Town of Seabrook — 2024 Independent Financial Audit

October 2026

The Town of Seabrook has received its completed independent financial audit for the fiscal year ending December 31, 2024. The audited financial statements and accompanying audit findings are available below for public review.

Audit Opinion

The Town received an **unmodified audit opinion**, meaning that the independent auditors concluded that the Town's financial statements present fairly, in all material respects, its financial position in accordance with generally accepted accounting principles.

The auditors also reported no instances of noncompliance required to be reported under Government Auditing Standards.

Audit Findings

The audit identifies significant deficiencies in the Town's 2024 accounting records and internal financial controls. These included incomplete general ledger reconciliations, weaknesses in purchasing-card documentation and oversight, payroll control deficiencies, and inadequate documentation of journal-entry review and approval.

Completion of the audit was substantially delayed because significant accounting balances had not been fully reconciled and information necessary to complete the audit was not available when fieldwork began.

The Town experienced significant Finance Department staffing disruptions during the period covered by the audit. Extensive reconciliation and accounting work was subsequently required to complete the financial statements.

The accounting adjustments contained in the audit should not be interpreted as representing an equivalent amount of missing funds or financial loss. Many involved accounting corrections, account classifications, prior-year balances, and adjustments required for financial statement presentation.

Corrective Actions

The Town began addressing these deficiencies before completion of the audit. Corrective measures undertaken include:

- Engaging outside accounting professionals to assist with financial reconciliations and accounting procedures.
- Strengthening monthly and year-end reconciliation requirements.
- Implementing additional payroll review and internal controls.
- Tightening purchasing-card issuance, documentation, and oversight.
- Strengthening Finance Department management and supervisory review.
- Adopting additional financial governance policies, including an Ethics and Whistleblower Protection Policy.

These actions are part of an ongoing effort to improve financial accountability, strengthen internal controls, and ensure the timely production of accurate financial information.

Health Reimbursement Arrangement Clarification

The audit includes a summary of a prior-year finding concerning the Town's Health Reimbursement Arrangement (HRA). The original finding contained an interpretation of IRS requirements concerning direct payments to medical providers and the maintenance of separate HRA funds that was subsequently determined to be incorrect.

The 2024 audit expressly states that this prior finding **"has been resolved and is no longer a material weakness."**

The Town continues to maintain and improve its employee benefit administration and oversight procedures.

Moving Forward

The 2024 audit addresses financial activity and internal controls for a period ending nearly two years before the report's completion. While its findings identify serious historical accounting and control weaknesses, the Town has undertaken substantial corrective action since that period.

Additional improvements to financial reporting and budget monitoring are anticipated with implementation of the Town's new financial management system in January 2027.

The Town will continue working to complete subsequent audits, strengthen financial controls, and provide timely and transparent financial information to residents and elected officials.

VACHON CLUKAY & COMPANY PC

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October 2, 2026

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seabrook, New Hampshire for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 3, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Seabrook, New Hampshire are described in Note 1 to the financial statements. During the year ended December 31, 2024, the Town adopted and implemented GASB Statement No. 100 – *Accounting Changes and Error Corrections* and GASB Statement No. 101 – *Compensated Absences*. There were restatements in the financial statements due to various error corrections and a change from one generally accepted accounting principle to another generally accepted accounting principle as prescribed in the adoption of the new standard under GASB Statement No. 100 (see Note 17 and 18 to the financial statements). We noted no transactions entered into by the Town of Seabrook, New Hampshire during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements of the Governmental Activities, the Business-type Activities, and Each Major Proprietary Fund were:

> Management's estimates of the useful lives of capital assets are based upon historical records of utilization, necessary improvements, and replacements. We evaluated the key factors and assumptions used to develop the depreciable useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.
>
> Significant estimates also include actuarial assumptions used in determining cost-sharing pension costs and other post-employment benefit costs and single employer other post-employment benefit costs, which are based on plan audited financial statements and plan actuarial valuation reports, respectively. We evaluated the assumptions used in the plan audited financial statements and the plan actuarial valuation reports to determine that they are reasonable in relation to the financial statements as a whole.

The most sensitive estimate affecting the financial statements of the General Fund and the Governmental Activities was:

> Management's estimates of the allowance for uncollectible receivables is based on the likelihood of the Town to collect monies owed to it. We evaluated the key factors and assumptions used to develop the allowances in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The audit of the Town's financial statements was significantly delayed due to numerous significant balances not being fully reconciled and other requested information not being available at the commencement of audit fieldwork. The lack of timeliness regarding the availability of reconciled balances and requested information resulted in a delay in the availability of the final audited financial statements.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Please see the attached schedule of material adjustments detected as a result of audit procedures that were corrected by management.

The following are the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

- Overstatement of the General Fund cash of $29,577.
- Understatement of accrued payroll in the General Fund of $96,292.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 2, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Seabrook, New Hampshire's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the

consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Seabrook, New Hampshire's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As described in the Report on Internal Control Based on an Audit of Basic Financial Statements, we noted that the balances within the general ledger are not being properly reconciled in a timely manner, documentation for procurement card disbursements are insufficient, health reimbursement arrangement payments are not in compliance with IRS guidelines, payroll disbursements are unable to be recomputed, and an ethics and whistleblower policy has not been adopted. We considered these findings to be material weaknesses in internal control over financial reporting. We also noted that the review and approval of journal entries is lacking and has been reported as a significant deficiency in internal control over financial reporting.

Other Matters

We applied certain limited procedures to the budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor governmental fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

Vachon Clukay & Company PC

Client: SEABROOK, TOWN OF
Report: Adjusting Journal Entries

Account	Description	Debit	Credit	Net Income Effect
AJE01				
To restore prior year audited equity balance of the Sewer Fund				
21-000-24600-001	Committed Fund Balance	24,862.00	0.00	
21-000-20200-000	Accounts Payable	0.00	24,520.00	
21-000-22200-000	Deferred Revenue	0.00	824.00	
21-000-22200-001	Deferred Sewer revenue - overpayments	483.00	0.00	
21-000-13100-004	Due from WWTF upgrad fund	0.00	1.00	
04-000-12600-001	Due from State - WWTF Upgrades Grant 528,800	123,187.00	0.00	
04-000-13100-001	Due from General Fund	2,194,312.00	0.00	
04-000-20800-005	DUE TO FUND 0	96,240.00	0.00	
04-000-20800-021	Due to sewer fund	4,950.00	0.00	
04-000-20200-000	AP CONTROL	0.00	100,449.00	
04-000-20800-060	Due to grant fund	0.00	38,240.00	
04-000-24500-000	Restricted Fund Balance	0.00	2,280,000.00	
92-000-16020-000	CAP ASSET - BUILDINGS & BLDG IMPROVEMENTS	4,745,646.00	0.00	
92-000-16020-990	ACC DEPRECIATION - BUILDINGS & BLDG IMPROVEMENTS	0.00	4,607,777.00	
92-000-16025-000	CAP ASSET - EQUIPMENT & VEHICLES	374,649.00	0.00	
92-000-16025-990	ACC DEPRECIATION - EQUIPMENT & VEHICLES	0.00	186,587.00	
92-000-16030-000	CAP ASSET - INFRASTRUCTURE	896,357.00	0.00	
92-000-16030-990	ACC DEPRECIATION - INFRASTRUCTURE	0.00	19,463.00	
92-000-16101-002	CONSTRUCTION IN PROGRESS	442,475.00	0.00	
92-000-22030-000	COMPENSATED ABSENCES - CURRENT	0.00	23,723.00	
92-000-22040-990	COMPENSATED ABSENCES - NONCURRENT	0.00	83,647.00	
92-000-31500-001	RESTRICTED NET POSITION	0.00	1,537,930.00	
Total		**8,903,161.00**	**8,903,161.00**	**0.00**
AJE02				
To restore the prior year fund balance in the Expendable Trusts				
27-000-10300-500	Investments - increase to fair value	406.00	0.00	
27-000-24600-001	Committed Fund Balance	0.00	406.00	
28-000-10300-500	Investments - increase to fair value	14,762.00	0.00	
28-000-24600-001	Committed Fund Balance	0.00	14,762.00	
29-000-10300-500	Investments - increase to fair value	357.00	0.00	
29-000-24600-001	Committed Fund Balance	0.00	357.00	
30-000-10300-500	Investments - increase to fair value	53,284.00	0.00	
30-000-13100-000	Due from General Fund - Water resource	75,000.00	0.00	
30-000-20800-000	Due to General Fund - Water resource	0.00	582,120.00	
30-000-24500-001	Restricted Fund Balance	0.00	1,220,254.00	
30-000-24900-001	Assigned Fund Balance	1,674,090.00	0.00	
38-000-10300-500	Investments - increase to fair value	350.00	0.00	
38-000-24600-001	Committed Fund Balance	0.00	5,700.00	
38-000-25300-011	Unassigned Fund Balance	5,350.00	0.00	
41-000-10300-500	Investments - increase to fair value	4,098.00	0.00	
41-000-24500-001	Reserve for fund balance	0.00	39,098.00	
41-541-99999-000	Beginning Balance	35,000.00	0.00	
42-000-10300-500	Investments - increase to fair value	7,654.00	0.00	
42-000-13100-000	Due from General Fund - SCBA equipment	90,000.00	0.00	
42-000-24500-001	Reserve for fund balance	0.00	177,654.00	
42-542-99999-000	Beginning Balance	80,000.00	0.00	
38-000-24600-001	Committed Fund Balance	1.00	0.00	
38-538-35020-000	Interest on Investments	0.00	1.00	
42-000-24500-001	Reserve for fund balance	1.00	0.00	
42-542-35020-000	Interest Income	0.00	1.00	
Total		**2,040,353.00**	**2,040,353.00**	**2.00**
AJE03				
To reverse prior year interfund receivable that was transferred in 2024				
30-530-39110-030	Transfer in from GF	75,000.00	0.00	
30-000-13100-000	Due from General Fund - Water resource	0.00	75,000.00	
42-542-35098-000	Additions to escrow	90,000.00	0.00	
42-000-13100-000	Due from General Fund - SCBA equipment	0.00	90,000.00	
01-000-20800-050	Due To Trust Funds	165,000.00	0.00	
01-923-49090-011	FD - SCBA Funding	0.00	90,000.00	
01-923-49090-014	WTR - Water CRF Funding	0.00	75,000.00	
Total		**330,000.00**	**330,000.00**	**0.00**

AJE04

To reverse PY interfund paid in 2024 based on 2023 warrant article

30-000-20800-000	Due to General Fund - Water resource	237,895.00	0.00	
30-530-43311-390	Other Professional Services	0.00	237,895.00	
01-510-39110-029	Transfer in from Capital Reserves	237,895.00	0.00	
01-000-13200-002	Due from Expendable Trust Funds	0.00	237,895.00	
Total		**475,790.00**	**475,790.00**	**0.00**

AJE05

To adjust permanent fund investments to their fair value

33-000-10300-500	Investments - increase to fair value	837.00	0.00	
33-000-24600-001	Committed Fund Balance	0.00	525.00	
33-533-35099-000	Realized Capital Gains - Perpetual Care	0.00	312.00	
Total		**837.00**	**837.00**	**312.00**

AJE06

To adjust school custodial investments to fair value at 12.31.23 and 12.31.24

39-000-10300-500	Investment - increase to fair value	12,684.00	0.00	
39-000-24600-001	Committed fund balance	0.00	10,065.00	
39-539-35090-000	Unrealized gain (loss)	0.00	2,619.00	
40-000-10300-500	Investment - increase to fair value	24,494.00	0.00	
40-000-24600-001	Committed fund balance	0.00	17,708.00	
40-540-35090-000	Unrealized gain (loss)	0.00	6,786.00	
Total		**37,178.00**	**37,178.00**	**9,405.00**

AJE07

To restore fund balance in the library fund

03-000-10102-033	LIB - Cash Invested Funds	0.00	474,814.00	
03-000-10300-001	LIB - Investments	474,814.00	0.00	
03-000-35010-101	Miscellaneous Revenue	0.00	34,794.00	
03-000-31000-001	Restricted Fund Balance	34,794.00	0.00	
Total		**509,608.00**	**509,608.00**	**34,794.00**

AJE08

To record the activity in the escrow funds

87-000-10100-000	Cash - escrows	1,326,080.00	0.00	
87-000-25300-000	Net Position - escrows	0.00	1,282,897.00	
87-587-35100-000	Escrow additions	0.00	31,000.00	
87-587-35020-000	Escrow interest	0.00	38,395.00	
87-587-49030-000	Escrow deductions	26,212.00	0.00	
Total		**1,352,292.00**	**1,352,292.00**	**43,183.00**

AJE09

To adjust for year end liabilities found in accounts payable search

60-000-20200-000	Accounts Payable	0.00	37,513.00	
60-521-43260-006	Client Resilience grant $1,050,200	37,513.00	0.00	
Total		**37,513.00**	**37,513.00**	**(37,513.00)**

