

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	3 - 12

**BASIC FINANCIAL STATEMENTS**

<b>Government-wide Financial Statements</b>	
A Statement of Net Position .....	13
B Statement of Activities .....	14
<b>Fund Financial Statements</b>	
<i>Governmental Funds</i>	
C-1 Balance Sheet .....	15
C-2 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position .....	16
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances .....	17
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	18
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund .....	19
<i>Fiduciary Funds</i>	
E-1 Statement of Fiduciary Net Position .....	20
E-2 Statement of Changes in Fiduciary Net Position .....	21
<b>NOTES TO THE BASIC FINANCIAL STATEMENTS</b> .....	22 - 47

**REQUIRED SUPPLEMENTARY INFORMATION**

F Schedule of the Town's Proportionate Share of Net Pension Liability .....	48
G Schedule of Town Contributions - Pensions .....	49
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY</b> .....	
H Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability .....	50
I Schedule of Town Contributions - Other Postemployment Benefits .....	51
J Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios .....	53
<b>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY</b> .....	
	54

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

<b>Governmental Funds</b>	
<i>Major General Fund</i>	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) .....	55
2 Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis) .....	56 - 57
3 Schedule of Changes in Unassigned Fund Balance .....	58
<i>Nonmajor Governmental Funds</i>	
4 Combining Balance Sheet .....	59
5 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	60
<i>Custodial Funds</i>	
6 Combining Schedule of Fiduciary Net Position .....	61
7 Combining Schedule of Changes in Fiduciary Net Position .....	62
<b>INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESSES</b> .....	
	63 - 64

**TOWN OF SEABROOK,  
NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**Town of Seabrook  
Independent Auditor's Report**

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

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

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

*Plodzik & Sanderson  
Professional Association*

October 14, 2021



**PLODZIK & SANDERSON**

*Professional Association/Certified Public Accountants*

193 North Main Street • Concord, New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Seabrook as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Seabrook, as of December 31, 2020, and the respective changes in financial position and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

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

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

## Management's Discussion and Analysis For the Fiscal Year 2020

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 \$45,452,781 (*net position*).
- The Town's change in net position was a decrease of \$2,401,318.
- At the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$17,824,643. Approximately 43.8% (\$7,807,333) 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 \$7,807,333, which is an increase of 14% (\$969,940) in relationship to the year-end balance.

### Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include four components: 1) government-wide financial statements; 2) fund financial statements; 3) notes to the financial statements; and 4) required supplementary information. In addition to the basic financial statements, this report contains other supplementary information.

### Government-wide financial statements

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

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

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

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

The government-wide financial statements can be found on pages 13-14 of this report.

### Fund financial statements

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

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

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

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

The Town's governmental fund financial statements can be found on pages 15-18.

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

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

**Notes to the financial statements**

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

The notes to the financial statements begin on page 22.

**Required Supplementary Information:**

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

This section includes the following information:

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

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

**Government-wide Financial Statement Analysis:**

The following table reflects a condensed summary of Net Position compared to the prior year. More detailed information can be found on page 44 of this report.

Town of Seabrook		
Net Position as of December 31, 2020 and 2019		
	2020	2019
Current and other assets	\$ 19,934,567	\$ 16,172,370
Capital assets, net	55,859,646	57,346,790
<b>Total assets</b>	<b>75,794,113</b>	<b>73,519,160</b>
Related to OPEB	190,987	179,381
Related to Pensions	4,371,757	1,651,749
<b>Total Deferred outflow or resources</b>	<b>4,562,744</b>	<b>1,831,130</b>
Current liabilities	1,654,712	1,738,679
Long-term liabilities	32,450,270	24,929,608
<b>Total liabilities</b>	<b>34,104,982</b>	<b>26,668,287</b>
Related to OPEB	78,750	8,670
Related to pensions	460,766	619,758
Unavailable Revenue - Prop Tax	26,305	39,958
Unavailable Revenue - Wtr/Swr	4,006	4,254
Unavailable Revenue - State Aid	227,405	765
Unavailable Revenue - grants	1,862	154,499
<b>Total Deferred outflow or resources</b>	<b>799,094</b>	<b>827,904</b>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	46,648,313	50,993,420
Restricted	5,621,432	2,234,856
Unrestricted	(6,816,954)	(5,374,179)
<b>Total net assets</b>	<b>\$ 45,452,781</b>	<b>\$ 47,854,099</b>

**Net position**

*Net investment in Capital Assets:* The largest portion of the Town's net position 102.63% reflects its net investment in capital assets.

*Restricted Net Position:* Only 12.36% 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 -14.99% 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 \$45,452,781 as of December 31, 2020.

The Town's capital assets, net of related debt, at the end of 2020 were \$46,648,313. Capital assets are items such as land, buildings, equipment, and infrastructure (roads and bridges). This portion of the Town's net position (102.63%) 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 \$7,520,662. This was due to the following factors: an increase in bond debt of \$2,608,321, an increase in bond premium of \$316,450, a decrease in capital leases of \$66,908, an increase in compensated absences (vested sick leave and accrued vacation leave) of \$376,356, a decrease in other post-employment benefits of \$259,458, and an increase of \$4,545,901 in net pension liability.

The Town reported \$18,018 in net position restricted for perpetual care, representing the permanent trust funds. And the Town also reported \$5,603,414 which is restricted for the road improvements, donations, drug forfeiture, library, and capital project. Total restricted net position is \$5,621,432.

The balance of unrestricted net position totaling a deficit -\$6,816,964. The unrestricted net position represents negative 14.9% of the Town's total net position.

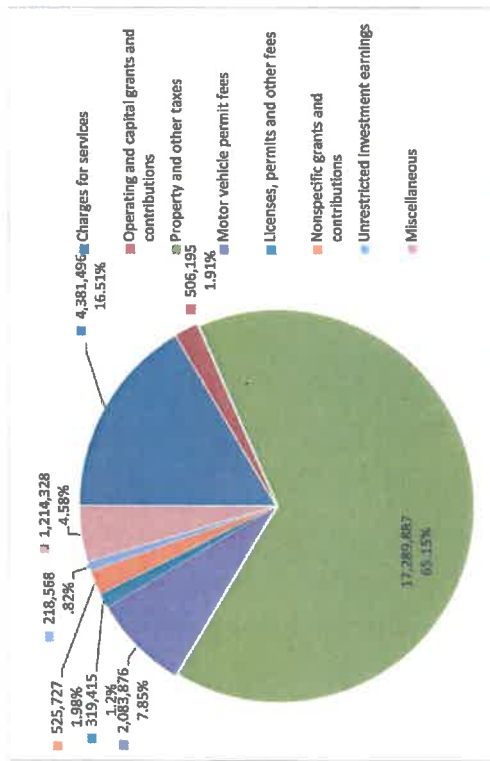
The following is a summary of the information presented in the Statement of Activities found on page 14.

