Expenditures | Encumbered to Subsequent Year | Variance Positive (Negative) |
|---|----------------------------------|----------------|---------------|-------------------------------------|------------------------------------|
| Debt service: | | | | | |
| Principal of long-term debt | - | 31,500 | 31,500 | - | - |
| Interest on long-term debt | - | 335,806 | 21,473 | - | 314,333 |
| Interest on tax anticipation notes | - | 4,000 | 10,145 | - | (6,145) |
| Total debt service | - | 371,306 | 63,118 | - | 308,188 |
| Capital outlay | - | 874,000 | 2,043,686 | - | (1,169,686) |
| Other financing uses: | | | | | |
| Transfers out | - | 1,179,058 | 799,350 | - | 379,708 |
| Total appropriations, expenditures, other financing uses, and encumbrances | \$ 134,000 | \$ 26,223,006 | \$ 26,234,175 | \$ 95,664 | \$ 27,167 |

See Independent Auditor's Report.

SCHEDULE 3
TOWN OF SEABROOK, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2022

| | | |
|--|---------------|----------------------------|
| Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (Note 21) | | \$ 2,420,128 |
| Changes: | | |
| 2022 Budget summary: | | |
| Revenue surplus (Schedule 1) | \$ 1,985,989 | |
| Unexpended balance of appropriations (Schedule 2) | <u>27,167</u> | |
| 2022 Budget surplus | | 2,013,156 |
| Decrease in nonspendable fund balance | | 9,263 |
| Increase in restricted fund balance | | (860,488) |
| Decrease in committed fund balance | | <u>480,076</u> |
| Unassigned fund balance, ending (Non-GAAP Budgetary Basis) | | 4,062,135 |
| 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 | | (438,851) |
| Elimination of the allowance for uncollectible taxes | | 20,000 |
| Prior period adjustment to recognize lease receiveable under GASB No. 87 | | <u>88,674</u> |
| Unassigned fund balance, ending, GAAP basis (Exhibit C-1) | | <u><u>\$ 3,731,958</u></u> |

See Independent Auditor's Report.

SCHEDULE 4
TOWN OF SEABROOK, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2022

| | Special Revenue Funds | | | | | |
|--|----------------------------|------------------------|------------------|-------------------------|-----------------------------|---------------------|
| | Conservation Commission | Ambulance Revolving | Transportation | Recreation Revolving | Police Outside Detail | Grants |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 209,362 | \$ 616,663 | \$ 50,398 | \$ 60,941 | \$ 456,848 | \$ 1,071,571 |
| Investments | - | - | - | - | - | - |
| Accounts receivable, net of allowance for uncollectible | - | 396,051 | - | - | 15,938 | - |
| Due from other governments | - | - | - | - | - | 25,646 |
| Interfund receivable | - | - | - | - | - | 22,651 |
| Total assets | \$ 209,362 | \$ 1,012,714 | \$ 50,398 | \$ 60,941 | \$ 472,786 | \$ 1,119,868 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ 7,457 | \$ - | \$ 11,354 | \$ - | \$ 14,795 |
| Accrued salaries and benefits | - | - | - | - | 1,311 | - |
| Interfund payable | 129 | 22,210 | 13,522 | 11,612 | - | 177,545 |
| Total liabilities | 129 | 29,667 | 13,522 | 22,966 | 1,311 | 192,340 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - grants | - | - | - | - | - | 927,528 |
| FUND BALANCES | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - |
| Committed | 209,233 | 983,047 | 36,876 | 37,975 | 471,475 | - |
| Total fund balances | 209,233 | 983,047 | 36,876 | 37,975 | 471,475 | - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 209,362 | \$ 1,012,714 | \$ 50,398 | \$ 60,941 | \$ 472,786 | \$ 1,119,868 |

| Special Revenue Funds | | | Capital Project Fund | | |
|------------------------|-----------------------|------------------------|---------------------------------------|-------------------|---------------------|
| Recycling Revolving | D'Alessandro Trust | Town Communications | Town Pier & Water Tank Projects | Permanent Fund | Total |
| \$ 207,244 | \$ 111,033 | \$ 354,134 | 981,358 | \$ 153 | \$ 4,119,705 |
| - | - | - | - | 16,772 | 16,772 |
| - | - | - | - | - | 411,989 |
| - | - | - | 97,103 | - | 122,749 |
| - | - | - | - | - | 22,651 |
| <u>\$ 207,244</u> | <u>\$ 111,033</u> | <u>\$ 354,134</u> | <u>\$ 1,078,461</u> | <u>\$ 16,925</u> | <u>\$ 4,693,866</u> |
| \$ - | \$ - | \$ - | \$ 71,775 | \$ - | \$ 105,381 |
| - | - | - | - | - | 1,311 |
| 55,995 | 1,955 | - | 10,986 | - | 293,954 |
| <u>55,995</u> | <u>1,955</u> | <u>-</u> | <u>82,761</u> | <u>-</u> | <u>400,646</u> |
| - | - | - | - | - | 927,528 |
| - | - | - | - | 10,831 | 10,831 |
| - | 109,078 | 354,134 | 995,700 | 6,094 | 1,465,006 |
| 151,249 | - | - | - | - | 1,889,855 |
| <u>151,249</u> | <u>109,078</u> | <u>354,134</u> | <u>995,700</u> | <u>16,925</u> | <u>3,365,692</u> |
| <u>\$ 207,244</u> | <u>\$ 111,033</u> | <u>\$ 354,134</u> | <u>\$ 1,078,461</u> | <u>\$ 16,925</u> | <u>\$ 4,693,866</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, 2022