AJE10

To restore the beginning equity of the Water Fund

91-000-16020-000	CAP ASSET - BUILDINGS & BLDG IMPROVEMENTS	11,563,843.00	0.00	
91-000-16020-990	ACC DEPRECIATION - BUILDINGS & BLDG IMPROVEMENTS	0.00	3,564,773.00	
91-000-16025-000	CAP ASSET - EQUIPMENT & VEHICLES	638,816.00	0.00	
91-000-16025-990	ACC DEPRECIATION - EQUIPMENT & VEHICLES	0.00	402,593.00	
91-000-16030-000	CAP ASSET - INFRASTRUCTURE	388,486.00	0.00	
91-000-16030-990	ACC DEPRECIATION - INFRASTRUCTURE	0.00	29,657.00	
91-000-16101-002	CONSTRUCTION IN PROGRESS	237,895.00	0.00	
91-000-20250-001	ACCRUED INTEREST PAYABLE	0.00	127,044.00	
91-000-22001-000	BONDS PAYABLE - CURRENT	0.00	507,573.00	
91-000-22001-500	Unamortized Bond Premium - Current	0.00	17,434.00	
91-000-22001-750	Unamortized Bond Premium - Noncurrent	0.00	267,077.00	
91-000-22001-990	BONDS PAYABLE - LONG TERM	0.00	6,894,880.00	
91-000-22020-000	NOTES PAYABLE - CURRENT	0.00	13,548.00	
91-000-22030-000	COMPENSATED ABSENCES - CURRENT	0.00	16,131.00	
91-000-22040-990	COMPENSATED ABSENCES - NONCURRENT	0.00	135,410.00	
91-000-32000-001	UNRESTRICTED NET POSITION	0.00	852,920.00	
20-000-22200-001	Deferred Water Usage overpayments	0.00	2,136.00	
20-000-22200-002	Deferred revenue - Service charge ove	177.00	0.00	
20-000-24600-001	Committed Fund Balance	1,960.00	0.00	
20-520-34020-001	Install/Inspec/Misc Revenue	0.00	1.00	
Total		**12,831,177.00**	**12,831,177.00**	**1.00**

AJE11

To restore the prior year fund balance in the General Fund

01-000-10100-000	Cash - Checks to be deposited	0.00	81,791.00	
01-000-10100-011	Provident CC - Police Dept	0.00	1,400.00	
01-000-10800-000	Property Taxes Receivable -Current Ye	66,712.00	0.00	
01-000-10800-004	Allowance -Uncollected Taxes	0.00	46,712.00	
01-000-13200-001	Due from Tax Deeded Property	0.00	20,340.00	
01-000-13200-002	Due from Expendable Trust Funds	0.00	88,367.00	
01-000-17200-000	Lease receivable - current	769,961.00	0.00	
01-000-13100-010	Due to/from Communications Fund	0.00	49,905.00	
01-000-20750-000	Payable to School District Elementary	176,969.00	0.00	
01-000-20750-001	Payable to School District WHS	0.00	331,766.00	
01-000-20800-050	Due To Trust Funds	0.00	165,000.00	
01-000-20800-060	Due To Grant Fund	84,670.00	0.00	
01-000-23500-000	DIR - Uncollected property taxes	0.00	508,080.00	
01-000-29350-000	Deferred inflows - Lease	0.00	738,353.00	
01-000-24400-000	Encumbered for Current Year POs	0.00	238,676.00	
01-000-24400-001	Reserved for Prior Year PO's	0.00	226,328.00	
01-000-24400-011	Nonspendable Fund Balance	0.00	119,654.00	
01-000-24500-001	Reserved for Special Purposes - Drug	823.00	0.00	
01-000-24500-011	Restricted Fund Balance	150,000.00	0.00	
01-000-24500-012	Reserved for Special Purpose - Channe	0.00	10,000.00	
01-000-24600-011	Committed Fund Balance	0.00	2,509,371.00	
01-000-25300-011	Unassigned Fund Balance	3,886,606.00	0.00	
01-510-35090-002	Miscellaneous Income/Copies	2.00	0.00	
Total		**5,135,743.00**	**5,135,743.00**	**(2.00)**

AJE12

To adjust property tax revenue and payable to school districts

01-000-20750-000	Payable to School District Elementary	573,031.00	0.00	
01-000-20750-001	Payable to School District WHS	0.00	418,233.00	
01-150-31100-000	Current Year Property Tax	0.00	154,798.00	
Total		**573,031.00**	**573,031.00**	**154,798.00**

AJE13

To record additional interest on CD that matured in October 2024

01-000-10400-013	TD - CD 0112	23,310.00	0.00	
01-131-35020-000	Interest on Deposits	0.00	23,310.00	
Total		**23,310.00**	**23,310.00**	**23,310.00**

AJE14

To recognize interest on CD 120

01-000-10400-014	TD - CD 0120	31,848.00	0.00	
01-131-35020-000	Interest on Deposits	0.00	31,848.00	
Total		**31,848.00**	**31,848.00**	**31,848.00**

AJE15

To record tax deeded properties in current year

01-150-31100-875	Bad Debt Expense (TAX)	8,780.00	0.00	
01-000-11100-020	Liens receivable - 2020	0.00	4,366.00	
01-000-11100-021	Liens receivable - 2021	0.00	4,414.00	
Total		**8,780.00**	**8,780.00**	**(8,780.00)**

AJE16

To restore the beginning fund balance in various special revenue funds

10-000-20800-001	Dur to/from General Fund	49,905.00	0.00	
10-000-24500-011	Restricted Fund Balance	0.00	49,905.00	
17-228-34010-001	Police Hire (PDRF)	33,053.00	0.00	
17-000-24600-001	Committed Fund Balance	0.00	33,053.00	
18-000-11500-001	A/R Ambulance Rev Fund	495,960.00	0.00	
18-000-11500-003	Allowance for Uncollectible Ambulance	0.00	25,237.00	
18-000-24400-001	Reserved for Prior Year POs	0.00	1,115.00	
18-000-24600-001	Committed Fund Balance	0.00	965,750.00	
18-000-24900-001	Assigned Fund Balance	496,143.00	0.00	
18-232-34010-001	Ambulance Fees (ARF)	0.00	1.00	
19-532-34040-000	Recycled Material Income (RPRF)	1.00	0.00	
19-000-24600-001	Committed Fund Balance	0.00	1.00	
60-521-43260-006	Client Resilience grant $1,050,200	1.00	0.00	
60-000-24400-001	Reserved for Prior Year POs	0.00	1.00	
Total		**1,075,063.00**	**1,075,063.00**	**(33,054.00)**

AJE17

To remove the lease receivable from the General Fund as it pertains to Communications Fund

01-000-29350-000	Deferred inflows - Lease	738,353.00	0.00	
01-000-17200-000	Lease receivable - current	0.00	769,961.00	
01-000-25300-012	Prior period adjustment	31,608.00	0.00	
Total		**769,961.00**	**769,961.00**	**0.00**

AJE18

To adjust for unanticipated highway and bridge aid received in prior year

01-000-22900-000	Deferred revenue - State Aid	77,213.00	0.00	
01-000-22900-001	Deferred Higthway Block Grant - 2022	150,748.00	0.00	
01-000-22900-002	Defered State Bridge Money	129,779.00	0.00	
01-000-25300-012	Prior period adjustment	0.00	357,740.00	
Total		**357,740.00**	**357,740.00**	**0.00**

AJE19

To adjust for December electronic transfers to DMV not recorded in general ledger

01-000-20200-025	Due to DMV	54,829.00	0.00	
01-000-10200-001	TD BANK - General Fund cash	0.00	54,829.00	
Total		**54,829.00**	**54,829.00**	**0.00**

AJE20

To adjust for incorrect posting between MA state taxes and MV permits

01-000-20200-022	Mass State Levy	64,568.00	0.00	
01-000-20800-022	Due To Transportation Imp Fund	0.00	64,568.00	
Total		**64,568.00**	**64,568.00**	**0.00**

AJE21

To adjust for transportation fees transferred but not posted in the general ledger

22-000-10200-001	Transportation fund - TD Bank	9,970.00	0.00	
22-000-13100-001	Due From General Fund	0.00	9,970.00	
01-000-20800-022	Due To Transportation Imp Fund	9,970.00	0.00	
01-000-10200-001	TD BANK - General Fund cash	0.00	9,970.00	
Total		**19,940.00**	**19,940.00**	**0.00**

AJE22

To restore beginning balances in the Grant Fund

60-000-22200-000	Deferred Revenue	84,670.00	0.00	
60-000-13100-001	Due From General Fund	0.00	84,670.00	
Total		**84,670.00**	**84,670.00**	**0.00**

AJE23

To restore the beginning equity balance in the Private Purpose Trust Funds

34-000-10300-500	Investments - increase to fair value	489.00	0.00	
34-000-24400-001	Reserved for Encumbrances	0.00	529.00	
34-000-24600-001	Committed Fund Balance	1,262.00	0.00	
34-000-25300-011	Unassigned Fund Balance	0.00	1,222.00	
34-534-35020-000	Interest on Investments	0.00	0.00	
35-000-10300-500	Cablevision - increase to fair value	37,581.00	0.00	
35-000-24400-001	Reserved for Encumbrances	0.00	2,200.00	
35-000-24600-001	Committed Fund Balance	92,065.00	0.00	
35-000-25300-011	Unassigned Fund Balance	0.00	426,147.00	
35-000-99999-000	Beginning Balance Control Account	298,701.00	0.00	
36-000-10100-004	Cash - TD Bank Yankee Scholarship	0.00	327,118.00	
36-000-10300-000	Investments - Yankee Scholarship	0.00	37,322.00	
36-000-10300-500	Yankee Scholarship - increase to fair value	1,128.00	0.00	
36-000-24600-001	Committed Fund Balance	280,725.00	0.00	
36-000-25300-011	Unassigned Fund Balance	82,587.00	0.00	
37-000-10300-000	Investments - Stewart Scholarship	198.00	0.00	
37-000-10300-500	Stewart investment - increase to fair value	1,725.00	0.00	
37-000-24400-001	Reserved for Encumbrances	0.00	601.00	
37-000-24600-001	Committed Fund Balance	11,039.00	0.00	
37-000-25300-011	Unassigned Fund Balance	0.00	12,361.00	
Total		**807,500.00**	**807,500.00**	**0.00**

AJE24
To record financed purchase obligations issued in Ambulance Fund

18-232-45800-900	Capital outlay	842,873.00	0.00	
18-232-39350-900	Financed purchase obligations issued	0.00	842,873.00	
Total		**842,873.00**	**842,873.00**	**0.00**

AJE25
To record unbilled receivable at year end in the Water Fund

20-000-11500-005	Unbilled receivable	587,107.00	0.00	
20-520-34020-000	Water Use Revenue	0.00	443,880.00	
20-520-34020-001	Install/Inspec/Misc Revenue	0.00	56,058.00	
20-520-34020-004	Service Fee (WTR)	0.00	87,169.00	
Total		**587,107.00**	**587,107.00**	**587,107.00**

AJE26
To record unbilled receivables at year end in the Sewer Fund

21-000-11500-005	Unbilled receivable	631,754.00	0.00	
21-521-34030-000	Sewer Use Revenue	0.00	468,180.00	
21-521-34020-004	Service Fee (SWR)	0.00	163,549.00	
21-521-34030-001	Install/Inspect/Misc Revenue	0.00	25.00	
Total		**631,754.00**	**631,754.00**	**631,754.00**

AJE27
To adjust Expendable trust investments to fair value at year end

27-000-10300-500	Investments - increase to fair value	155.00	0.00	
27-527-35099-000	Realized capital gains	0.00	155.00	
28-000-10300-500	Investments - increase to fair value	5,658.00	0.00	
28-528-35099-000	Realized capital gains	0.00	5,658.00	
29-000-10300-500	Investments - increase to fair value	137.00	0.00	
29-529-35099-000	Realized capital gains	0.00	137.00	
30-000-10300-500	Investments - increase to fair value	15,847.00	0.00	
30-530-35099-000	Realized capital gains	0.00	15,847.00	
38-000-10300-500	Investments - increase to fair value	134.00	0.00	
38-538-35099-000	Realized capital gains	0.00	134.00	
41-000-10300-500	Investments - increase to fair value	1,571.00	0.00	
41-541-35099-000	Realized Capital Gains	0.00	1,571.00	
42-000-10300-500	Investments - increase to fair value	5,437.00	0.00	
42-542-35099-000	Realized Capital Gains	0.00	5,437.00	
Total		**28,939.00**	**28,939.00**	**28,939.00**

AJE28
To record 2024 capital reserve appropriations not transferred

01-924-49090-011	FD - SCBA Funding	90,000.00	0.00	
01-924-49090-013	WCRF - Funding	75,000.00	0.00	
01-000-20800-050	Due To Trust Funds	0.00	165,000.00	
30-000-13100-000	Due from General Fund - Water resource	75,000.00	0.00	
30-530-39110-030	Transfer in from GF	0.00	75,000.00	
42-000-13100-000	Due from General Fund - SCBA equipment	90,000.00	0.00	
42-542-35098-000	Additions to escrow	0.00	90,000.00	
Total		**330,000.00**	**330,000.00**	**0.00**