Town of Seabrook		
Changes in Net Position for year ended December 31, 2020 and 2019		
	2020	2019
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 4,381,498	\$ 4,239,341
Operating and capital grants and contributions	506,195	262,197
Capital grants and contributions		
General revenues:		
Property and other taxes	17,289,887	17,245,672
Motor vehicle permit fees	2,083,876	2,007,722
Licenses, permits and other fees	319,415	382,079
Grants and contributions not restricted to specific programs	525,727	451,901
Unrestricted investment earnings	218,568	347,827
Miscellaneous	1,214,328	932,833
<b>Total revenues</b>	<b>\$ 26,539,492</b>	<b>\$ 25,859,572</b>
<b>Expenses</b>		
General governmental	\$ 6,510,738	\$ 6,195,861
Public safety	10,928,664	9,673,373
Highways and streets	3,143,003	3,595,237
Sanitation	3,837,338	3,880,715
Water distributions and treatments	2,224,211	2,111,572
Health	283,477	287,635
Welfare	109,189	135,586
Culture and recreation	1,476,204	1,829,924
Conservation	10,524	9,184
Interest on long-term debt	417,452	236,313
<b>Total expenses</b>	<b>\$ 28,940,810</b>	<b>\$ 27,955,400</b>
Increase (Decrease) in net assets	(2,401,318)	(2,095,828)
Net assets, beginning of year as restated	47,854,099	49,949,927
<b>Net assets, end of year</b>	<b>\$ 45,452,781</b>	<b>\$ 47,854,099</b>

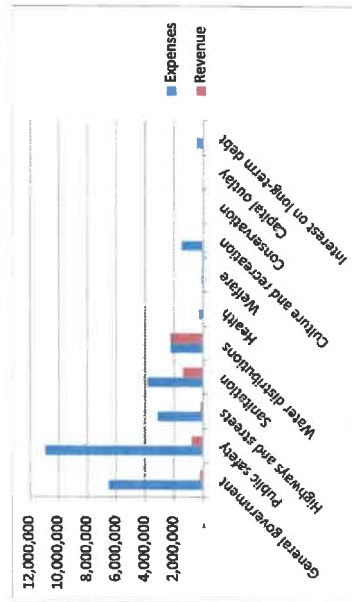
**Governmental Activities**

Net position decreased in 2020 by \$2,401,318. This decrease was due mainly to expenses increases.

The total cost of Governmental activities this year was \$28,940,810. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town property taxes was only \$17,289,887. The overall tax rate in 2020 increased to (\$15.97/\$1000) compared to the 2019 rate of (\$15.75/\$1000). Those who directly benefited from the programs paid \$4,381,496, and other governments and organizations subsidized certain programs in the amount of \$306,195. The Town paid for the remaining governmental activities with \$6,763,232 in revenues not specifically targeted for specific programs. These revenues are known as general revenues, such as: other taxes, interest, miscellaneous, motor vehicle permit fees, and other licenses and permits.



**Expense and Program Revenues – Governmental Activities**



The Town's expenses cover a range of services. The largest expenses were for Public Safety, which accounts for 37.7% 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 \$17,824,643, which increased \$3,793,895 from the prior year. Of the \$17,824,643 in combined ending fund balance, \$10,017,310 has been designated for specific uses. The remaining fund balance of \$7,807,333 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 \$7,807,333. 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 32.85% of total General Fund expenditures, while total fund balance represents 57.91% of that same amount.

The unassigned fund balance of the Town's General Fund increased by \$805,366, or 11.7%, from the prior year. Key factors in this change are as follows:

Unassigned fund balance used to offset tax rate	(900,000)
Excess of revenues over budget estimates	1,358,807
unexpended balance of appropriations	4,771
Decrease in fund balance non-spendable	(10,131)
Increase in fund balance restricted	351,919
Decrease in fund balance committed	805,366
<b>Total</b>	<b>805,366</b>

**Capital Assets and Long-Term Liabilities:**

**Capital assets**

The Town's capital assets for its governmental activities as of December 31, 2020 are \$55,859,546 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.

	2020	2019
Land	\$ 3,847,749	\$ 3,847,749
Buildings and Improvements	39,862,397	39,862,397
Improvements other than buildings	1,056,573	1,056,573
Equipment and vehicles	10,966,097	10,622,475
Construction in progress	864,040	18,920
Infrastructure	74,896,422	74,572,487
Total	131,493,278	129,980,511
Accumulated Depreciation	-75,633,732	-72,633,721
<b>Total Capital Assets</b>	<b>\$ 55,859,546</b>	<b>\$ 57,346,790</b>

**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, 2020**

Long-term Liabilities Payable as of 2019	\$24,929,608
Reductions to Long-term liabilities	-\$640,695
Increases to Long-term liabilities	\$8,161,357
<b>Long-term Liabilities Payable as of 2020</b>	<b>\$32,450,270</b>

**Economic Factors and the Future:**

New Hampshire Employment Security reports Seabrook's unemployment rate for September 2020 at 8.5%, the State's unemployment rate at 5.5%. The National unemployment rate is at 7.9%. These same rates for September 2019 were 3%, 2.6%, and 3.3% 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.

**EXHIBIT A**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Statement of Net Position*  
*December 31, 2020*

		Governmental Activities
<b>ASSETS</b>		
Cash and cash equivalents	\$ 14,619,300	
Investments	2,334,304	
Taxes receivables (net)	1,897,235	
Account receivables (net)	1,029,947	
Prepaid items	16,443	
Tax, deeded property, subject to resale	37,338	
Capital assets:		
Land and construction in progress	4,711,789	
Other capital assets, net of depreciation	51,147,757	
Total assets	<u>75,994,113</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Amounts related to pensions	4,371,757	
Amounts related to other postemployment benefits	190,987	
Total deferred outflows of resources	<u>4,562,744</u>	
<b>LIABILITIES</b>		
Accounts payable	660,410	
Accrued salaries and benefits	302,125	
Contracts payable	253,612	
Retainage payable	38,088	
Accrued interest payable	124,393	
Intergovernmental payable	276,084	
Long-term liabilities:		
Due within one year	765,212	
Due in more than one year	31,685,058	
Total liabilities	<u>34,104,982</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	26,305	
Unavailable revenue - state aid	227,405	
Unavailable revenue - water and sewer fees	4,006	
Unavailable revenue - grants and donations	1,862	
Amounts related to pensions	460,766	
Amounts related to other postemployment benefits	78,750	
Total deferred inflows of resources	<u>799,094</u>	
<b>NET POSITION</b>		
Net investment in capital assets	46,648,313	
Restricted	5,621,432	
Unrestricted	(6,816,964)	
Total net position	<u>\$ 45,452,781</u>	

**BASIC FINANCIAL STATEMENTS**

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, 2020

	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	
General government	\$ 6,510,738	\$ 13,863	\$ (6,286,674)
Public safety	10,028,664	680,835	(10,130,090)
Highways and streets	3,143,003	-	(2,964,748)
Sanitation	3,857,338	1,397,016	(2,440,322)
Water distribution and treatment	2,224,211	2,267,426	43,215
Health	283,477	-	(283,477)
Welfare	109,199	-	(109,199)
Culture and recreation	1,476,204	22,356	(1,453,848)
Conservation	10,524	-	(10,524)
Interest on long-term debt	417,452	-	(417,452)
Total governmental activities	\$ 28,940,810	\$ 4,381,486	\$ (24,053,119)

General revenues:

Taxes:	
Property	17,210,259
Other	79,628
Motor vehicle permit fees	2,083,876
Licenses and other fees	319,415
Grants and contributions not restricted to specific programs	525,727
Unrestricted investment earnings	218,568
Miscellaneous	1,214,328
Total general revenues	21,657,181
Change in net position	(2,401,318)
Net position, beginning	47,854,099
Net position, ending	\$ 45,452,781

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, 2020

	Ambulance Revolving		Town Pier & Water Tank Projects	Other Governmental Funds	Total Governmental Funds
	General				
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,103,097	\$ 624,359	\$ 1,251,301	\$ 1,372,918	\$ 12,551,675
Investments	5,251	-	-	17,894	23,145
Receivables, net of allowance for uncollectible:					
Taxes	1,917,235	-	-	-	1,917,235
Accounts	783,415	199,858	-	46,674	1,029,947
Interfund receivable	1,141,917	-	-	25,000	1,166,917
Prepaid items	16,443	-	-	-	16,443
Tax decayed property, subject to resale	37,338	-	-	-	37,338
Restricted assets:					
Cash and cash equivalents	2,067,625	-	-	-	2,067,625
Investments	2,311,159	-	-	-	2,311,159
Total assets	\$ 15,383,480	\$ 824,217	\$ 3,251,301	\$ 1,462,486	\$ 21,121,484
<b>LIABILITIES</b>					
Accounts payable	648,927	6,136	1,000	4,147	660,410
Accrued salaries and benefits	297,584	4,298	-	243	302,125
Contracts payable	-	-	253,612	-	253,612
Retainage payable	-	-	38,088	-	38,088
Intergovernmental payable	276,084	-	-	-	276,084
Interfund payable	-	263,987	676,961	223,969	1,166,917
Total liabilities	1,222,595	274,621	969,661	230,359	2,697,236
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - Property taxes	366,332	-	-	-	366,332
Unavailable revenue - state aid	227,405	-	-	-	227,405
Unavailable revenue - water and sewer fees	4,006	-	-	-	4,006
Unavailable revenue - grants and donations	-	-	-	1,862	1,862
Total deferred inflows of resources	597,743	-	-	1,862	599,605
<b>FUND BALANCES</b>					
Nonspendable	53,781	-	-	14,827	68,608
Restricted	3,004,170	-	2,281,640	320,795	5,606,605
Committed	2,897,858	549,596	-	894,643	4,342,097
Unassigned	7,807,333	-	-	-	7,807,333
Total fund balances	13,763,142	549,596	2,281,640	1,230,265	17,824,643
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,383,480	\$ 824,217	\$ 3,251,301	\$ 1,462,486	\$ 21,121,484