| | Special Revenue Funds | | | | | |
|--|----------------------------|------------------------|------------------|-------------------------|-----------------------------|---------------|
| | Conservation Commission | Ambulance Revolving | Transportation | Recreation Revolving | Police Outside Detail | Grants |
| REVENUES | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ 61,162 | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | 69,381 |
| Charges for services | - | 592,305 | - | 44,160 | 149,487 | - |
| Miscellaneous | 1,427 | 8,469 | 650 | 13,445 | - | - |
| Total revenues | <u>1,427</u> | <u>600,774</u> | <u>61,812</u> | <u>57,605</u> | <u>149,487</u> | <u>69,381</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | 2,000 |
| Public safety | - | 118,045 | - | - | 170,360 | - |
| Highways and streets | - | - | - | - | - | 25,646 |
| Sanitation | - | - | - | - | - | 41,735 |
| Culture and recreation | - | - | - | 60,996 | - | - |
| Debt service: | | | | | | |
| Interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>118,045</u> | <u>-</u> | <u>60,996</u> | <u>170,360</u> | <u>69,381</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,427</u> | <u>482,729</u> | <u>61,812</u> | <u>(3,391)</u> | <u>(20,873)</u> | <u>-</u> |
| OTHER FINANCING USES: | | | | | | |
| Transfers out | - | - | (80,000) | - | - | - |
| Net change in fund balances | 1,427 | 482,729 | (18,188) | (3,391) | (20,873) | - |
| Fund balances, beginning | 207,806 | 500,318 | 55,064 | 41,366 | 492,348 | - |
| Fund balances, ending | <u>\$ 209,233</u> | <u>\$ 983,047</u> | <u>\$ 36,876</u> | <u>\$ 37,975</u> | <u>\$ 471,475</u> | <u>\$ -</u> |

| Special Revenue Funds | | | Capital Project Fund | | |
|------------------------|-----------------------|------------------------|---------------------------------------|-------------------|--------------|
| Recycling Revolving | D'Alessandro Trust | Town Communications | Town Pier & Water Tank Projects | Permanent Fund | Total |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 61,162 |
| - | - | - | 97,103 | - | 166,484 |
| 45,559 | - | - | - | - | 831,511 |
| 1,770 | 755 | 80,148 | 14,317 | 518 | 121,499 |
| 47,329 | 755 | 80,148 | 111,420 | 518 | 1,180,656 |
| - | - | - | - | 2,515 | 4,515 |
| - | - | - | 98,006 | - | 386,411 |
| - | - | - | - | - | 25,646 |
| 65,992 | - | - | - | - | 107,727 |
| - | - | - | - | - | 60,996 |
| - | - | - | 1,016 | - | 1,016 |
| - | - | - | 114,135 | - | 114,135 |
| 65,992 | - | - | 213,157 | 2,515 | 700,446 |
| (18,663) | 755 | 80,148 | (101,737) | (1,997) | 480,210 |
| - | - | - | (868,490) | - | (948,490) |
| (18,663) | 755 | 80,148 | (970,227) | (1,997) | (468,280) |
| 169,912 | 108,323 | 273,986 | 1,965,927 | 18,922 | 3,833,972 |
| \$ 151,249 | \$ 109,078 | \$ 354,134 | \$ 995,700 | \$ 16,925 | \$ 3,365,692 |

See Independent Auditor's Report.

SCHEDULE 6
TOWN OF SEABROOK, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2022

| | Custodial Funds | | | | Total |
|-------------------------------|------------------|-----------------------|---------------------|---------------|---------------------|
| | Taxes | School Trust Funds | Escrows | State Fees | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 3,579 | \$ 1,168,809 | \$ - | \$ 1,172,388 |
| Investments | - | 481,174 | - | - | 481,174 |
| Intergovernmental receivables | 9,426,936 | - | - | - | 9,426,936 |
| Total assets | <u>9,426,936</u> | <u>484,753</u> | <u>1,168,809</u> | <u>-</u> | <u>11,080,498</u> |
| LIABILITIES | | | | | |
| Due to school district | 9,426,936 | - | - | - | 9,426,936 |
| NET POSITION | | | | | |
| Restricted | <u>\$ -</u> | <u>\$ 484,753</u> | <u>\$ 1,168,809</u> | <u>\$ -</u> | <u>\$ 1,653,562</u> |

See Independent Auditor's Report.

SCHEDULE 7
TOWN OF SEABROOK, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2022

| | Custodial Funds | | | | Total |
|---|-------------------|-----------------------|---------------------|----------------|---------------------|
| | Taxes | School Trust Funds | Escrows | State Fees | |
| Additions: | | | | | |
| Investment earnings | \$ - | \$ 5,697 | \$ 2,124 | \$ - | \$ 7,821 |
| Tax collections for other governments | 23,255,671 | - | - | - | 23,255,671 |
| State fees collected | - | - | - | 700,811 | 700,811 |
| Total additions | <u>23,255,671</u> | <u>5,697</u> | <u>2,124</u> | <u>700,811</u> | <u>23,964,303</u> |
| Deductions: | | | | | |
| Benefits paid | - | 46,567 | - | - | 46,567 |
| Payments of taxes to other governments: | 23,255,671 | - | - | - | 23,255,671 |
| Payments of State fees | - | - | - | 700,811 | 700,811 |
| Total deductions | <u>23,255,671</u> | <u>46,567</u> | <u>-</u> | <u>700,811</u> | <u>24,003,049</u> |
| Change in net position | - | (40,870) | 2,124 | - | (38,746) |
| Net position, beginning | - | 525,623 | 1,166,685 | - | 1,692,308 |
| Net position, ending | <u>\$ -</u> | <u>\$ 484,753</u> | <u>\$ 1,168,809</u> | <u>\$ -</u> | <u>\$ 1,653,562</u> |