AJE29
To record receivable from Water resource capital reserve for CY new well construction

01-000-13200-002	Due from Expendable Trust Funds	111,665.00	0.00	
01-510-39110-029	Transfer in from Capital Reserves	0.00	111,665.00	
30-530-45900-000	Transfer out	111,665.00	0.00	
30-000-20800-000	Due to General Fund - Water resource	0.00	111,665.00	
Total		**223,330.00**	**223,330.00**	**0.00**

AJE30
To record current year activity posted to deferred state balances

01-921-49090-006	DPW - Town Road Improvements	73,641.00	0.00	
01-000-22900-000	Deferred revenue - State Aid	0.00	73,641.00	
Total		**73,641.00**	**73,641.00**	**(73,641.00)**

AJE31

To adjust for direct entry posted to fund balance

06-000-24600-003	Restricted fund balance - US DOJ fort	6,290.00	0.00	
06-220-35900-000	Transfer in	0.00	6,290.00	
01-220-42100-999	Transfer out	6,290.00	0.00	
01-000-24400-011	Nonspendable Fund Balance	0.00	6,290.00	
01-000-24500-018	Reserved for Spec Purposes - TH Gener	25,000.00	0.00	
01-000-20800-004	Due to Waste Water Treatment upgrade	0.00	25,000.00	
01-000-25300-011	Unassigned Fund Balance	1.00	0.00	
01-131-35020-000	Interest on Deposits	0.00	1.00	
Total		**37,581.00**	**37,581.00**	**1.00**

AJE32

To reverse entry to record prior year cash on hand

01-120-33520-000	Rooms and Meals Tax	792,632.00	0.00	
01-510-35090-002	Miscellaneous Income/Copies	116.00	0.00	
01-000-20800-004	Due to Waste Water Treatment upgrade	25,000.00	0.00	
01-120-33530-000	Highway Block Grant	48,070.00	0.00	
01-000-22900-002	Defered State Bridge Money	33,598.00	0.00	
01-460-45200-696	Unknown Credit Card Charges (REC)	7.00	0.00	
01-000-10100-000	Cash - Checks to be deposited	0.00	899,423.00	
Total		**899,423.00**	**899,423.00**	**(840,825.00)**

AJE33

To adjust prepaid gas/diesel and cell phones

01-000-25300-012	Prior period adjustment	148,963.00	0.00	
01-310-43110-635	Gasoline (HWY)	5,488.00	0.00	
01-310-43110-636	Diesel Fuel (HWY)	5,488.00	0.00	
01-230-42200-635	Gasoline (FD)	8,165.00	0.00	
01-230-42200-636	Diesel Fuel (FD)	1,000.00	0.00	
21-521-43260-635	Gasoline (SWR)	3,853.00	0.00	
21-521-43260-636	Diesel Fuel (SWR)	126.00	0.00	
20-520-43311-635	Gasoline (WTR)	6,279.00	0.00	
20-520-43311-636	Diesel Fuel (WTR)	2,093.00	0.00	
01-220-42100-635	Gasoline (PD)	18,950.00	0.00	
01-465-45210-635	Gasoline (CC)	352.00	0.00	
01-000-14000-003	Prepaid Expense - Gas/Diesel	0.00	195,533.00	
01-000-14000-004	Prepaid Expense - Cell Phone Billings	0.00	5,224.00	
01-000-20800-020	Due To Water Fund	8,372.00	0.00	
01-000-13100-021	Due From Sewer Fund	3,979.00	0.00	
20-000-20800-001	Due To General Fund	0.00	8,372.00	
21-000-20800-001	Due To General Fund	0.00	3,979.00	
Total		**213,108.00**	**213,108.00**	**(51,794.00)**

AJE34

To remove the allowance from 12/31/23 & adjust tax receivable balance

01-000-10800-004	Allowance -Uncollected Taxes	66,712.00	0.00	
01-000-10800-000	Property Taxes Receivable -Current Ye	0.00	66,712.00	
Total		**66,712.00**	**66,712.00**	**0.00**

AJE35

To adjust receivables and revenues to client records in the ambulance fund

18-000-11500-001	A/R Ambulance Rev Fund	580,072.00	0.00	
18-232-34010-001	Ambulance Fees (ARF)	0.00	580,072.00	
Total		**580,072.00**	**580,072.00**	**580,072.00**

AJE37

To adjust the private purpose trust investments to their fair value at year end

34-000-10300-500	Investments - increase to fair value	290.00	0.00	
34-534-35099-000	Realized Capital Gains - Viola B Brown	0.00	290.00	
35-000-10300-500	Cablevision - increase to fair value	22,312.00	0.00	
35-535-35099-000	Realized Capital Gains - Cablevision	0.00	22,312.00	
36-000-10300-500	Yankee Scholarship - increase to fair value	1,305.00	0.00	
36-536-35099-000	Realized Capital Gains - Yankee Scholarship	0.00	1,305.00	
37-000-10300-500	Stewart investment - increase to fair value	1,024.00	0.00	
37-537-35099-000	Realized Capital Gains - Stewart Scholarsh	0.00	1,024.00	
Total		**24,931.00**	**24,931.00**	**24,931.00**

AJE38

To restate private purpose trusts for unidentified funds

36-000-25300-011	Unassigned Fund Balance	42,633.00	0.00	
36-000-10100-004	Cash - TD Bank Yankee Scholarship	0.00	42,633.00	
Total		**42,633.00**	**42,633.00**	**0.00**

AJE39

To record Yankee scholarship activity per MS-9 not recorded in the GL

36-536-45210-000	Scholarships paid out	33,800.00	0.00	
36-000-10300-000	Investments - Yankee Scholarship	37,343.00	0.00	
36-536-35020-000	Interest on investments	0.00	2,862.00	
36-536-35099-000	Realized Capital Gains - Yankee Scholarship	0.00	31.00	
36-536-35200-001	New funds	0.00	68,250.00	
Total		**71,143.00**	**71,143.00**	**37,343.00**

AJE40

To record the current year ARPA grant activity

60-560-49090-000	Transfer out	691,955.00	0.00	
60-000-13100-001	Due From General Fund	0.00	691,955.00	
60-000-22200-000	Deferred Revenue	691,955.00	0.00	
60-560-33590-100	ARPA grant revenue	0.00	691,955.00	
01-000-20800-060	Due To Grant Fund	691,955.00	0.00	
01-510-39110-060	Transfer in - Grant Fund	0.00	466,819.00	
01-000-20800-020	Due To Water Fund	0.00	29,905.00	
01-000-13100-021	Due From Sewer Fund	0.00	195,231.00	
20-000-20800-001	Due To General Fund	29,905.00	0.00	
20-520-39110-060	Transfer in - Grant Fund	0.00	29,905.00	
21-000-20800-001	Due To General Fund	195,231.00	0.00	
21-521-39110-060	Transfer in - Grant Fund	0.00	195,231.00	
Total		**2,301,001.00**	**2,301,001.00**	**691,955.00**

AJE41

To record the November and December activity in the Bank Prov account

18-000-10300-000	Investments-Provident Ambulance Revol	72,070.00	0.00	
18-232-34010-001	Ambulance Fees (ARF)	0.00	68,599.00	
18-232-35020-000	Interest on Investments	0.00	3,471.00	
Total		**72,070.00**	**72,070.00**	**72,070.00**

AJE42

To adjust for ambulance receipts in May recorded twice

18-232-34010-001	Ambulance Fees (ARF)	15,580.00	0.00	
18-000-10200-001	Ambulance revolving fund - TD Bank	0.00	15,580.00	
Total		**15,580.00**	**15,580.00**	**(15,580.00)**

AJE43

To adjust for the water debt service payments made by the General Fund

01-800-49500-000	Transfer out - water fund	775,573.00	0.00	
01-800-47110-980	Principal on Long-term Bonds and Notes	0.00	518,091.00	
01-800-47210-981	Interest on Long-term Bonds and Notes	0.00	257,482.00	
91-000-22001-990	BONDS PAYABLE - LONG TERM	516,513.00	0.00	
91-000-47100-000	Interest	268,000.00	0.00	
91-000-22001-000	BONDS PAYABLE - CURRENT	0.00	8,940.00	
91-520-39110-001	Transfer in - General Fund	0.00	775,573.00	
Total		**1,560,086.00**	**1,560,086.00**	**507,573.00**

AJE44

To restate deferred bond premium for the effective interest rate method

91-000-22001-750	Unamortized Bond Premium - Noncurrent	81,963.00	0.00	
91-000-32000-001	UNRESTRICTED NET POSITION	0.00	81,963.00	
Total		**81,963.00**	**81,963.00**	**0.00**

AJE45

To adjust for current year bond premium activity in the Water Fund

91-000-22001-500	Unamortized Bond Premium - Current	17,434.00	0.00	
91-000-22001-750	Unamortized Bond Premium - Noncurrent	10,383.00	0.00	
91-000-47100-000	Interest	0.00	27,817.00	
Total		**27,817.00**	**27,817.00**	**27,817.00**

AJE46

To adjust accrued interest for accrual basis in the Water Fund

91-000-20250-001	ACCRUED INTEREST PAYABLE	32,246.00	0.00	
91-000-47100-000	Interest	0.00	32,246.00	
Total		**32,246.00**	**32,246.00**	**32,246.00**

AJE47

To adjust for preliminary negative cash as account was closed to the General Fund's account

05-000-10200-001	Town Pier - TD Bank	28.00	0.00	
05-510-35020-001	Interest earned - Town Pier	0.00	28.00	
Total		**28.00**	**28.00**	**28.00**

AJE48

To record the State fees collected and remitted

89-000-49390-000	MV permit fees distributed to State	796,386.00	0.00	
89-000-32200-000	MV permit fees collected for other govt	0.00	796,386.00	
Total		**796,386.00**	**796,386.00**	**0.00**

AJE49

To record additional receivables in the Grants Fund

60-000-12600-007	Lead Servie Line Inventory Grant $50,	10,200.00	0.00	
60-520-33590-007	Lead Service Line Inventory $50,000	0.00	10,200.00	
60-000-12600-006	AR client Resilience grant $1,050,200	73,192.00	0.00	
60-521-33590-006	client Resilience grant $1,050,200	0.00	73,192.00	
Total		**83,392.00**	**83,392.00**	**83,392.00**

AJE50

To restore fund balance in the Water and Sewer Fund for SE OPEB allocation

91-000-28100-000	SE OPEB Liability	0.00	85,721.00	
91-000-32000-001	UNRESTRICTED NET POSITION	85,721.00	0.00	
92-000-28100-000	SE OPEB Liability	0.00	44,125.00	
92-000-31500-001	RESTRICTED NET POSITION	44,125.00	0.00	
99-000-2810-000	OPEB Liability SE	129,846.00	0.00	
99-000-3100-000	Net Position	0.00	129,846.00	
Total		**259,692.00**	**259,692.00**	**0.00**

AJE51

To adjust single employer OPEB liability and related defferals for governmental activities

99-000-2810-000	OPEB Liability SE	41,675.00	0.00	
99-000-1915-000	Deferred Outflows SE OPEB	0.00	19,348.00	
99-000-2915-000	Deferred Inflows SE OPEB	10,024.00	0.00	
99-000-5100-000	General government	0.00	32,351.00	
Total		**51,699.00**	**51,699.00**	**32,351.00**

AJE52

To adjust single employer OPEB liability and related defferals for BTA

91-000-28100-000	SE OPEB Liability	4,981.00	0.00	
91-000-19150-000	Deferred Outflows	4,021.00	0.00	
91-000-29150-000	Deferred Inflows	0.00	5,525.00	
91-000-41000-700	OPEB Expense	0.00	3,477.00	
92-000-28100-000	SE OPEB Liability	2,565.00	0.00	
92-000-19150-000	Deferred Outflows	2,070.00	0.00	
92-000-29150-000	Deferred Inflows	0.00	2,844.00	
92-000-41000-700	OPEB Expense	0.00	1,791.00	
Total		**13,637.00**	**13,637.00**	**5,268.00**

AJE53

To restate for lease receivable and related deferred inflow in the Communications Fund

10-000-17200-000	Lease Receivable	769,961.00	0.00	
10-000-29350-000	Deferred Inflows- Lease	0.00	738,353.00	
10-000-24500-011	Restricted Fund Balance	0.00	31,608.00	
Total		**769,961.00**	**769,961.00**	**0.00**

AJE54

To adjust lease receivable for current year activity

10-000-17200-000	Lease Receivable	0.00	72,831.00	
10-000-29350-000	Deferred Inflows- Lease	51,847.00	0.00	
10-120-35032-001	Lease payments - Verizon	6,693.00	0.00	
10-120-35032-002	Lease Payments - T-Mobile	14,291.00	0.00	
Total		**72,831.00**	**72,831.00**	**(20,984.00)**

AJE55

To record room & meals tax received at year end

01-000-10100-000	Cash - Checks to be deposited	821,654.00	0.00	
01-120-33520-000	Rooms and Meals Tax	0.00	821,654.00	
Total		**821,654.00**	**821,654.00**	**821,654.00**