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, 2020**

	General	Ambulance Revolving	Town Pier & Water Tank Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 17,259,889	\$ -	\$ -	\$ -	\$ 17,259,889
Licenses and permits	2,404,767	-	-	67,070	2,471,837
Intergovernmental	757,984	-	-	325,815	1,083,799
Charges for services	3,704,329	453,314	-	223,853	4,381,496
Miscellaneous	1,177,053	4,903	13,398	117,119	1,312,473
Total revenues	<u>25,304,022</u>	<u>458,217</u>	<u>13,398</u>	<u>733,857</u>	<u>26,509,494</u>
<b>EXPENDITURES</b>					
Current:					
General government	6,412,355	-	-	-	6,412,355
Public safety	7,860,158	656,345	-	601,958	9,118,461
Highways and streets	1,338,145	-	-	-	1,338,145
Water distribution and treatment	1,921,003	-	-	-	1,921,003
Sanitation	3,279,308	-	-	8,181	3,287,489
Health	283,477	-	-	-	283,477
Welfare	109,526	-	-	-	109,526
Culture and recreation	1,310,421	-	-	46,942	1,357,363
Conservation	2,644	-	-	-	2,644
Debt service:					
Principal	312,879	-	-	-	312,879
Interest	290,239	-	90,832	-	381,071
Capital outlay	566,246	-	864,040	-	1,430,286
Total expenditures	<u>23,686,401</u>	<u>656,345</u>	<u>954,872</u>	<u>657,081</u>	<u>25,954,699</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,617,621</u>	<u>(198,128)</u>	<u>(941,474)</u>	<u>76,776</u>	<u>554,795</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	80,000	-	-	-	80,000
Transfers out	-	-	-	(80,000)	(80,000)
Bond proceeds	-	-	2,991,200	-	2,991,200
Premium on bond issued	-	-	317,900	-	317,900
Total other financing sources (uses)	<u>80,000</u>	<u>-</u>	<u>3,239,100</u>	<u>(80,000)</u>	<u>3,239,100</u>
Net change in fund balances	<u>1,697,621</u>	<u>(198,128)</u>	<u>2,297,626</u>	<u>(3,224)</u>	<u>3,793,895</u>
Fund balances, beginning, as restated (see Note 19)	<u>12,065,521</u>	<u>747,724</u>	<u>(15,986)</u>	<u>1,233,489</u>	<u>14,030,748</u>
Fund balances, ending	<u>\$ 13,763,142</u>	<u>\$ 549,596</u>	<u>\$ 2,281,640</u>	<u>\$ 1,230,265</u>	<u>\$ 17,824,643</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, 2020**

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)	\$ 17,824,643	
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		55,829,546
Cost	\$ 131,493,278	
Less accumulated depreciation	(75,633,732)	
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		4,023,228
Deferred outflows of resources related to pensions	\$ 4,371,757	
Deferred inflows of resources related to pensions	(460,766)	
Deferred outflows of resources related to OPEB	190,987	
Deferred inflows of resources related to OPEB	(78,750)	
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (1,166,917)	
Payables	1,166,917	
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.		320,027
Deferred property taxes	\$ 340,027	
Allowance for uncollectible taxes	(20,000)	
Interest on long-term debt is not accrued in governmental funds.		(124,393)
Accrued interest payable		
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		(32,450,270)
Unamortized bond premium	\$ 8,853,811	
Capital lease	333,300	
Compensated absences	22,122	
Net pension liability	1,350,502	
Other postemployment benefits	19,126,383	
	2,762,152	
Net position of governmental activities (Exhibit A)		<u>\$ 45,452,781</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, 2029**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances of governmental funds (Exhibit C-3)  
 Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

\$ 1,667,187  
 (3,125,130)

\$ 3,793,895

(1,457,943)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net assets.

Transfers in and out between governmental funds are eliminated on the Statement of Activities.

Transfers in  
 Transfers out

(29,301)

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  
 Change in allowance for uncollectible taxes

\$ 19,998  
 10,000

29,998

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Proceeds of debt  
 Bond premium on new issuance  
 Repayment of bond principal  
 Repayment of capital leases  
 Amortization of bond premium

\$ (2,921,200)  
 (317,900)  
 312,879  
 66,908  
 1,450

(2,857,863)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Increase in accrued interest expense  
 Increase in compensated absences payable  
 Net change in net pension liability, and deferred outflows and inflows of resources related to pensions  
 Net change in net other post-employment benefits liability and deferred outflows and inflows of resources related to other post-employment benefits

\$ (37,831)  
 (376,355)  
 (1,666,901)  
 206,984

(1,880,104)  
 \$(2,401,318)

Changes in net position of governmental activities (Exhibit B)

**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, 2020**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 17,333,084	\$ 17,333,084	\$ 17,289,887	\$ (43,197)
Licenses and permits	2,115,289	2,115,289	2,404,767	289,478
Intergovernmental	825,909	825,909	757,984	(67,925)
Charges for services	62,130	62,130	112,599	50,469
Miscellaneous	267,312	267,312	454,924	187,612
Total revenues	20,603,724	20,603,724	21,020,161	416,437
<b>EXPENDITURES</b>				
Current:				
General government	3,946,649	6,994,664	6,412,355	582,309
Public safety	10,109,168	8,147,197	7,860,158	287,039
Highways and streets	1,767,306	1,378,308	1,338,145	40,163
Water distribution and treatment	135,000	135,000	145,369	(10,369)
Sanitation	1,659,827	1,269,086	1,354,281	(85,195)
Health	380,916	323,715	283,477	40,238
Welfare	211,104	163,860	109,526	54,334
Culture and recreation	1,795,277	1,593,417	1,347,758	245,659
Conservation	3,618	3,618	2,644	974
Debt service:				
Principal	347,489	347,489	312,879	34,610
Interest	201,630	201,630	290,239	(88,609)
Capital outlay	737,727	737,727	566,246	171,481
Total expenditures	21,295,711	21,295,711	20,023,087	1,272,624
Excess (deficiency) of revenues over (under) expenditures	(691,987)	(691,987)	997,124	1,689,111
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	224,127	224,127	110,839	(113,288)
Transfers out	(432,140)	(432,140)	(649,156)	(217,016)
Total other financing sources (uses)	(208,013)	(208,013)	(538,317)	(330,304)
Net change in fund balances	\$ (900,000)	\$ (900,000)	458,807	\$ 1,358,807
Decrease in nonspendable fund balance			4,771	
Increase in restricted fund balance			(10,131)	
Decrease in committed fund balance			351,919	
Unassigned fund balance, beginning, as restated (see Note 19)			7,321,994	
Unassigned fund balance, ending			\$ 8,127,360	

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

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

**EXHIBIT E-1**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Fiduciary Funds*  
**Statement of Fiduciary Net Position**  
**December 31, 2020**

	Private Purpose Trust Funds	All Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 378,267	\$ 10,851,452
Investments	1,226,111	500,951
Accounts receivable	18,165	-
Total assets	<u>1,622,543</u>	<u>11,352,403</u>
<b>LIABILITIES</b>		
Intergovernmental payables:		
School	-	9,664,047
<b>NET POSITION</b>	<b>\$ 1,622,543</b>	<b>\$ 1,688,356</b>

**EXHIBIT E-2**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Fiduciary Funds*  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Private Purpose Trust Funds	All Custodial Funds
<b>ADDITIONS</b>		
Contributions	\$ 384,866	\$ 654,500
Investment earnings	33,700	8,379
Change in fair market value	28,126	152,009
Tax collections for other governments	-	23,374,741
Total additions	<u>446,692</u>	<u>24,389,629</u>
<b>DEDUCTIONS</b>		
Benefits paid	89,000	64,752
Payments of taxes to other governments	-	23,374,741
Payments for escrow purposes	-	84,345
Total deductions	<u>89,000</u>	<u>23,723,838</u>
Change in net position	357,692	665,791
Net position, beginning	1,264,851	1,022,565
Net position, ending	<u>\$ 1,622,543</u>	<u>\$ 1,688,356</u>

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

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, 2020**

	NOTE
Summary of Significant Accounting Policies .....	1
Reporting Entity .....	1-A
Basis of Accounting and Measurement Focus .....	1-B
Cash and Cash Equivalents .....	1-C
Restricted Assets .....	1-D
Investments .....	1-E
Receivables .....	1-F
Prepaid Items .....	1-G
Capital Assets .....	1-H
Interfund Activities .....	1-I
Property Taxes .....	1-J
Accounts Payable .....	1-K
Deferred Outflows/Inflows of Resources .....	1-L
Long-term Obligations .....	1-M
Compensated Absences .....	1-N
Claims and Judgments .....	1-O
Defined Benefit Pension Plan .....	1-P
Postemployment Benefits Other Than Pensions .....	1-Q
Net Position/Fund Balances .....	1-R
Use of Estimates .....	1-S
Stewardship, Compliance, and Accountability .....	2
Budgetary Information .....	2-A
Budgetary Reconciliation to GAAP Basis .....	2-B

**DETAILED NOTES ON ALL FUNDS**

Cash and Cash Equivalents .....	3
Restricted Assets .....	4
Investments .....	5
Taxes Receivable .....	6
Other Receivables .....	7
Capital Assets .....	8
Interfund Balances and Transfers .....	9
Intergovernmental Payables .....	10
Deferred Outflows/Inflows of Resources .....	11
Capital Lease Obligations .....	12
Long-term Liabilities .....	13
Defined Benefit Pension Plan .....	14
Postemployment Benefits Other Than Pensions .....	15
New Hampshire Retirement System (NHRS) .....	15-A
Town of Seabrook Retiree Health Benefit Program .....	15-B
Commitments .....	16
Governmental Activities and Fiduciary Funds Net Position .....	17
Governmental Fund Balances .....	18

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

Prior Period Adjustments .....	19
Risk Management .....	20
Donation .....	21
Contingent Liabilities .....	22
COVID-19 .....	23
Tax Abatements .....	24
Subsequent Events .....	25

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

The financial statements of the Town of Seabrook, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

**1-A Reporting Entity**

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

**1-B Basis of Accounting and Measurement Focus**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

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

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

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

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

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

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

The Town reports the following major governmental funds:

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

**Ambulance Revolving Fund** – the ambulance revolving fund is used to account for the operations of the Town's ambulance.

**Town Pier & Water Tank Capital Project Fund** – the Town Pier & Water Tank capital project fund accounts for the activity pertaining to the construction/renovation of the Town's pier and water tank.

Additionally, the Town reports the following fund types:

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

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

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

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

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

The Town reports the following fiduciary funds:

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

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

**1-C Cash and Cash Equivalents**

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

**1-D Restricted Assets**

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

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**I-E Investments**

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

- New Hampshire law authorizes the Town to invest in the following type of obligations:
  - Obligations of the United States government;
  - The public deposit investment pool established pursuant to RSA 383:22;
  - Savings bank deposits;
  - Certificates of deposit;
  - Hampshire or in banks recognized by the State treasurer.

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

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

- Level 1** – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.
- Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the Town's holdings in New Hampshire Public Deposit Investment Pool (NHPDIP), U.S. government obligations, and corporate bonds would be examples of Level 2 investments.
- Level 3** – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, 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 government securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

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

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

**I-F Receivables**

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

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**I-G Prepaid Items**

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

**I-H Capital Assets**

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

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

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

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

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

**I-I Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

**Interfund Transfers** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

**I-J Property Taxes**

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 761:5-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 14, 2020, and November 19, 2020, and due on July 1, 2020, and December 30, 2020. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on May 1, 2020.

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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 uncollectible at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Seabrook School District, Winnacumnet 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, 2020, utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax \$ 1,720,705,150  
 For all other taxes \$ 2,729,430,350

The tax rates and amounts assessed for the year ended December 31, 2020, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.57	\$17,926,201
School portion:		
State of New Hampshire	\$2.07	3,560,072
Local	\$6.41	17,503,975
County portion	\$0.92	2,516,604
Total	\$15.97	\$41,500,942

**I-K. Accounts Payable**

Accounts payable represent the gross number 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, 2020.

**I-L. Deferred Outflows/Inflows of Resources**

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

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

**I-M Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**I-N Compensated Absences**

The Town's policy allows certain employees to earn varying amounts of vacation and sick pay based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by the Town's personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

**I-O Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as an expense when the related liabilities are incurred.

**I-P Defined Benefit Pension Plan**

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

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

**I-Q Postemployment Benefits Other Than Pensions**

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

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

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

**I-R Net Position/Fund Balances**

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

- Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds 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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**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 and Town Manager 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

**1-5 Use of Estimates**

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

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

**2-A Budgetary Information**

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

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2020, \$900,000 of the beginning general fund unassigned fund balance was applied for this purpose.

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

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

Revenues and other financing sources:	\$ 21,131,000
Per Exhibit D (budgetary basis)	
Adjustment:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	4,313,859
To eliminate transfers between blended funds	(30,839)
Change in deferred tax revenue relating to 60-day revenue recognition	(29,998)
Per Exhibit C-3 (GAAP basis)	<u>\$ 25,384,022</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 20,672,193
Adjustment:	
Basis differences:	
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	3,663,364
To eliminate transfers between general and blended funds	(649,156)
Per Exhibit C-3 (GAAP basis)	<u>\$ 23,686,401</u>

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$25,849,019 and the bank balances totaled \$26,022,988. Petty cash totaled \$4,507.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 14,619,300
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	11,229,719
Total cash and cash equivalents	<u>\$ 25,849,019</u>

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**NOTE 4 – RESTRICTED ASSETS**

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

General fund:	
Library	\$ 544,368
Capital reserve funds	12,849
Escrow accounts	1,510,408
Total restricted cash and cash equivalents	<u>2,067,625</u>
Investments:	
General fund:	
Capital reserve funds	2,311,159
Total restricted assets	<u>\$ 4,378,784</u>

**NOTE 5 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Since investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2020:

	Valuation Measurement Method	Reported Balance
Investments type:		
Corporate bonds	Level 2	\$ 764,681
Equity exchange-traded funds	Level 1	390,506
Equity mutual funds	Level 1	2,900,928
Total fair value		<u>4,056,115</u>
Investments carried at amortized cost:		
New Hampshire Public Deposit Investment Pool		5,231
Total investments		<u>\$ 4,061,366</u>

**Interest Rate Risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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)	\$2,334,304
Investments per Statement of Fiduciary Net Position (Exhibit F-1)	1,727,062
Total investments	<u>\$ 4,061,366</u>

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**NOTE 6 – TAXES RECEIVABLE**