AJE56

To adjust allowance for uncollected taxes to management's estimate

01-000-10800-004	Allowance -Uncollected Taxes	0.00	84,410.00	
01-150-31100-875	Bad Debt Expense (TAX)	84,410.00	0.00	
Total		**84,410.00**	**84,410.00**	**(84,410.00)**

AJE57

To adjust for prepaid debt in the fund financials

18-232-42200-741	Ambulance Replacement (ARF)	0.00	41,861.00	
18-000-14000-000	Prepaid Expenses	41,861.00	0.00	
Total		**41,861.00**	**41,861.00**	**41,861.00**

AJE58

To adjust for Water's long term finance purchase obligation activity on the full accrual basis

91-000-22020-000	NOTES PAYABLE - CURRENT	26,584.00	0.00	
91-000-47000-000	Principal	0.00	26,584.00	
91-000-25050-000	FINANCE PURCHASE OBLIGATIONS-CURRENT	0.00	13,831.00	
91-000-25150-000	FINANCE PURCHASE OBLIGATIONS-NON CURRENT	0.00	46,845.00	
91-000-22020-990	NOTES PAYABLE - NONCURRENT	60,676.00	0.00	
Total		**87,260.00**	**87,260.00**	**26,584.00**

AJE59

To restate net position for Fire Truck lease and capital asset

99-000-2511-000	Notes Payable	0.00	741,974.00	
99-000-1820-030	Equipment and vehicles	0.00	150,911.00	
99-000-1810-020	Construction in progress	875,000.00	0.00	
99-000-3100-000	Net Position	17,885.00	0.00	
99-000-1820-020	Building and improvements	1,000.00	0.00	
99-000-1820-030	Equipment and vehicles	75,907.00	0.00	
99-000-1820-035	Accum depreciation - equipment and vehicles	0.00	69,316.00	
99-000-3100-000	Net Position	0.00	7,591.00	
99-000-1820-035	Accum depreciation - equipment and vehicles	0.00	18,739.00	
99-000-1820-045	Accum depreciation - infrastructure	0.00	1,562.00	
99-000-3100-000	Net Position	20,301.00	0.00	
Total		**990,093.00**	**990,093.00**	**0.00**

AJE60

To adjust accrued interest to actual for the governmental activities

99-000-2025-000	Accrued Interest	0.00	9,315.00	
99-000-5920-000	Interest & fiscal charges	9,315.00	0.00	
Total		**9,315.00**	**9,315.00**	**(9,315.00)**

AJE61

To restate beginning of year net position in the Water and Sewer Long Term Funds

91-000-22020-000	NOTES PAYABLE - CURRENT	0.00	13,036.00	
91-000-16101-002	CONSTRUCTION IN PROGRESS	73,712.00	0.00	
91-000-22020-990	NOTES PAYABLE - NONCURRENT	0.00	60,676.00	
92-000-25050-000	FINANCE PURCHASE OBLIGATION- CURRENT PORTION	0.00	14,396.00	
92-000-25150-000	FINANCE PURCHASE OBLIGATION	0.00	67,008.00	
92-000-16101-002	CONSTRUCTION IN PROGRESS	81,404.00	0.00	
Total		**155,116.00**	**155,116.00**	**0.00**

AJE62

To adjust for current Sewer FPO activity

92-000-25050-000	FINANCE PURCHASE OBLIGATION- CURRENT PORTION	0.00	878.00	
92-000-25150-000	FINANCE PURCHASE OBLIGATION	15,274.00	0.00	
92-000-47000-000	Debt Principal	0.00	14,396.00	
Total		**15,274.00**	**15,274.00**	**14,396.00**

AJE63

To adjust compensated absences to management's estimation at year end in BTA

91-000-22030-000	COMPENSATED ABSENCES - CURRENT	16,131.00	0.00	
91-000-22040-990	COMPENSATED ABSENCES - NONCURRENT	0.00	16,131.00	
92-000-22030-000	COMPENSATED ABSENCES - CURRENT	23,723.00	0.00	
92-000-22040-990	COMPENSATED ABSENCES - NONCURRENT	2,754.00	0.00	
92-000-41000-100	Salaries and Wages	0.00	26,477.00	
Total		**42,608.00**	**42,608.00**	**26,477.00**

AJE64

To record interest revenue

01-000-10200-001	TD BANK - General Fund cash	12,823.00	0.00	
01-131-35020-000	Interest on Deposits	0.00	12,823.00	
Total		**12,823.00**	**12,823.00**	**12,823.00**

AJE65

To adjust for Sewer's capital asset activity in the year

92-000-16020-990	ACC DEPRECIATION - BUILDINGS & BLDG IMPROVEMENTS	0.00	11,894.00	
92-000-16025-000	CAP ASSET - EQUIPMENT & VEHICLES	276,635.00	0.00	
92-000-16025-990	ACC DEPRECIATION - EQUIPMENT & VEHICLES	0.00	45,981.00	
92-000-16030-990	ACC DEPRECIATION - INFRASTRUCTURE	0.00	18,402.00	
92-000-16101-002	CONSTRUCTION IN PROGRESS	42,158.00	0.00	
92-000-41000-300	Operation and Maintenance	0.00	123,562.00	
92-000-41000-500	Depreciation and Amortization	76,277.00	0.00	
92-000-67000-000	Miscellaneous	0.00	195,231.00	
92-000-16025-000	CAP ASSET - EQUIPMENT & VEHICLES	55,600.00	0.00	
92-000-59500-000	SWR- Transfer in	0.00	55,600.00	
Total		**450,670.00**	**450,670.00**	**298,116.00**

AJE66

To properly report Police Forfeiture activity

06-000-10200-001	PD FORFEITURE ACCOUNT	26,119.00	0.00	
06-220-35000-000	Misc Revenue	0.00	26,066.00	
06-220-35020-003	US DOJ Interest	0.00	53.00	
Total		**26,119.00**	**26,119.00**	**26,119.00**

AJE67

To adjust Water's capital asset activity in 2024

91-000-16020-990	ACC DEPRECIATION - BUILDINGS & BLDG IMPROVEMENTS	0.00	316,182.00	
91-000-16025-000	CAP ASSET - EQUIPMENT & VEHICLES	103,602.00	0.00	
91-000-16025-990	ACC DEPRECIATION - EQUIPMENT & VEHICLES	0.00	35,964.00	
91-000-16030-990	ACC DEPRECIATION - INFRASTRUCTURE	0.00	17,893.00	
91-000-16101-002	CONSTRUCTION IN PROGRESS	0.00	73,712.00	
91-000-41000-500	Depreciation and Amortization	370,039.00	0.00	
91-000-67000-000	Miscellaneous Expense	0.00	29,890.00	
Total		**473,641.00**	**473,641.00**	**(340,149.00)**

AJE68

To adjust ambulance receivables allowance to management's estimate at year end

18-000-11500-003	Allowance for Uncollectible Ambulance	0.00	24,037.00	
18-232-34010-001	Ambulance Fees (ARF)	24,037.00	0.00	
Total		**24,037.00**	**24,037.00**	**(24,037.00)**

AJE69

To reverse the prior year payables in the Sewer Fund

21-000-20200-000	Accounts Payable	24,520.00	0.00	
21-521-43260-430	Equipment Maintenance (SWR)	0.00	24,520.00	
04-000-20200-000	AP CONTROL	100,449.00	0.00	
04-521-43260-001	WWTF grant $528,800	0.00	100,449.00	
Total		**124,969.00**	**124,969.00**	**124,969.00**

AJE70				
To record activity in WWT upgrade fund as posted to General Fund interfund account				
04-521-43260-001	WWTF grant $528,800	123,562.00	0.00	
04-000-12600-001	Due from State - WWTF Upgrades Grant 528,800	0.00	97,013.00	
04-000-13100-001	Due from General Fund	0.00	26,549.00	
Total		**123,562.00**	**123,562.00**	**(123,562.00)**
AJE71				
To adjust for the 60 day rule				
01-150-31100-000	Current Year Property Tax	230,815.00	0.00	
01-000-23500-000	DIR - Uncollected property taxes	0.00	230,815.00	
99-000-2350-000	Deferred inflows - property taxes 60 day rule	297,527.00	0.00	
99-000-3100-000	Net Position	0.00	66,712.00	
99-000-4100-000	Tax revenue	0.00	230,815.00	
Total		**528,342.00**	**528,342.00**	**0.00**
AJE72				
To adjust/restore the prior year interfund balance in Fund 4				
04-000-12600-001	Due from State - WWTF Upgrades Grant 528,800	137,037.00	0.00	
04-000-13100-001	Due from General Fund	0.00	137,037.00	
Total		**137,037.00**	**137,037.00**	**0.00**
GAJE01				
To record amortization on the deferred bond premium				
99-000-2510-500	Deferred Bond Premium	22,814.00	0.00	
99-000-5920-000	Interest & fiscal charges	0.00	22,814.00	
Total		**22,814.00**	**22,814.00**	**22,814.00**
GAJE02				
To adjust bonds payable in governmental activities				
99-000-2510-000	Bonds Payable	30,000.00	0.00	
99-000-5910-000	Debt service principal payments	0.00	30,000.00	
Total		**30,000.00**	**30,000.00**	**30,000.00**
GAJE03				
To adjust finance purchase obligation in Governmental Activities for current year payments				
99-000-1400-000	Prepaid Expenses	0.00	41,861.00	
99-000-2501-000	Current Portion of Notes	81,411.00	0.00	
99-000-2505-000	Current Portion of Financed Purchase Obligations	0.00	409,672.00	
99-000-2511-000	Notes Payable	869,701.00	0.00	
99-000-2515-000	Financed Purchase Obligations Payable	0.00	860,665.00	
99-000-5910-000	Debt service principal payments	0.00	497,040.00	
99-000-5920-000	Interest & fiscal charges	15,253.00	0.00	
99-000-1820-030	Equipment and vehicles	842,873.00	0.00	
Total		**1,809,238.00**	**1,809,238.00**	**481,787.00**
GAJE04				
To adjust cost sharing OPEB to actual in the current year				
99-000-2810-100	OPEB Liability CS	35,147.00	0.00	
99-000-1915-100	Deferred Outflows CS OPEB	3,093.00	0.00	
99-000-2915-100	Deferred Inflows CS OPEB	0.00	422.00	
99-000-5200-000	Public safety	0.00	37,818.00	
Total		**38,240.00**	**38,240.00**	**37,818.00**
GAJE05				
To adjust net pension liability to actua				
99-000-2820-000	Net Pension Liability	1,414,427.00	0.00	
99-000-1925-000	Deferred Outflows CS Pension	0.00	1,505,514.00	
99-000-2925-000	Deferred Inflows CS Pension	0.00	447,040.00	
99-000-5200-000	Public safety	538,127.00	0.00	
Total		**1,952,554.00**	**1,952,554.00**	**(538,127.00)**
GAJE06				
To adjust compensated absences to management's estimation at year end				
99-000-2700-000	Current Portion of Compensated Absences Payble	181,015.00	0.00	
99-000-2705-000	Compensated Absences Payable	122,248.00	0.00	
99-000-5100-000	General government	0.00	23,409.00	
99-000-5200-000	Public safety	0.00	229,741.00	
99-000-5310-000	Highways & streets	0.00	36,733.00	
99-000-5410-000	Health & Welfare	0.00	687.00	
99-000-5420-000	Culture & recreation	0.00	12,693.00	
Total		**303,263.00**	**303,263.00**	**303,263.00**

GAJE07

To adjust for current year capital asset activity				
99-000-1810-020	Construction in progress	44,100.00	0.00	
99-000-1820-015	Accum depreciation - improvements other than buildings	0.00	94,933.00	
99-000-1820-025	Accum depreciation - building and improvements	0.00	510,766.00	
99-000-1820-020	Building and improvements	190,818.00	0.00	
99-000-1820-030	Equipment and vehicles	701,693.00	0.00	
99-000-1820-035	Accum depreciation - equipment and vehicles	0.00	650,255.00	
99-000-1820-040	Infrastructure	40,150.00	0.00	
99-000-1820-045	Accum depreciation - infrastructure	0.00	1,474,397.00	
99-000-5310-000	Highways & streets	6,362.00	0.00	
99-000-5100-000	General government	0.00	15,254.00	
99-000-5200-000	Public safety	373,195.00	0.00	
99-000-5310-000	Highways & streets	1,587,912.00	0.00	
99-000-5320-000	Sanitation	336,386.00	0.00	
99-000-5420-000	Culture & recreation	81,813.00	0.00	
99-000-5500-000	Conservation	0.00	104,317.00	
99-000-5800-000	Capital outlay	0.00	899,465.00	
99-000-1810-020	Construction in progress	372,576.00	0.00	
99-000-1820-030	Equipment and vehicles	0.00	372,576.00	
99-000-1820-010	Improvements other than buildings	386,958.00	0.00	
Total		**4,121,963.00**	**4,121,963.00**	**(1,366,632.00)**
GRAND TOTAL		**58,743,391.00**	**58,743,391.00**	**2,340,776.00**

VACHON CLUKAY & COMPANY PC

CERTIFIED PUBLIC ACCOUNTANTS
608 Chestnut Street • Manchester, New Hampshire 03104
(603) 622-7070 • Fax: (603) 622-1452 • www.vachonclukay.com

October 2, 2026

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seabrook, New Hampshire for the year ended December 31, 2024, we considered the Town of Seabrook, New Hampshire's system of 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, New Hampshire's internal control.

However, during our audit we became aware of matters that represent opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. We previously reported on the Town's internal control in our report dated October 2,2026. This letter does not affect that report or our report on the financial statements dated October 2, 2026.

We have already discussed these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

The purpose of this letter is to provide constructive and meaningful recommendations to you.

Sincerely,

Vachon Clukay & Company PC

ESTIMATED REVENUES

Observation

The Town has a general ledger accounting system, which is capable of producing variance reports for both expenditures and revenues with its adopted budgets. However, the budgetary information entered for the estimated revenues was not reconciled to the revised estimated revenue form (MS-434), which is submitted to the Department of Revenue Administration prior to the setting of the tax rate.

Implication

The Town's system of budgetary control may be weakened due to not recording updated revenue budgetary data.

Recommendation

We recommend that the estimated revenue figures used to set the tax rate should be reflected in the general ledger budget. We further recommend that monthly variance reports between the actual and estimated revenues should be reviewed and given to department heads for their review.

BLANK CHECK STOCK

Observation

As part of our audit, we obtained an understanding of the Town's controls and procedures concerning the processing of cash disbursements. During this process, we were informed that the blank check stock is kept in an unsecured location.

Implication

Internal control over cash disbursements is weakened. Unsecured checks are vulnerable to theft of Town funds.

Recommendation

We recommend that the Town store all blank check stock in a secure, access-controlled area such as a locked cabinet or a safe, with limited access granted only to authorized personnel.

REDEMPTION NOTIFICATION

Observation

We selected one taxpayer that had a lien placed on their property during 2024 to determine if the tax lien procedures were performed in compliance with State laws. We noted that the tax collector's office did not notify the register of deeds of this taxpayer's tax redemption within the proper time frame required by State law.

Implication

The Town is not in compliance with State law. Per RSA 80:70, the tax collector is to notify the register of deeds of any tax redemptions within thirty days of the redemption of tax liens. The failure to notify the register of deeds in a timely manner could create future problems should the property ownership be transferred.

Recommendation

We recommend that the tax collector's office promptly forward tax lien release notices to the register of deeds to comply with State law. One suggestion is to institute a pop-up reminder on an electronic calendar, which would remind the tax collector to submit the necessary paperwork to the registry every month on a bi-monthly basis.

TOWN OF SEABROOK, NEW HAMPSHIRE

Financial Statements

For the Year Ended December 31, 2024

and

Independent Auditor's Report

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

TOWN OF SEABROOK, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2024

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TOWN OF SEABROOK, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seabrook, New Hampshire, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Seabrook, New Hampshire's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seabrook, New Hampshire, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Restatement of Net Position and Fund Balances

As discussed in Note 18 of the notes to the basic financial statements, the Town of Seabrook, New Hampshire, has restated its beginning net position of its governmental activities, business-type activities, proprietary funds, and fiduciary funds and fund balances of its governmental funds. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements,

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Seabrook, New Hampshire's basic financial statements. The accompanying combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2026, on our consideration of the Town of Seabrook, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Seabrook, New Hampshire's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Seabrook, New Hampshire's internal control over financial reporting and compliance.

Vachon Clukay & Company PC

Manchester, New Hampshire
October 2, 2026

EXHIBIT A
TOWN OF SEABROOK, NEW HAMPSHIRE
Statement of Net Position
December 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 17,201,547		$ 17,201,547
Investments	2,101,190		2,101,190
Taxes receivable, net	4,509,256		4,509,256
Accounts receivable, net	550,669	$ 1,953,949	2,504,618
Due from other governments	105,844	163,211	269,055
Prepaid items	11,482		11,482
Tax deeded property	13,561		13,561
Current portion of lease receivable	77,291		77,291
Internal balances	(3,671,104)	3,671,104	-
Total Current Assets	20,899,736	5,788,264	26,688,000
Noncurrent Assets:			
Lease receivable	619,839		619,839
Non-depreciable capital assets	5,573,777	803,932	6,377,709
Depreciable capital assets, net	39,121,476	9,786,468	48,907,944
Total Noncurrent Assets	45,315,092	10,590,400	55,905,492
Total Assets	66,214,828	16,378,664	82,593,492
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to OPEB liability	136,496	6,091	142,587
Deferred outflows of resources related to net pension liability	2,637,066		2,637,066
Total Deferred Outflows of Resources	2,773,562	6,091	2,779,653
LIABILITIES			
Current Liabilities:			
Accounts payable	837,252		837,252
Accrued liabilities	859,475	127,280	986,755
Advances from grantors	150,903		150,903
Due to other governments	4,695		4,695
Unearned revenue	45,094	27,495	72,589
Current portion of bonds payable	30,000	516,513	546,513
Current portion of finance purchase obligations	409,672	29,105	438,777
Current portion of compensated absences payable	197,749		197,749
Total Current Liabilities	2,534,840	700,393	3,235,233
Noncurrent Liabilities:			
Bonds payable	532,613	6,553,098	7,085,711
Financed purchase obligations	860,665	98,579	959,244
Compensated absences payable	1,698,342	232,434	1,930,776
OPEB liability	2,458,082	122,300	2,580,382
Net pension liability	18,991,390		18,991,390
Total Noncurrent Liabilities	24,541,092	7,006,411	31,547,503
Total Liabilities	27,075,932	7,706,804	34,782,736
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB liability	46,635	8,369	55,004
Deferred inflows of resources related to net pension liability	491,197		491,197
Deferred inflows of resources related to lease receivable	686,506		686,506
Total Deferred Inflows of Resources	1,224,338	8,369	1,232,707
NET POSITION			
Net investment in capital assets	43,158,424	3,393,105	46,551,529
Restricted	1,724,983		1,724,983
Unrestricted (deficit)	(4,195,287)	5,276,477	1,081,190
Total Net Position	$ 40,688,120	$ 8,669,582	$ 49,357,702

See accompanying notes to the basic financial statements

EXHIBIT B

TOWN OF SEABROOK, NEW HAMPSHIRE

Statement of Activities

For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Governmental Activities:							
General government	$ 7,447,960	$ 16,341	$ 74,500		$ (7,357,119)		$ (7,357,119)
Public safety	12,979,024	764,315	1,164,478		(11,050,231)		(11,050,231)
Highways and streets	3,004,733		301,269		(2,703,464)		(2,703,464)
Sanitation	2,316,789	87,985	136,431	$ 195,231	(1,897,142)		(1,897,142)
Water distribution and treatment	21,650		51,555		29,905		29,905
Health and welfare	464,570	4,410.00			(460,160)		(460,160)
Culture and recreation	1,719,148	149,098	40,150		(1,529,900)		(1,529,900)
Conservation	100,945		89,318		(11,627)		(11,627)
Interest and fiscal charges	51,202				(51,202)		(51,202)
Total governmental activities	28,106,021	1,022,149	1,857,701	195,231	(25,030,940)	$ -	(25,030,940)
Business-type activities:							
Water Department	2,536,452	3,423,414				886,962	886,962
Sewer Department	2,110,244	3,671,769				1,561,525	1,561,525
Total business-type activities	4,646,696	7,095,183	-	-	-	2,448,487	2,448,487
Total primary government	$ 32,752,717	$ 8,117,332	$ 1,857,701	$ 195,231	(25,030,940)	2,448,487	(22,582,453)
General revenues:							
Property and other taxes					22,899,739		22,899,739
Licenses and permits					2,815,618		2,815,618
Grants and contributions:							
Rooms and meals tax distribution					821,654		821,654
Interest and investment earnings					671,936	9,467	681,403
Miscellaneous					427,930		427,930
Transfers, net					(1,056,309)	1,056,309	-
Total general revenues and transfers					26,580,568	1,065,776	27,646,344
Change in net position					1,549,628	3,514,263	5,063,891
Net Position at beginning of year, as previously reported					40,407,766	5,203,202	45,610,968
Restatement - correction of error					(1,269,274)	(47,883)	(1,317,157)
Net Position at beginning of year, as restated					39,138,492	5,155,319	44,293,811
Net Position at end of year					$ 40,688,120	$ 8,669,582	$ 49,357,702

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF SEABROOK, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 14,517,753	$ 2,683,794	$ 17,201,547
Investments	2,081,858	19,332	2,101,190
Taxes receivable, net	4,509,256		4,509,256
Accounts receivable, net	52,905	497,764	550,669
Due from other governments		105,844	105,844
Due from other funds	333,109	1,071,628	1,404,737
Prepaid items	11,482	41,861	53,343
Tax deeded property	13,561		13,561
Lease receivable		697,130	697,130
Total Assets	21,519,924	5,117,353	26,637,277
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	$ 21,519,924	$ 5,117,353	$ 26,637,277
LIABILITIES			
Accounts payable	$ 799,739	$ 37,513	$ 837,252
Accrued liabilities	841,155	243	841,398
Advances from grantors		150,903	150,903
Due to other governments	4,695		4,695
Unearned revenue	45,094		45,094
Due to other funds	4,742,732	333,109	5,075,841
Total Liabilities	6,433,415	521,768	6,955,183
DEFERRED INFLOWS OF RESOURCES			
Uncollected property taxes	738,895		738,895
Deferred inflows of resources related to lease receivable		686,506	686,506
Total Deferred Inflows of Resources	738,895	686,506	1,425,401
FUND BALANCES			
Nonspendable	25,043	15,427	40,470
Restricted	1,036,275	969,402	2,005,677
Committed	4,857,055	2,924,250	7,781,305
Assigned	742,610		742,610
Unassigned	7,686,631		7,686,631
Total Fund Balances	14,347,614	3,909,079	18,256,693
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 21,519,924	$ 5,117,353	$ 26,637,277

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

Total Fund Balances - Governmental Funds (Exhibit C)	$ 18,256,693
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,695,253
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	738,895
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	136,496
Deferred outflows of resources related to net pension liability	2,637,066
Deferred inflows of resources related to OPEB liability	(46,635)
Deferred inflows of resources related to net pension liability	(491,197)
Debt service payments are recognized as expenditures when due within the funds. Prepaid debt service payments represent a reduction of the long-term liabilities in the statement of net position as follows:	
Prepaid principal on financed purchase obligations	(26,606)
Prepaid interest on financed purchase obligations	(15,255)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(562,613)
Financed purchase obligations	(1,270,337)
Accrued interest on long-term obligations	(18,077)
Compensated absences payable	(1,896,091)
OPEB liability	(2,458,082)
Net pension liability	(18,991,390)
Net Position of Governmental Activities (Exhibit A)	$ 40,688,120

See accompanying notes to the basic financial statements

EXHIBIT D

TOWN OF SEABROOK, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 22,668,924		$ 22,668,924
Licenses and permits	2,752,698	$ 62,920	2,815,618
Intergovernmental	2,013,658	860,928	2,874,586
Charges for services	173,840	848,309	1,022,149
Interest and investment income	592,388	79,548	671,936
Miscellaneous	303,159	124,771	427,930
Total Revenues	28,504,667	1,976,476	30,481,143
Expenditures:			
Current operations:			
General government	7,513,698	15,416	7,529,114
Public safety	12,056,493	279,330	12,335,823
Highways and streets	1,341,617	12,103	1,353,720
Sanitation	1,714,198	136,431	1,850,629
Water distribution and treatment		21,650	21,650
Health and welfare	465,257		465,257
Culture and recreation	1,592,572	52,224	1,644,796
Conservation	205,262		205,262
Capital outlay	1,112,009	848,105	1,960,114
Debt service:			
Principal retirement	361,593	165,447	527,040
Interest and fiscal charges	42,258	7,190	49,448
Total Expenditures	26,404,957	1,537,896	27,942,853
Excess of revenues over (under) expenditures	2,099,710	438,580	2,538,290
Other financing sources (uses):			
Financed purchase obligation issuances		842,873	842,873
Transfers in	466,819	6,290	473,109
Transfers out	(837,463)	(691,955)	(1,529,418)
Total Other financing sources (uses)	(370,644)	157,208	(213,436)
Net change in fund balances	1,729,066	595,788	2,324,854
Fund Balances at beginning of year, as previously reported	14,085,393	3,281,683	17,367,076
Restatement - correction of error	(1,466,845)	31,608	(1,435,237)
Fund Balances at beginning of year, as restated	12,618,548	3,313,291	15,931,839
Fund Balances at end of year	$ 14,347,614	$ 3,909,079	$ 18,256,693