Taxes receivables represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. 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 2020	\$ 1,596,648 \$ 1,596,648
Unredeemed (under tax lien):	
Levy of 2019	172,957 172,957
Levy of 2018	74,109 74,109
Levies of 2017 and prior	73,481 73,481
Escrow on	40 40
Less: allowance for estimated uncollectible taxes	(20,000) *
Net taxes receivable	<u>\$ 1,897,235 \$ 1,917,235</u>

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

**NOTE 7 – OTHER RECEIVABLES**

Receivables at December 31, 2020, 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, 2020 for the Town's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	General Fund	Ambulance Revolving Fund	Nonmajor Funds	Governmental Activities
Receivables:				
Accounts	\$ 783,415	\$ 462,395	\$ 108,786	\$ 1,354,596
Less: allowance for uncollectibles	-	(62,112)	-	(324,649)
Net total receivables	<u>\$ 783,415</u>	<u>\$ 399,858</u>	<u>\$ 46,674</u>	<u>\$ 1,029,947</u>

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 3,847,749	-	-	\$ 3,847,749
Construction in progress	18,820	864,040	(18,820)	864,040
Total capital assets not being depreciated	<u>3,866,569</u>	<u>864,040</u>	<u>(18,820)</u>	<u>4,711,789</u>
Being depreciated:				
Land improvements	1,056,573	-	-	1,056,573
Buildings and building improvements	39,862,397	-	-	39,862,397
Equipment and vehicles	10,622,475	479,222	(135,600)	10,966,097
Infrastructure	74,572,497	323,925	-	74,896,422
Total capital assets being depreciated	<u>126,113,942</u>	<u>803,147</u>	<u>(135,600)</u>	<u>126,781,489</u>
Total all capital assets	<u>129,980,511</u>	<u>1,667,187</u>	<u>(154,420)</u>	<u>131,493,278</u>

(Continued)

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

Capital assets continued:

	Balance, beginning	Additions	Deletions	Balance, ending
Less accumulated depreciation:				
Land improvements	(781,838)	(9,785)	-	(791,623)
Buildings and building improvements	(20,432,021)	(971,002)	-	(21,403,023)
Equipment and vehicles	(7,565,942)	(629,520)	125,119	(8,070,343)
Infrastructure	(43,853,920)	(1,514,823)	-	(45,368,743)
Total accumulated depreciation	(72,633,721)	(3,125,130)	125,119	(75,633,732)
Net book value, capital assets being depreciated	53,480,221	(2,321,983)	(10,481)	51,147,757
Net book value, all governmental activities capital assets	\$57,346,790	\$(1,457,943)	\$(29,301)	\$55,859,546

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

General government	\$ 71,119
Public safety	380,064
Highways and streets	1,668,956
Sanitation	586,660
Culture and recreation	114,427
Water distribution and treatment	296,026
Conservation	7,878
Total depreciation expense:	<u>\$ 3,125,130</u>

**NOTE 9 – INTERFUND BALANCES AND TRANSFERS**

Interfund Balances - The composition of interfund balances as of December 31, 2020 is as follows:

	Amount
Receivable Fund	
Ambulance revolving	\$ 263,987
Town Pier & Water Tank	676,961
Nonmajor	206,969
Nonmajor	25,000
	<u>\$ 1,166,917</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, 2020 is as follows:

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

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

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**NOTE 10 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2020, consist of the following:

	Governmental Fund General	Fiduciary Funds
Miscellaneous fees due to the State of New Hampshire	\$ 2,652	-
Balance due to the New Hampshire Retirement System	227,401	-
Amounts due to the Integral Revenue Service	46,631	-
Taxes due to the Seabrook School District	-	6,535,791
Taxes due to the Winnacunnet Cooperative School District	-	3,128,256
Total intergovernmental payables due	<u>\$ 276,084</u>	<u>\$9,664,047</u>

**NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of at December 31, 2020 consist of amounts related to pensions totaling \$4,371,757 and amounts related to OPEB totaling \$190,987. For further discussion on these amounts, see Notes 14 and 15, respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund	Nonmajor Governmental Funds
Deferred property taxes not collected within 60 days of fiscal year-end	\$ 26,305	\$340,027	-
Property taxes collected in advance of warrants	1,862	-	1,862
Local grant and donation revenues collected in advance of eligible expenditures being made	227,405	227,405	-
Deferred state aid	4,006	4,006	-
Water and sewer fees collected in advance	460,766	-	-
Amounts related to pensions, see Note 14	78,750	-	-
Amounts related to OPEB, see Note 15	\$795,094	\$597,743	\$ 1,862
Total deferred inflows of resources	<u>\$ 1,534,639</u>	<u>\$ 1,169,181</u>	<u>\$ 1,862</u>

**NOTE 12 – CAPITAL LEASE OBLIGATIONS**

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2020
Capital lease obligation:		
Trackless sidewalk tractor	3.71%	\$ 22,122

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

	Governmental Activities
Equipment:	
Trackless sidewalk tractor	\$ 144,350
Less: accumulated depreciation	(85,610)
Total capital lease equipment	<u>\$ 57,740</u>

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

The annual requirements to amortize the capital lease payable as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending	Governmental
December 31,	Activities
2021	\$ 22,942
Less: interest	820
Present value of remaining payments	\$ 22,122

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

**NOTE 13 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2020:

	January 1, 2020	Additions	Reductions	Balance	Due Within
				December 31, 2020	One Year
Bonds payable:					
General obligation bonds	\$ 6,245,490	\$ 2,921,200	\$ (312,879)	\$ 8,853,811	\$ 472,598
Premium	18,850	317,900	(14,430)	335,300	17,345
Total bonds payable	6,264,340	3,239,100	(314,329)	9,189,111	489,943
Capital leases	89,030	-	(66,908)	22,122	22,122
Compensated absences	974,146	376,356	-	1,350,502	253,147
Net pension liability	14,580,482	4,545,901	-	19,126,383	-
Net other postemployment benefits	3,021,610	-	(259,438)	2,762,172	-
Total long-term liabilities	\$ 24,929,608	\$ 8,161,357	\$ (640,695)	\$ 32,450,270	\$ 765,212

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2020	Current Portion
General obligation bonds payable:						
Water treatment facility	\$ 5,997,345	2008	2037	4.00-5.25%	\$ 3,755,000	\$ 145,000
Drinking water state revolving loan	\$ 5,000,000	2011	2031	2.86%	1,607,611	126,398
Water treatment facility	\$ 971,000	2012	2032	2.75-4.00%	570,000	50,000
Town pier and water tank	\$ 2,921,200	2020	2040	2.15%	2,921,200	151,200
Bond premium					8,853,811	472,598
Total					\$ 9,189,111	\$ 489,943

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending	Principal	Interest	Total
December 31,			
2021	\$ 472,598	\$ 301,275	\$ 773,873
2022	485,018	284,708	769,726
2023	493,742	266,802	760,544
2024	507,573	248,652	756,225
2025	516,513	229,989	746,502
2026-2030	2,775,728	854,634	3,630,362
2031-2035	2,277,639	345,819	2,623,458
2036-2040	1,325,000	69,920	1,394,920
Totals	\$ 8,853,811	\$ 2,601,799	\$ 11,455,610

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

Bonds Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2020 were as follows:

Par	Purpose	Unissued Amount
March 2017	Asset management plan for Town water and sewer	\$ 60,000
March 2020 *	Replacing radio equipment at the police department	685,107
	Total	\$ 745,107

\* Identified as a subsequent event the long-term debt was issued in January 2021, also see Note 25.