See accompanying notes to the basic financial statements

EXHIBIT D-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2024

Net Change in Fund Balances--Total Governmental Funds	$	2,324,854
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense and capital outlays for the current year are as follows:		
Capital outlays		2,270,102
Depreciation expense		(2,787,499)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the net loss of disposed capital assets reduced by the actual proceeds received.		(6,362)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		230,815
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments in the current year are as follows:		
Bond principal paid		30,000
Financed purchase obligations		523,648
Issuances of long-term obligations are reported as other financing sources in the governmental funds, but long-term debt issuances increases long-term liabilities in the statement of net position. Current year long-term issuances are as follows:		
Financed purchase obligations		(842,873)
Debt service amounts are recognized as expenditures when due within the governmental funds. Amounts reported as prepayments in the governmental funds are as follows:		
Prepaid principal on financed purchase obligations		(26,606)
Prepaid interest on financed purchase obligations		(15,255)
Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt. The current year activity is as follows:		
Amortization of bond issuance premium		22,814
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(9,315)
Certain items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These items are from the following activities:		
Compensated absences payable		303,263
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.		
Net changes in OPEB		70,169
Net changes in pension		(538,127)
Change in Net Position of Governmental Activities (Exhibit B)	$	1,549,628

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF SEABROOK, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
ASSETS			
Current Assets:			
Accounts receivable, net	$ 955,312	$ 998,637	1,953,949
Due from other governments		163,211	163,211
Due from other funds	2,865,124	805,980	3,671,104
Total Current Assets	3,820,436	1,967,828	5,788,264
Noncurrent Assets:			
Non-depreciable capital assets	237,895	566,037	803,932
Depreciable capital assets, net	8,327,685	1,458,783	9,786,468
Total Noncurrent Assets	8,565,580	2,024,820	10,590,400
Total Assets	12,386,016	3,992,648	16,378,664
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to OPEB liability	4,021	2,070	6,091
Total Deferred Outflows of Resources	4,021	2,070	6,091
LIABILITIES			
Current Liabilities:			
Accrued liabilities	111,010	16,270	127,280
Unearned revenue	13,302	14,193	27,495
Current portion of bonds payable	516,513		516,513
Current portion of financed purchase obligations	13,831	15,274	29,105
Total Current Liabilities	654,656	45,737	700,393
Noncurrent Liabilities:			
Bonds payable	6,553,098		6,553,098
Financed purchase obligations	46,845	51,734	98,579
Compensated absences payable	151,541	80,893	232,434
OPEB liability	80,740	41,560	122,300
Total Noncurrent Liabilities	6,832,224	174,187	7,006,411
Total Liabilities	7,486,880	219,924	7,706,804
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB liability	5,525	2,844	8,369
Total Deferred Inflows of Resources	5,525	2,844	8,369
NET POSITION			
Net investment in capital assets	1,435,293	1,957,812	3,393,105
Unrestricted	3,462,339	1,814,138	5,276,477
Total Net Position	$ 4,897,632	$ 3,771,950	$ 8,669,582

See accompanying notes to the basic financial statements

EXHIBIT F

TOWN OF SEABROOK, NEW HAMPSHIRE

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended December 31, 2024

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Operating revenues:			
Charges for services	$ 3,412,534	$ 3,671,769	$ 7,084,303
Miscellaneous revenues	10,880		10,880
Total Operating revenues	3,423,414	3,671,769	7,095,183
Operating expenses:			
Personnel services	1,370,999	1,089,416	2,460,415
Contractual services	66,793	73,808	140,601
Materials and supplies	186,179	170,001	356,180
Maintenance and repairs	133,442	385,395	518,837
Utilities	187,794	305,664	493,458
Depreciation and amortization	370,039	76,277	446,316
Miscellaneous expenses	8,310	4,656	12,966
Total Operating expenses	2,323,556	2,105,217	4,428,773
Operating income	1,099,858	1,566,552	2,666,410
Non-operating revenues (expenses):			
Interest revenue	5,324	4,143	9,467
Interest expense	(212,896)	(5,027)	(217,923)
Net Non-operating revenues (expenses)	(207,572)	(884)	(208,456)
Income before transfers	892,286	1,565,668	2,457,954
Transfers in	805,478	250,831	1,056,309
Change in net position	1,697,764	1,816,499	3,514,263
Net Position at beginning of year, as previously reported	3,203,626	1,999,576	5,203,202
Restatement - correction of error	(3,758)	(44,125)	(47,883)
Net Position at beginning of year, as restated	3,199,868	1,955,451	5,155,319
Net Position at end of year	$ 4,897,632	$ 3,771,950	$ 8,669,582

See accompanying notes to the basic financial statements

EXHIBIT G
TOWN OF SEABROOK, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	$ 3,031,627	$ 3,022,998	$ 6,054,625
Cash paid to suppliers	(1,185,534)	(1,516,635)	(2,702,169)
Cash paid to employees	(815,358)	(783,168)	(1,598,526)
Net cash provided by operating activities	1,030,735	723,195	1,753,930
Cash flows from capital and related financing activities:			
Proceeds from capital contributions		70,840	70,840
Purchases of capital assets	(29,890)	(374,393)	(404,283)
Transfers from other funds	805,478	250,831	1,056,309
Principal paid on long-term debt	(534,157)	(14,396)	(548,553)
Interest paid on long-term debt	(272,959)	(5,027)	(277,986)
Net cash used for capital and related financing activities	(31,528)	(72,145)	(103,673)
Cash flows from investing activities:			
Interest on investments	5,324	4,143	9,467
Net cash provided by investing activities	5,324	4,143	9,467
Net increase in cash and cash equivalents	1,004,531	655,193	1,659,724
Cash and cash equivalents at beginning of year	1,860,593	150,787	2,011,380
Cash and cash equivalents at end of year	$ 2,865,124	$ 805,980	$ 3,671,104
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 1,099,858	$ 1,566,552	$ 2,666,410
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	370,039	76,277	446,316
Change in deferred outflows of resources related to OPEB liability	(4,021)	(2,070)	(6,091)
Change in deferred inflows of resources related to OPEB liability	5,525	2,844	8,369
Changes in assets and liabilities:			
Accounts receivable, net	(391,787)	(660,331)	(1,052,118)
Accounts payable	(46,858)	(237,288)	(284,146)
Accrued liabilities	(4,905)	(5,307)	(10,212)
Unearned revenue	7,865	11,560	19,425
Compensated absences		(26,477)	(26,477)
OPEB liability	(4,981)	(2,565)	(7,546)
Net cash provided by operating activities	$ 1,030,735	$ 723,195	$ 1,753,930
Non-cash transactions affecting financial position:			
Amortization of bond premium	$ 27,817	$ -	$ 27,817
Cash and cash equivalents at end of year consists of the following:			
Due from other funds	$ 2,865,124	$ 805,980	$ 3,671,104

See accompanying notes to the basic financial statements

EXHIBIT H

TOWN OF SEABROOK, NEW HAMPSHIRE

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2024

	Private Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents		$ 11,552,188
Investments	$ 1,543,632	493,101
Taxes receivable		4,342,946
Accounts receivable		25,446
Total Assets	1,543,632	16,413,681
LIABILITIES		
Due to other governments		12,899,431
Total Liabilities	-	12,899,431
NET POSITION		
Restricted for:		
Individuals and other governments	1,543,632	3,514,250
Total Net Position	$ 1,543,632	$ 3,514,250

See accompanying notes to the basic financial statements

EXHIBIT I
TOWN OF SEABROOK, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Contributions:		
Private donations	$ 68,250	
Total Contributions	68,250	$ -
Investment earnings:		
Interest income	56,598	103,301
Realized gains on investments	25,543	9,190
Net increase in the fair value of investments		9,405
Total Investment earnings	82,141	121,896
Property tax collections for other governments		28,316,191
Motor vehicle fee collections for other governments		796,386
Miscellaneous		31,000
Total Additions	150,391	29,265,473
DEDUCTIONS:		
Payments of property tax to other governments		28,316,191
Payments of motor vehicle fees to other governments		796,386
Beneficiary payments to others	33,800	90,746
Total Deductions	33,800	29,203,323
Change in net position	116,591	62,150
Net Position at beginning of year, as previously reported	1,469,674	1,808,086
Restatement - correction of error	(42,633)	1,644,014
Net Position at beginning of year, as restated	1,427,041	3,452,100
Net Position at end of year	$ 1,543,632	$ 3,514,250

See accompanying notes to the basic financial statements

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Seabrook, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Seabrook, New Hampshire (the Town) was incorporated in 1768. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. **Government-Wide Financial Statements:**

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. **Fund Financial Statements:**

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in

a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary and fiduciary.

1. **Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following is the Town's sole major governmental fund:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

2. **Proprietary Funds:**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following are the Town's major proprietary funds:

The *Water* and *Sewer Funds* account for all revenues and expenses pertaining to the Town's water and wastewater operations, respectively. The Water and Sewer Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. **Fiduciary Funds:**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Fiduciary funds are used to account for assets held by the Town under an agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains numerous private-purpose trust funds, which account for monies designated to benefit individuals within the Town. Custodial funds are used to account for amounts collected by the Town and remitted to other individuals or governments. These amounts are therefore not available to support the Town's own programs.

Measurement Focus

1. **Government-Wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

2. **Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

The fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. **Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes

is recognized in the year for which the taxes are levied (see Note 12). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. **Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2024, the Town did not apply any of its unassigned fund balance to reduce the tax rate.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2024 are recorded as receivables net of reserves for estimated uncollectible taxes of $84,410.

Accounts Receivable

Accounts receivable are recorded net of reserves for estimated uncollectibles of $328,521 in the Ambulance Fund, a Nonmajor Governmental Fund.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2024 are recorded as prepaid items. Prepaid items are recognized using the consumption method.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the governmental fund financial statements. In the government-wide financial statements, capital assets are reported in the applicable governmental or business-type activities column.

All purchased capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of $10,000. The Town's infrastructure consists of water purification and distribution system, sewer collection and treatment system, roads, bridges, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated or amortized over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation and amortization is computed using the straight-line method over the following useful lives:

Description	Years
Infrastructure	20-100
Buildings and improvements	20-50
Improvements other than buildings	20-50
Vehicles and equipment	3-20

Lease Receivable and Related Deferred Inflows of Resources

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollected amounts. No allowance has been recorded by the Town. The Town uses its estimated incremental borrowing rate as the discount rate for leases. The deferred inflows of resources is measured at the initial measurement of the lease receivable, plus any lease payments received at or before commencement of the lease term, less any lease incentives. The deferred inflows of resources is amortized using the straight-line method over the term of the related lease.

Lease Liabilities and Leased Assets

Lease liabilities are measured at the present value of payments expected to be made during the lease term. Leased assets are measured at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs are amortized on a straight-line basis over the life of the related lease.

The Town has entered into various rental agreements as a lessee for equipment. Management has determined that the effect of implementing GASB Statement No. 87 related to these leases is immaterial to its financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Bond Premiums

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premium.

Compensated Absences

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Upon termination of employment, employees will be compensated for unused vacation leave at current rates of pay. Pursuant to Town collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick leave and, upon retirement at age 62 with a minimum number of service years or death will be compensated for such amounts at current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements. The Town uses the last-in, first-out flows assumption for leave time used when estimating the likelihood of leave that has not been used being settled through cash or non-cash means.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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 (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are

reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact (such as principal of an endowment fund).
- *Restricted Fund Balance*: Amounts that can only be spent for specific purposes, such as grant, library, income balance of permanent funds, and capital project funds that cannot change purpose. Restrictions may be changed or lifted only upon the consent of the external resource provider or enabling legislation.
- *Committed Fund Balance*: Amounts that can only be used for specific purposes pursuant to a formal vote at Town Meetings; such as expendable trust funds, non-lapsing appropriations, and other special revenue funds not listed under restricted and can change purpose via a vote at Town Meeting.
- *Assigned Fund Balance*: Amounts intended by the Board for specific purposes. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as "assigned." Items that fall under this classification for the General Fund would be encumbrances properly approved by contract, purchase order, or other such actions as required.

- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as unassigned.

Spending Prioritization

In instances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum Level of Unassigned Fund Balance

The Town's policy is to maintain a minimum unassigned fund balance between 5% to 15% of the Town's General Fund operating revenues or between 8% to 17% of the General Fund operating expenditures.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/ expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Water and Sewer funds, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation and amortization on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2024 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	$17,201,547
Investments	2,101,190
Statement of Fiduciary Net Position:	
Cash and cash equivalents	11,552,188
Investments	2,036,733
Total deposits and investments	$32,891,658

Deposits and investments as of December 31, 2024 consist of the following:

Cash on hand	$ 4,407
Deposits with financial institutions	28,749,328
Investments	4,137,923
Total deposits and investments	$32,891,658

The Town's investment policy for governmental and proprietary fund types requires that deposits and investments be held in solvent banks within the State of New Hampshire or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. Funds may be deposited in banks outside 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 obligations, United States agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case. The Town limits its investments to demand deposits, certificates of deposit, and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the NHPDIP. Responsibility for the investments of the Trust Funds is with the Board of Trustees.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Town's policy for its governmental and proprietary funds addresses credit risk by limiting investments to the safest types of securities. The Trustees of Trust Funds investment policy addresses credit risk by diversifying the investment portfolio. The following is the actual rating at year end for each investment type:

		Rating as of Year End	
Investment Type	Fair Value	AAA-m	Not rated
State investment pool	$ 5,896	$ 5,896	
Bond mutual funds	2,854,803		$ 2,854,803
Money market mutual funds	83,758		83,758
	$ 2,944,457	$ 5,896	$ 2,938,561

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Town's investment policy addresses custodial credit risk by stating that all monies are to be held in the NHPDIP or in solvent banks within the state, except that funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security. The investment policy of the Trustees of Trust Funds specifies that capital reserve funds are to be invested in United States government bonds, corporate bonds, equities, and cash. Other funds held by the Trustees of Trust Funds are invested on a total-return basis according to the Prudent Investor Rule.

Of the Town's deposits at year end, $25,925,370 was collateralized by securities held by the bank in the bank's name and $868,639 was uninsured and uncollateralized.

As of December 31, 2024, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

Investment Type	Amount
Equity exchange traded funds	$ 715,681
Equity mutual funds	477,785
Bond mutual funds	2,854,803
	$ 4,048,269

Interest Rate Risk

Interest rate risk 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's investment policy for governmental and proprietary funds regarding interest rate risk indicates that safety and liquidity are the primary objectives. The Town minimizes its interest rate risk by maintaining a portfolio that is sufficiently liquid to enable the Town to meet all operating requirements as reasonably anticipated. The Trustees of Trust Funds do not have a formal investment policy for interest rate risk.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

		Remaining Maturity (in Years)		
Investment Type	Total	0-1 Years	1-5 Years	> 5 Years
Bond mutual funds	$ 2,854,803	$ -	$ -	$ 2,854,803

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP's website at www.NHPDIP.com.

The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

Fair Value Measurement of Investments

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- *Level 1 Inputs* - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- *Level 2 Inputs* - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- *Level 3 Inputs* - Significant unobservable inputs.

As of December 31, 2024, the Town's investments measured at fair value, by type, were as follows:

		Fair Value Measurements Using:		
Investment Type	Total	Level 1 inputs	Level 2 inputs	Level 3 inputs
Equity exchange traded funds	$ 715,681	$ 715,681		
Equity mutual funds	477,785	477,785		
Bond mutual funds	2,854,803	2,854,803		
	$ 4,048,269	$ 4,048,269	$ -	$ -

Equity exchange traded funds, equity mutual funds, and bond mutual funds classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities.

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets in the Town's governmental activities:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024
Governmental activities:				
Capital assets not depreciated:				
Land	$ 4,282,101			$ 4,282,101
Construction in progress	875,000	$ 416,676		1,291,676
Total capital assets not being depreciated	5,157,101	416,676	$ -	5,573,777
Other capital assets:				
Infrastructure	75,202,840	40,150		75,242,990
Buildings and improvements	25,084,911	190,818		25,275,729
Improvements other than buildings	3,607,392	386,958		3,994,350
Vehicles and equipment	11,743,451	1,235,500	(63,510)	12,915,441
Total other capital assets at historical cost	115,638,594	1,853,426	(63,510)	117,428,510
Less accumulated depreciation for:				
Infrastructure	(49,861,238)	(1,474,397)		(51,335,635)
Buildings and improvements	(15,755,092)	(510,766)		(16,265,858)
Improvements other than buildings	(907,477)	(94,933)		(1,002,410)
Vehicles and equipment	(9,052,876)	(707,403)	57,148	(9,703,131)
Total accumulated depreciation	(75,576,683)	(2,787,499)	57,148	(78,307,034)
Total other capital assets, net	40,061,911	(934,073)	(6,362)	39,121,476
Total capital assets, net	$ 45,219,012	$ (517,397)	$ (6,362)	$ 44,695,253

Depreciation and amortization expense was charged to governmental functions as follows:

General government	$ 59,246
Public safety	564,651
Highways and streets	1,705,253
Sanitation	336,386
Culture and recreation	121,963
Total governmental activities depreciation expense	$ 2,787,499

The following is a summary of changes in capital assets in the Town's business-type activities:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024
Business-type activities:				
Capital assets not depreciated:				
Construction in progress	$ 835,486	$ 123,562	$ (155,116)	$ 803,932
Total capital assets not being depreciated	835,486	123,562	(155,116)	803,932
Other capital assets:				
Infrastructure	1,284,843			1,284,843
Buildings and improvements	16,102,457			16,102,457
Improvements other than buildings	207,032			207,032
Vehicles and equipment	1,013,465	435,837		1,449,302
Total other capital assets at historical cost	18,607,797	435,837	-	19,043,634

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024
Less accumulated depreciation for:				
Infrastructure	(49,120)	(36,294)		(85,414)
Buildings and improvements	(8,136,227)	(314,601)		(8,450,828)
Improvements other than buildings	(36,323)	(13,475)		(49,798)
Vehicles and equipment	(589,180)	(81,946)		(671,126)
Total accumulated depreciation and amortization	(8,810,850)	(446,316)	-	(9,257,166)
Total other capital assets, net	9,796,947	(10,479)	-	9,786,468
Total capital assets, net	$ 10,632,433	$ 113,083	$ (155,116)	$ 10,590,400

Depreciation and amortization expense was charged to the proprietary funds as follows:

Water Fund	$ 370,039
Sewer Fund	76,277
Total business-type activities depreciation expense	$ 446,316

NOTE 4—LEASE RECEIVABLE

The Town currently leases land to independent third parties as follows:

Lease No. 1

During June 2014, the Town entered into a lease agreement to an independent communication company for the period July 1, 2014 through June 2019. Terms of the agreement include the option to extend the lease for an additional two terms of five years each. The Town is reasonably certain that the lessee will exercise its option to extend the lease for the additional terms.

The Town used the rental schedule to measure the lease receivable as of July 1, 2014. The lease receivable was discounted to its net present value as of December 31, 2024 using a 2.15% interest rate. Terms of the agreement include monthly rental payments. Rental payments are adjusted by a 3.00% annual escalator on the anniversary of the agreement.

Lease No. 2

During June 2015, the Town entered into another lease agreement to an independent communication company for the period July 2015 through June 2020. Terms of the agreement include the option to extend the lease for an additional four terms of five years each. The Town is reasonably certain that the lessee will exercise its option to extend the lease for the additional terms.

The Town used the rental schedule to measure the lease receivable as of July 1, 2015. The lease receivable was discounted to its net present value as of December 31, 2024 using a 2.55% interest rate. Terms of the agreement include monthly rental payments. Rental payments are adjusted by a 3.00% annual escalator on the anniversary of the agreement.

During the year ended December 31, 2024, the Town recognized $86,582 in lease revenue and $17,853 in lease interest revenue under the terms of the agreement. As of December 31, 2024, the balance of the lease receivable was $697,130 and the deferred inflows of resources related to the lease receivable amounted to $686,506. Future payments to the Town in accordance with the terms of the agreements are as follows:

Year Ending December 31,	Principal	Interest	Totals
2025	$ 77,291	$ 16,113	$ 93,404
2026	81,941	14,267	96,208
2027	86,785	12,308	99,093
2028	91,832	10,235	102,067
2029	69,701	8,162	77,863
2030-2034	259,574	21,466	281,040
2035	30,006	224	30,230
	$ 697,130	$ 82,775	$ 779,905

NOTE 5—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2024 are as follows:

	(as restated) Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Governmental activities:					
Bonds payable	$ 540,000		$ (30,000)	$ 510,000	$ 30,000
Unamortized bond premium	75,427		(22,814)	52,613	
Total Bonds payable	615,427	$ -	(52,814)	562,613	30,000
Financed purchase obligations	951,112	842,873	(523,648)	1,270,337	409,672
Compensated absences payable*	2,199,354		(303,263)	1,896,091	197,749
Total governmental activities	$3,765,893	$ 842,873	$ (879,725)	$3,729,041	$ 637,421
Business-type activities:					
Bonds payable	$7,402,453		$ (507,573)	$6,894,880	$ 516,513
Unamortized bond premium	202,548		(27,817)	174,731	
Total Bonds payable	7,605,001	$ -	(535,390)	7,069,611	516,513
Financed purchase obligations	168,664		(40,980)	127,684	29,105
Compensated absences payable*	258,911		(26,477)	232,434	
Total governmental activities	$8,032,576	$ -	$ (602,847)	$7,429,729	$ 545,618

* The change in the compensated absences liability is presented as a net change.

Payments on the general obligation bonds of the governmental activities are paid out of the General Fund. Payments on the financed purchase obligations of the governmental activities are paid out of the Nonmajor Governmental Funds. Payments on the bonds payable and financed purchase obligations of the business-type activities are paid out of the Water Fund and Sewer Fund, as applicable.

Bonds Payable

Bonds payable at December 31, 2024 are comprised of the following individual issues:

	Original Issue Amount	Interest Rate	Serial Maturities Through	Balance at 12/31/2024
Governmental Activities:				
Bonds payable:				
Radio equipment	$ 601,500	1.59%	2041	$ 510,000
Unamortized bond premium				52,613
				$ 562,613
Business-type Activities:				
Bonds payable:				
Water treatment facility	$ 5,997,345	1.00-5.25%	2037	$ 3,125,000
Drinking water	5,000,000	2.86%	2031	1,079,880
Water treatment facility	971,000	2.75-4.00%	2032	370,000
Town pier and water tank	2,921,200	2.15%	2040	2,320,000
				6,894,880
Unamortized bond premium				174,731
				$ 7,069,611

General obligation bonds are direct obligations of the Town, for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Town's boundaries.

Debt service requirements to retire general obligation bonds outstanding at December 31, 2024 are as follows:

Governmental Activities:

Year Ending December 31,	General Obligation Bonds Principal	Interest	Totals
2025	$ 30,000	$ 16,845	$ 46,845
2026	30,000	15,315	45,315
2027	30,000	13,785	43,785
2028	30,000	12,255	42,255
2029	30,000	10,725	40,725
2030-2034	150,000	35,475	185,475
2035-2039	150,000	14,325	164,325
2040-2041	60,000	1,260	61,260
	510,000	119,985	629,985
Add: Unamortized bond premium	52,613		52,613
	$ 562,613	$ 119,985	$ 629,985

Business-type Activities:

Year Ending December 31,	General Obligation Bonds Principal	Interest	Totals
2025	$ 516,513	$ 246,972	$ 763,485
2026	530,565	224,795	755,360
2027	539,734	203,318	743,052
2028	554,023	180,501	734,524
2029	568,434	157,726	726,160
2030-2034	2,440,611	442,886	2,883,497
2035-2039	1,600,000	107,116	1,707,116
2040-2041	145,000	1,794	146,794
	6,894,880	1,565,108	8,459,988
Add: Unamortized bond premium	174,731		174,731
	$ 7,069,611	$ 1,565,108	$ 8,459,988

Financed Purchase Obligations

Financed purchase obligations represent agreements entered into for the financing of vehicle and equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function.

The financed purchase obligations at December 31, 2024 are comprised of the following individual issues:

	Original Issue Amount	Interest Rate	Serial Maturities Through	Balance at 12/31/2024
Governmental Activities:				
Rubbish truck	$ 198,340	1.25%	2027	$ 89,227
Wheel loader	164,424	2.98%	2025	33,927
Ford 150	33,850	2.28%	2025	4,572
Ambulance	372,576	5.91%	2028	345,970
Fire engine	700,000	2.53%	2027	430,548
Ambulance equipment	470,297	6.23%	2028	366,093
				$ 1,270,337
Business-type Activities:				
Ford F350	$ 73,712	6.06%	2028	$ 60,676
Ford F350	81,404	6.06%	2028	67,008
				$ 127,684

Debt service requirements to retire the financed purchase obligations for governmental activities and business-type activities at December 31, 2024 are as follows:

Governmental Activities:

Year Ending December 31,	Principal	Interest	Totals
2025	$ 409,672	$ 45,413	$ 455,085
2026	332,963	39,369	372,332
2027	347,362	24,970	372,332
2028	180,340	10,027	190,367
	$ 1,270,337	$ 119,779	$ 1,390,116

Business-type Activities:

Year Ending December 31,	Principal	Interest	Totals
2025	$ 29,105	$ 7,906	$ 37,011
2026	30,907	6,104	37,011
2027	32,820	4,191	37,011
2028	34,852	2,159	37,011
	$ 127,684	$ 20,360	$ 148,044

Authorized and Unissued Debt

As of December 31, 2024, the Town had the following debt authorized and unissued:

Description	Amount
Asset management plan for Town water and sewer	$ 60,000

NOTE 6—OTHER POSTEMPLOYMENT BENEFITS

Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense

	Deferred Outflows	OPEB Liability	Deferred Inflows	OPEB Expense
Cost-Sharing Multiple Employer Plan	$ 102,858	$ 1,782,685	$ 422	$ 170,937
Single Employer Plan	39,729	797,697	54,582	41,930
Total	$ 142,587	$ 2,580,382	$ 55,004	$ 212,867

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of $87,583.

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

The New Hampshire Retirement System (NHRS) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

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

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of $375.56 for a single person plan and $751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of $236.84 for a single person plan and $473.68 for a two-person plan.