**NOTE 14 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment in Governmental Accounting Standards Board (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(c)(6) 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.*

**Benefit Provided** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

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

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

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

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

**Contributions** – The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$1,351,147, which was paid in full.

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2020 the Town reported a liability of \$19,126,383 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Town's proportion was 0.30% which was the same as its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$3,043,139. At December 31, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Changes in proportion	\$ 78,962	\$255,403
Changes in assumptions	1,891,979	-
Net difference between projected and actual investment earnings on pension plan investments	1,182,987	-
Differences between expected and actual experience	516,505	205,363
Contributions subsequent to the measurement date	701,324	-
Total	<u>\$4,371,757</u>	<u>\$460,766</u>

The \$701,324 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, 2021. 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,
	2021
	2022
	2023
	2024
	Thereafter
	Totals
	\$ 653,227
	811,738
	894,499
	850,203
	<u>\$3,209,660</u>

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

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

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

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

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

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

Following is a table presenting target allocations and geometric real rates of return for each asset class:

	Target	Weighted average long-term
	Allocation	expected real rate of return
	2020	
Large Cap Equities	21.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total Fixed Income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	<u>100.00%</u>	

**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 rates. 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	1% Decrease	Current Single	1% Increase
Date	5.75%	Rate Assumption	7.75%
June 30, 2020	\$24,760,882	\$	19,126,383
			\$ 14,322,251

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

**NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**15-A New Hampshire Retirement System (NHRS)**

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

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**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 NJRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

Maximum medical subsidy rates paid during fiscal year 2020 were as follows:

- For those 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) trust 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:52-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) trust. 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 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$192,579, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** - At December 31, 2020, the Town reported a liability of \$1,787,303 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town's proportion was 0.41% which was an decrease of 0.04% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$21,465. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
	\$	\$
Changes in proportion	-	20,405
Net difference between projected and actual investment earnings on OPEB plan investments	6,687	-
Changes in assumptions	11,492	5,179
Differences between expected and actual experience	99,958	-
Contributions subsequent to the measurement date	118,137	25,384
<b>Total</b>	<b>118,137</b>	<b>25,384</b>

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

The \$99,958 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, 2021. 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,	
2021	\$(13,385)
2022	1,980
2023	2,360
2024	1,840
Thereafter	-
<b>Totals</b>	<b>\$ (7,405)</b>

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

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

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

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

	Target	Allocation	Weighted average long-term
			expected real rate of return
		2020	
Large Cap Equities	22.50%	3.71%	
Small/Mid Cap Equities	7.50%	4.15%	
Total domestic equity	30.00%		
Intl Equities (unhedged)	13.00%	3.96%	
Emerging Intl Equities	7.00%	6.20%	
Total international equity	20.00%		
Core Bonds	9.00%	0.42%	
Global Multi-Sector Fixed Income	10.00%	1.66%	
Absolute Return Fixed Income	6.00%	0.92%	
Total fixed income	25.00%		
Private equity	10.00%	7.71%	
Private debt	5.00%	4.81%	
Total alternative investments	15.00%		
Real estate	10.00%	2.95%	
<b>Total</b>	<b>100.00%</b>		

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2020, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:33. 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	Current Single Rate Assumption	1% Increase
June 30, 2020	\$ 1,940,825	\$ 1,787,303	\$ 1,654,016

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

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

**15-B Town of Seabrook Retirees 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.

**Benefit Provided** – The Town provides postemployment healthcare and prescription drug benefits for certain eligible retirees, based on their bargaining unit, age, and number of years of service completed.

**Employees Covered by Benefit Terms** – As of January 1, 2020, the following employees were covered by the benefit terms:

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

**Total OPEB Liability** – The Town's total OPEB liability of \$974,849 was measured as of January 1, 2020, and was determined by an actuarial valuation of that date.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$974,849 in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.02%
Healthcare Cost Trend Rates:	
Current Year Trend	7.00%
Second Year Trend	6.75%
Discount	25.00%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2032

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

The discount rate was based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices as of December 31, 2020.

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

**Changes in the Total OPEB Liability**

	December 31,	
	2019	2020
OPEB liability beginning of year	\$ 983,052	\$ 1,067,501
Changes for the year:		
Service cost	16,273	19,610
Interest	30,443	20,829
Assumption changes and difference between actual and expected experience	95,650	(60,360)
Benefit payments	(57,917)	(72,731)
OPEB liability end of year	<u>\$ 1,067,501</u>	<u>\$ 974,849</u>

**Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate** – The January 1, 2020, actuarial valuation was prepared using a discount rate of 2.02%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$902,879. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$1,055,220.

	Discount Rate	
	1% Decrease	1% Increase
Total OPEB Liability	<u>\$ 1,055,220</u>	<u>\$ 902,879</u>

**Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The January 1, 2020, actuarial valuation was prepared using an initial trend rate of 10.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$1,082,691. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$883,625.

	Healthcare Cost Trend Rates	
	Baseline 10.50%	1% Increase
Total OPEB Liability	<u>\$ 883,625</u>	<u>\$ 1,082,691</u>

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended December 31, 2020, the Town recognized OPEB expense of \$46,480. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	<u>\$ 72,850</u>
Deferred Inflows of Resources	<u>\$ 33,166</u>
Changes in assumptions	<u>\$ 33,166</u>

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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,
2021	\$ 4,206
2022	4,206
2023	4,206
2024	4,206
2025	4,206
Thereafter	(1,346)
<b>Totals</b>	<b>\$ 19,684</b>

**NOTE 16 – COMMITMENTS**

The Town has active construction projects as of December 31, 2020. At year-end, the Town's commitments with contractors for specific projects are as follows:

Capital Project Program	Spent to Date	Remaining Commitment
Water tank project	\$ 723,642	\$ 363,948

**NOTE 17 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION**

Net position reported on the government-wide and fiduciary funds Statements of Net Position at December 31, 2020 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 55,859,546	\$ -
Less:		
General obligation bonds payable	(8,853,811)	-
Unamortized bond premiums	(335,300)	-
Capital leases payable	(22,122)	-
Total net investment in capital assets	46,648,313	-
Restricted net position:		
Perpetual care - principal balance	14,827	-
Perpetual care - income balance	3,191	-
Road improvements	1,510,854	-
Donations	39,999	-
Security bonds	10,000	-
Drug forfeiture	9,794	-
Library	535,088	-
Capital projects	2,281,909	-
D'Alessandro trust	121,642	-
Water	898,435	-
Communications	195,693	-
Individuals, organizations, and other governments	-	3,310,899
Total restricted net position	5,621,432	3,310,899
Unrestricted	(6,816,964)	-
<b>Total net position</b>	<b>\$ 45,452,781</b>	<b>\$ 3,310,899</b>

**NOTE 18 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General Fund	Ambulance Revolving Fund	Town Pier & Water Tank Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Prepaid items	\$ 16,443	\$ -	\$ -	\$ -	\$ 16,443
Tax deeded property	37,338	-	-	-	37,338
Permanent fund - principal balance	-	-	-	14,827	14,827
Total nonspendable fund balance	53,781	-	-	14,827	68,608
<b>Restricted:</b>					
Library	535,088	-	-	-	535,088
Road improvements	1,510,854	-	-	-	1,510,854
Donations	39,999	-	-	-	39,999
Security bonds	10,000	-	-	-	10,000
Drug forfeiture	9,794	-	-	-	9,794
Water	898,435	-	-	-	898,435
Capital projects	-	-	2,281,640	269	2,281,909
D'Alessandro Trust	-	-	-	121,642	121,642
Communications	-	-	-	195,693	195,693
Permanent - income balance	-	-	-	3,191	3,191
Total restricted fund balance	3,004,170	-	2,281,640	320,795	5,606,605
<b>Committed:</b>					
Expendable trusts	1,667,271	-	-	-	1,667,271
Nonlapsing appropriations	1,230,587	-	-	-	1,230,587
Ambulance	-	549,596	-	-	549,596
Conservation commission	-	-	-	207,368	207,368
Transportation	-	-	-	71,291	71,291
Recreation	-	-	-	56,162	56,162
Police detail	-	-	-	360,890	360,890
Recycling	-	-	-	198,932	198,932
Total committed fund balance	2,897,858	549,596	-	894,643	4,342,097
Unassigned	7,807,333	-	-	-	7,807,333
<b>Total governmental fund balances</b>	<b>\$ 13,763,142</b>	<b>\$ 549,596</b>	<b>\$ 2,281,640</b>	<b>\$ 1,230,265</b>	<b>\$ 17,824,643</b>

**NOTE 19 – PRIOR PERIOD ADJUSTMENTS**

Fund balance at January 1, 2020, was restated to give retroactive effect to the following prior period adjustments:

	General Fund	General Fund	Other Governmental Funds
To restate for inaccurate interfund balances (Schedule 3)	\$ 194,572	\$ (63,675)	\$ 63,675
Fund balances, as previously reported	7,127,422	12,129,196	1,169,814
Fund balance, as restated	<b>\$ 7,321,994</b>	<b>\$ 12,065,521</b>	<b>\$ 1,233,489</b>



**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**NOTE 20 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020, to December 31, 2020, by Primex, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex 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 2020 the Town paid \$451,149 and \$441,669 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex 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 21 – DONATION**

The Town received a \$567,000 donation during 2020 from BJ's Wholesale Group in support of road improvements.

**NOTE 22 – CONTINGENT LIABILITIES**

There are various legal claims and suits pending against the Town which arose in the normal course of the governments activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

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

**NOTE 23 – 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.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downturn caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$115,614. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

**NOTE 24 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 71, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Town had no such abatements for 2020.

**NOTE 25 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through October 14, 2021, the date the December 31, 2020 financial statements were available to be issued, and the following occurred that requires recognition or disclosure:

In January 2021, the Town issued bonds totaling \$685,307 related to the March 2020 Warrant Article for replacing radio equipment for the Police Department.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT F**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Schedule of the Town's Proportional Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	2013	2014	2015	2016	2017	2018	2019	2020
Towns								
Proportion of the net pension liability	0.27%	0.28%	0.27%	0.30%	0.31%	0.31%	0.30%	0.30%
Proportional share of the net pension liability	\$ 11,520,032	\$ 10,620,503	\$ 10,666,963	\$ 15,974,182	\$ 15,113,037	\$ 14,745,597	\$ 14,580,482	\$ 19,126,383
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
Proportional 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%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.69%	64.73%	65.59%	58.72%

**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at December 31, 2020. These schedules are presented to illustrate the requirement: to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-215 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

**Other Information:**

Notes  
 The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.

December 31,	2016	2017	2018	2019	2020
Contractually required contribution	\$ 665,576	\$ 917,932	\$ 903,349	\$ 1,075,678	\$ 1,125,778
Contributions in relation to the contractually required contributions	665,576	917,932	903,349	1,075,678	1,125,778
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 4,033,905	\$ 3,871,031	\$ 3,833,602	\$ 4,301,631	\$ 4,185,317
Contributions as a percentage of covered payroll	16.50%	23.71%	23.56%	25.01%	26.90%
				29.50%	26.34%
					26.16%

**EXHIBIT G**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**Schedule of Town Contributions - Pensions**  
**New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan**  
**For the Fiscal Year Ended December 31, 2020**

**EXHIBIT I**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Schedule of Town Contributions – Other Postemployment Benefits*  
**New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan**  
For the Fiscal Year Ended December 31, 2020

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

**EXHIBIT II**  
**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, 2020

	December 31,				
	2016	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.30%	0.30%	0.45%	0.45%	0.41%
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
Town's covered payroll	\$ 4,301,631	\$ 4,185,317	\$ 4,387,923	\$ 5,024,735	\$ 5,078,953
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	33.40%	33.28%	47.17%	38.89%	35.19%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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

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, 2020**

**EXHIBIT J**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
**Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios**  
**Retiree Health Benefit Program**  
**For the Fiscal Year Ended December 31, 2020**

	December 31,	
	2018	2019
OPEB liability, beginning of year	\$ 987,896	\$ 983,052
Changes for the year:		
Service cost	14,423	16,273
Interest	36,481	30,443
Assumption changes and difference between actual and expected experience	(55,748)	95,650
Benefit payments	(57,917)	(57,917)
OPEB liability, end of year	<u>\$ 983,052</u>	<u>\$ 1,067,501</u>
Covered payroll	<u>\$ 7,475,688</u>	<u>\$ 7,475,688</u>
Total OPEB liability as a percentage of covered payroll	13.15%	14.28%
		12.71%

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2020. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market; 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

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

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2020. 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.

**SCHEDULE I**  
**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, 2020*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 17,216,424	\$ 17,210,259	\$ (6,165)
Yield	20	23	3
Excavation	40	-	(40)
Interest and penalties on taxes	96,600	79,605	(16,995)
Total from taxes	<u>17,333,084</u>	<u>17,289,887</u>	<u>(43,197)</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	12,610	14,227	1,617
Motor vehicle permit fees	1,900,000	2,083,976	183,876
Building permits	115,250	148,460	33,210
Other	87,429	158,204	70,775
Total from licenses, permits, and fees	<u>2,115,289</u>	<u>2,404,767</u>	<u>289,478</u>
<b>Intergovernmental:</b>			
State:			
Shared revenues	147,067	74,161	(72,906)
Meals and rooms distribution	450,567	451,566	999
Highway block grant	178,275	178,255	(20)
Other	50,000	54,002	4,002
Total from intergovernmental	<u>825,909</u>	<u>757,984</u>	<u>(67,925)</u>
<b>Charges for services:</b>			
Income from departments	62,130	112,599	50,469
<b>Miscellaneous:</b>			
Sale of municipal property	14,650	47,550	32,700
Interest on investments	80,000	51,176	(28,824)
Other	172,662	356,398	183,736
Total from miscellaneous	<u>267,312</u>	<u>454,924</u>	<u>187,612</u>
<b>Other financing sources:</b>			
Transfers in	224,127	110,839	(113,288)
Total revenues and other financing sources	<u>20,827,851</u>	<u>\$ 21,131,000</u>	<u>\$ 303,149</u>
Unassigned fund balance used to reduce tax rate	900,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 21,727,851</u>		

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

**SCHEDULE 2 (Continued)**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
 Major General Fund  
 Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2020

	Appropriations	Expenditures	Variance Positive (Negative)
Debt service:			
Principal of long-term debt	347,489	312,879	34,610
Interest on long-term debt	197,630	290,239	(92,609)
Interest on tax anticipation notes	4,000	-	4,000
Total debt service	549,119	603,118	(53,999)
Capital outlay	737,727	566,246	171,481
Other financing uses:			
Transfers out	432,140	649,156	(217,016)
Total appropriations, expenditures, and other financing uses	\$ 21,727,851	\$ 20,672,193	\$ 1,055,658

**SCHEDULE 2**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
 Major General Fund  
 Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2020

	Appropriations	Expenditures	Variance Positive (Negative)
Current:			
General government:			
Executive	\$ 685,751	\$ 708,874	\$ (23,123)
Election and registration	346,308	348,017	(1,709)
Financial administration	1,013,797	1,035,770	(21,973)
Legal	220,000	87,228	132,772
Personnel administration	3,697,817	3,225,553	472,264
Planning and zoning	87,770	78,132	9,638
General government buildings	132,496	131,610	886
Cemeteries	147,071	115,030	32,041
Insurance, not otherwise allocated	663,654	682,141	(18,487)
Total general government	6,994,664	6,412,335	582,309
Public safety:			
Police	4,106,515	3,738,538	367,977
Fire	3,798,927	3,836,217	(37,290)
Building inspection	106,047	98,636	7,411
Emergency management	135,708	186,767	(51,059)
Total public safety	8,147,197	7,860,158	287,039
Highways and streets:			
Administration	1,288,308	1,242,416	45,892
Street lighting	90,000	95,729	(5,729)
Total highways and streets	1,378,308	1,338,145	40,163
Sanitation:			
Administration	25,100	28,339	(3,239)
Solid waste collection	1,243,986	1,325,902	(81,916)
Total sanitation	1,269,086	1,354,241	(85,155)
Water distribution and treatment	135,000	145,369	(10,369)
Health:			
Administration	91,098	62,675	28,423
Pest control	133,487	121,672	11,815
Health agencies	99,130	99,130	-
Total health	323,715	283,477	40,238
Welfare:			
Administration and direct assistance	75,360	72,510	2,850
Vendor payments and other	88,500	37,016	51,484
Total welfare	163,860	109,526	54,334
Culture and recreation:			
Parks and recreation	1,045,694	835,521	210,173
Library	506,772	506,872	(100)
Patriotic purposes	40,951	5,665	35,286
Total culture and recreation	1,593,417	1,347,738	245,679
Conservation	3,618	2,644	974

(Continued)

**SCHEDULE 3**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Major General Fund*  
**Schedule of Changes in Unassigned Fund Balance**  
*For the Fiscal Year Ended December 31, 2020*

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 19)	\$ 7,321,994
Changes:	
Unassigned fund balance used to reduce 2020 tax rate	(900,000)
2020 Budget summary:	
Revenue surplus (Schedule 1)	\$ 303,149
Unexpended balance of appropriations (Schedule 2)	1,055,658
2020 Budget surplus	1,358,807
Decrease in nonspendable fund balance	4,771
Increase in restricted fund balance	(10,131)
Decrease in committed fund balance	351,919
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)	8,127,360
<i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i>	
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis	(340,027)
Elimination of the allowance for uncollectible taxes	20,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)	<u>\$7,807,333</u>

**SCHEDULE 4**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
*December 31, 2020*

	Special Revenue Funds				
	Conservation Commission	Transportation	Recreation Revolving	Police Outfit Detail	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 207,497	\$ 71,291	\$ 118,619	\$ 314,459	
Investments	-	-	-	-	
Accounts receivable, net of allowance for uncollectibles	-	-	-	46,674	
Interfund receivable	-	-	-	-	
Total assets	<u>\$ 207,497</u>	<u>\$ 71,291</u>	<u>\$ 118,619</u>	<u>\$ 361,133</u>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 4,147	\$ -	
Accrued salaries and benefits	-	-	-	243	
Interfund payable	129	-	58,310	-	
Total liabilities	<u>129</u>	<u>-</u>	<u>62,457</u>	<u>243</u>	
<b>Deferred inflows of resources:</b>					
Unavailable revenue - grants	-	-	-	-	
<b>Fund balances:</b>					
Nonspendable	-	-	-	-	
Restricted	-	-	-	-	
Committed	207,368	71,291	56,162	360,890	
Total fund balances	<u>207,368</u>	<u>71,291</u>	<u>56,162</u>	<u>360,890</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 207,497</u>	<u>\$ 71,291</u>	<u>\$ 118,619</u>	<u>\$ 361,133</u>	



**SCHEDULE 5**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
*For the Fiscal Year Ended December 31, 2020*

	Special Revenue Funds				
	Conservation Commission	Transportation	Recreation Revolving	Police Outside Detail	
<b>Revenues:</b>					
Licenses and permits	\$ -	\$ 67,070	\$ -	\$ -	
Intergovernmental	-	-	-	-	
Charges for services	-	-	6,726	189,498	
Miscellaneous	1,233	575	8,030	-	
Total revenues	1,233	67,645	14,756	189,498	
<b>Expenditures:</b>					
Current:					
Public safety	-	-	-	179,525	
Sanitation	-	-	-	-	
Culture and recreation	-	-	46,942	-	
Total expenditures	-	-	46,942	179,525	
Excess (deficiency) of revenues over (under) expenditures	1,233	67,645	(32,186)	9,973	
<b>Other financing uses:</b>					
Transfers out	-	(80,000)	-	-	
Net change in fund balances	1,233	(12,355)	(32,186)	9,973	
Fund balances, beginning as restated (see Note 19)	205,135	83,646	88,348	350,917	
Fund balances, ending	\$ 207,368	\$ 71,291	\$ 56,162	\$ 360,890	

	Capital Project Fund				Total
	Special Revenue Funds	D'Alessandro Trust	Town Communications	Water Treatment Plant	
Grants	\$ 126,821	\$ 207,113	\$ -	\$ -	\$ -
Recycling Revolving	\$ 207,113	\$ 126,246	\$ 195,693	\$ 5,055	\$ 124
D'Alessandro Trust	-	-	-	-	17,894
Town Communications	-	-	-	-	46,674
Water Treatment Plant	-	25,000	-	-	25,000
Permanent Fund	-	-	-	-	-
<b>Total</b>	<b>\$ 126,821</b>	<b>\$ 207,113</b>	<b>\$ 195,693</b>	<b>\$ 5,055</b>	<b>\$ 18,018</b>
	\$ -	\$ -	\$ -	\$ -	\$ -
	124,959	8,181	29,604	4,786	283
	124,959	8,181	29,604	4,786	230,359
	1,862	-	-	-	1,862
	-	-	-	-	14,827
	-	121,642	195,693	269	3,191
	198,932	121,642	195,693	269	894,643
	198,932	121,642	195,693	269	1,230,285
	\$ 126,821	\$ 207,113	\$ 195,693	\$ 5,055	\$ 18,018
					\$ 1,462,486

**SCHEDULE 6**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Custodial Funds*  
**Combining Schedule of Fiduciary Net Position**  
**December 31, 2020**

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,664,047	\$ 2,785	\$ 1,184,620	\$ 10,851,452
Investments	-	500,951	-	500,951
Total assets	9,664,047	503,736	1,184,620	11,352,403
<b>LIABILITIES</b>				
Intergovernmental payables:				
School	9,664,047	-	-	9,664,047
<b>NET POSITION</b>				
Restricted	\$ -	\$ 503,736	\$ 1,184,620	\$ 1,688,356

	Capital Project Fund					Total
	Special Revenue Funds		Water			
Grants	Recycling Revolving	D'Alessandro Trust	Town Communications	Treatment Plant	Permanent Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,070
325,815	-	-	-	-	-	325,815
-	27,629	-	-	-	-	223,853
-	1,268	832	104,304	34	903	117,119
325,815	28,837	832	104,304	34	903	733,857
325,815	-	96,618	-	-	-	601,958
-	8,181	-	-	-	-	8,181
325,815	8,181	96,618	-	-	-	46,942
-	20,656	(95,786)	104,304	34	903	76,776
-	-	-	-	-	-	(80,000)
-	20,656	(95,786)	104,304	34	903	(3,224)
-	178,276	217,428	91,389	235	17,115	1,233,489
\$ -	\$ 198,932	\$ 121,642	\$ 195,693	\$ 269	\$ 18,018	\$ 1,230,265

**SCHEDULE 7**  
**TOWN OF SEABROOK, NEW HAMPSHIRE**  
*Custodial Funds*  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
<b>Additions:</b>				
Contributions	\$ -	\$ -	\$ 654,500	\$ 654,500
Investment earnings	-	6,666	1,713	8,379
Change in fair market value	-	152,009	-	152,009
Tax collections for other governments	23,574,741	-	-	23,574,741
Total additions	23,574,741	158,675	656,213	24,389,629
<b>Deductions:</b>				
Benefits paid	-	64,752	-	64,752
Payments of uses to other governments	23,574,741	-	-	23,574,741
Payments for escrow purposes	-	-	84,345	84,345
Total deductions	23,574,741	64,752	84,345	23,723,838
Net increase in fiduciary net position	-	93,923	571,868	665,791
Net position, beginning	-	409,813	612,752	1,022,565
Net position, ending	\$ -	\$ 503,736	\$ 1,184,620	\$ 1,688,356



**PLODZIK & SANDERSON**  
*Professional Association/Certified Public Accountants*  
 193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

**INDEPENDENT AUDITOR'S COMMUNICATION  
 OF MATERIAL WEAKNESSES**

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

In planning and performing our audit of the financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Seabrook as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Seabrook's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Seabrook's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Seabrook's internal control.

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

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

**General Ledger Maintenance**

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

**Cable Franchise Fees**

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

**State Dated Checks**

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

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

*Capital Project Fund Account*

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

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

October 14, 2021

*Richard A. Sanderson  
Professional Association*