Funding Policy

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of public safety employees were 2.60% during the year ended December 31, 2024. Contributions to the OPEB plan for the Town were $204,577 for the year ended December 31, 2024. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2024, the Town reported a liability of $1,782,685 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2023. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2024, the Town's proportion was approximately 0.5735 percent, which was an increase of 0.0415 percentage points from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Town recognized OPEB expense of $170,937. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments		$ 422
Town contributions subsequent to the measurement date	$ 102,858	
Totals	$ 102,858	$ 422

The Town reported $102,858 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

June 30,	
2025	$ (3,767)
2026	5,575
2027	(1,437)
2028	(793)
	$ (422)

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Wage inflation	3.00% (2.50% for Teachers)
Salary increases	6.00%, average, including inflation
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 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2019 – June 30, 2023.

The following assumptions were changed in the current year:

- Increased wage inflation from 2.75% to 3.00% (2.50% for Teachers)
- Increased price inflation from 2.0% to 2.25%
- Updated demographic assumptions in mortality tables
- Updated mortality tables (specifically the projected fully generational mortality improvements using scale MP-2021 from scale MP-2019)

The long-term expected rate of return on OPEB Plan investments 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 rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Public equity	40%	5.40-5.65%
Private market equity	20%	4.00-6.65%
Private debt	10%	5.05%
Fixed income	25%	2.15%
Infrastructure	5%	4.35%
Total	100%	

The discount rate used to measure the collective OPEB liability as of June 30, 2024 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Town's proportionate share of the net OPEB liability	$ 1,950,229	$ 1,782,685	$ 1,666,929

SINGLE EMPLOYER PLAN

Plan Description

The Town of Seabrook, New Hampshire administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Town provides medical benefits to its eligible retirees and their covered spouses. General employees hired prior to July 1, 2011 are eligible to retire at age 60 regardless of years of creditable service, age 50 with at least 10 years of creditable service, or at any age if they have at least 20 years of creditable service and the sum of their age and years of service is at least 70. General employees hired on or after July 1, 2011 are eligible to retire at age 65 regardless of years of creditable service, or age 60 with at least 30 years of creditable service. Public safety employees hired prior to July 1, 2011 are eligible to retire at age 45 with at least 20 years of Group II creditable service, or at age 60 regardless of their years of creditable service. Public safety employees hired on or after July 1, 2011 are eligible to retire at age 50 with 25 years of Group II creditable service or at age 60 regardless of years of creditable service. Retirees and their covered spouses are required to pay 100% of the cost of the premium. The valuation does not account for the cost of benefits to retirees or their spouses after age 65. Surviving spouses continue to receive coverage after the death of the eligible retired employee but are required to pay 100% of the premium.

Employees Covered By Benefit Terms

At January 1, 2024, the census collection date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Active employees	111
	133

Total OPEB Liability

The Town's total OPEB liability of $797,697 was both measured as of December 31, 2024 and determined by a roll forward of the actuarial valuation as of January 1, 2024.

Actuarial Assumptions and Other Inputs for OPEB

The total OPEB liability in the January 1, 2024 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.00%
Payroll growth rate	3.00%
Discount rate	4.22%
Healthcare cost trend rates:	7.00% for 2024, and then decreasing 0.25% per year to an ultimate trend rate of 4.50% in 2036

The discount rate was based on the average of two 20-year municipal bond indices (S&P Municipal Bond 20-year High Grade Rate Index and Fidelity GO AA 20 years) as of the measurement date. Mortality rates for employees were based on the SOA Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount - Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current SOA Mortality Improvement Scale MP-2021.

Changes in the Total OPEB Liability

Balance at January 1, 2024	$ 846,918
Changes for the year:	
Service cost	6,662
Interest	34,061
Changes of assumptions or other inputs	(10,395)
Benefit payments	(79,549)
Net changes	(49,221)
Balance at December 31, 2024	$ 797,697

The following assumptions were changed in the current year:

- Increased the discount rate from 3.88% at December 31, 2023 to 4.22% at December 31, 2024
- Changes in demographics and headcount
- Increases in cost and trend assumptions

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Town Total OPEB liability	$ 835,301	$ 797,697	$ 761,715

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline	1% Increase
Town Total OPEB liability	$ 752,453	$ 797,697	$ 847,584

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the Town recognized OPEB expense of $41,930. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 39,729	$ 54,582

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

December 31,	
2025	$ 1,207
2026	1,207
2027	(5,743)
2028	(5,807)
2029	(2,829)
Thereafter	(2,888)
	$ (14,853)

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301, or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

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 a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (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 January 1, 2012 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 January 1, 2012	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%

Funding Policy

Covered police officers and firefighters are required to contribute 11.55% and 11.80%, respectively, of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers and firefighters were 28.68% and 27.75%, respectively, during the year ended December 31, 2024. The Town contributed 100% of the employer cost for public safety employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's pension contributions to the NHRS for the year ending December 31, 2024 were $2,217,828.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the Town reported a liability of $18,991,390 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2023. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2024, the Town's proportion was approximately 0.3662 percent, which was an increase of .0017 percentage points from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Town recognized pension expense of $2,798,177. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 422,777	$ 3,819
Net difference between projected and actual earnings on pension plan investments		265,111
Changes of assumptions		222,267
Changes in proportion and differences between Town contributions and share of contributions	1,098,816	
Town contributions subsequent to the measurement date	1,115,473	
Totals	$ 2,637,066	$ 491,197

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of $2,145,869. The Town reported $1,115,473 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in the measurement periods as follows:

June 30,	
2025	$ 109,077
2026	1,281,124
2027	(196,672)
2028	(163,133)
	$ 1,030,396

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2023, using the following actuarial assumptions:

Inflation	2.25%
Wage inflation	3.00% (2.50% for Teachers)
Salary increases	6.00%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2019 – June 30, 2023.

The following assumptions were changed in the current year:

- Increased wage inflation from 2.75% to 3.00% (2.50% for Teachers)
- Increased price inflation from 2.0% to 2.25%
- Updated demographic assumptions in mortality tables
- Updated mortality tables (specifically the projected fully generational mortality improvements using scale MP-2021 from scale MP-2019)

The long-term expected rate of return on pension plan investments 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 rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Public equity	40%	5.40-5.65%
Private market equity	20%	4.00-6.65%
Private debt	10%	5.05%
Fixed income	25%	2.15%
Infrastructure	5%	4.35%
Total	100%	

Discount Rate

The discount rate used to measure the collective pension liability as of June 30, 2024 was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the

difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer 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 and 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 of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following 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 or 1-percentage-point higher than the single discount rate:

	1% Decrease	Current Discount rate	1% Increase
Town's proportionate share of the net pension liability	$ 26,552,117	$ 18,991,390	$ 12,693,072

NOTE 8—INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2024 are as follows:

		Due from		
		General Fund	Nonmajor Governmental Funds	Totals
Due to	General Fund		$ 333,109	$ 333,109
	Nonmajor Governmental Funds	$ 1,071,628		1,071,628
	Water Fund	2,865,124		2,865,124
	Sewer Fund	805,980		805,980
		$ 4,742,732	$ 333,109	$ 5,075,841

During the year, several interfund transactions occurred between funds. The debt service payments on the Water Fund's general obligation bonds are included in the General Fund's annual appropriations. During the year ended December 31, 2024, the debt service payments of $775,573 were transferred from the General Fund to the Water Fund. The transfer of $55,600 out of the General Fund to the Sewer Fund represents a capital asset addition. Transfers out of the Grants Fund, a Nonmajor Governmental Fund, were to distribute the ARPA grant funds to reimburse the General Fund, Water Fund, and Sewer Fund for qualifying grant expenditures incurred during the year. Transfers during the year ended December 31, 2024 are as follows:

		Transfer from		
		General Fund	Nonmajor Governmental Funds	Totals
Transfer to	General Fund		$ 466,819	$ 466,819
	Nonmajor Governmental Funds	$ 6,290		6,290
	Water Fund	775,573	29,905	805,478
	Sewer Fund	55,600	195,231	250,831
		$ 837,463	$ 691,955	$ 1,529,418

NOTE 9—RESTRICTED NET POSITION

Net position of the governmental activities is restricted for specific purposes at December 31, 2024 as follows:

Permanent Funds - Principal	$ 15,427
Permanent Funds - Income	3,905
D'Alessandro Trust	116,054
Town Communications	511,011
Grants Fund	10,892
Drug forfeiture	33,441
Unexpended State bridge aid	166,949
Unexpended highway block grant	150,748
Library operations	691,556
Town hall generator	25,000
	$ 1,724,983

NOTE 10—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2024 are comprised as follows:

Fund Balances	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent Funds - Principal		$ 15,427	$ 15,427
Prepaid items	$ 11,482		11,482
Tax deeded property	13,561		13,561
Restricted for:			
Permanent Funds - Income		3,905	3,905
D'Alessandro Trust		116,054	116,054
Town Communications		511,011	511,011
Capital Improvements		296,121	296,121
Grants Fund		10,892	10,892
Drug forfeiture	2,022	31,419	33,441
Unexpended State bridge aid	166,949		166,949
Unexpended highway block grant	150,748		150,748
Library operations	691,556		691,556
Town hall generator	25,000		25,000

Fund Balances (continued)	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed for:			
Conservation		245,965	245,965
Ambulance		1,917,313	1,917,313
Transportation		84,627	84,627
Recreation		70,322	70,322
Police Outside Details		531,365	531,365
Recycling		74,658	74,658
Expendable Trust Funds	1,266,404		1,266,404
Carryforward appropriations	3,590,651		3,590,651
Assigned for:			
Encumbrances	103,410		103,410
Subsequent year's expenditures	639,200		639,200
Unassigned:			
Unassigned - General operations	7,686,631		7,686,631
	$ 14,347,614	$ 3,909,079	$ 18,256,693

NOTE 11—ENCUMBRANCES

The encumbrances of the General Fund as of December 31, 2024, by function, are as follows:

General government	$ 73
Public safety	20,045
Highways and streets	82,490
Culture and recreation	802
	$ 103,410

NOTE 12—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1st ($4,577,430,162 as of April 1, 2024) and are due in two installments on July 1, 2024 and January 10, 2025. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum, and priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Seabrook School District, Winnacunnet Cooperative School District, and Rockingham County, all independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were $15,859,750, $9,739,683, and $2,716,758 for the Seabrook School District, Winnacunnet Cooperative School District, and Rockingham County, respectively. These taxes are recognized in the financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

NOTE 13—DEFINED CONTRIBUTION PLAN

The Town contributes to two separate defined contribution plans, which were established under Internal Revenue Code section 403. The plans allow employees to defer income taxation on retirement savings into future years and are administered by Vantage Trust Company, LLC and Equitable Holdings, Inc. All regular employees of the Town are eligible to make contributions to the plan. The plans have no required minimum contributions for employees. Under the terms of the plans, the Town will make matching contributions pursuant to amounts stipulated in collective bargaining agreement or individual employment contracts. Upon enrollment in the plans, employees are fully vested. Contributions to the 403(b) Plans made by the plan members and the Town for the year ended December 31, 2024 were $399,542 and $245,958, respectively.

NOTE 14—TOP TAXPAYER

The following is the Town's major property owner as it relates to the assessed property valuation of $4,577,430,162:

Taxpayer	Property Valuation	% of Total Valuation
NextEra Energy Seabrook, LLC	$ 1,560,178,100	34.08%

NOTE 15—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2024, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2024.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to $200,000 for each and every covered property, crime and/or liability loss that exceeds $1,000, up to an aggregate of $1,200,000. Each property loss is subject to a $1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to $2,000,000. The program includes a Loss Fund from which is paid up to $500,000 for each and every covered claim.

NOTE 16—CONTINGENCIES

Litigation

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. In the opinion of Town management, any potential claims against the Town which are not covered by insurance are immaterial and would not affect the financial position of the Town.

Federal Grants

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 17—CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 100 – Accounting Changes and Error Corrections

During the year ended December 31, 2024, the Town implemented GASB Statement No. 100, *Accounting Changes and Error Corrections.* Under GASB Statement No. 100, the accounting and financial reporting for each type of accounting change and error correction is outlined. The Statement requires that the aggregate adjustments to beginning net position or beginning fund balance be presented on the face of the financial statements. Additionally, disclosures in the notes to the financial statements are to provide descriptive information about the accounting changes and error corrections, including the financial statement line items affected.

GASB Statement No. 101 – Compensated Absences

During the year ended December 31, 2024, the Town implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 provides updated guidance on the recognition and measurement for compensated absences and amends certain disclosures. Under this standard a liability must be recorded for either; leave that has not been used or leave which has been used but not yet paid in cash or settled through non-cash means. Management has determined that the effect of implementing GASB Statement No. 101 is immaterial to its financial statements for the year ended December 31, 2024.

NOTE 18—RESTATEMENT OF EQUITY

Correction of Errors

During the year ended December 31, 2024, the Town's management noted that beginning Net Position and Fund Balances, as previously reported, has been restated as follows:

- Capital assets, net of accumulated depreciation were understated in the Governmental Activities, Business-type Activities, Water Fund, and Sewer Fund in the amounts of $711,379, $155,116, $73,712, and $81,404, respectively.
- Finance purchase obligations, for the acquisition of capital assets understated above, were understated in the Governmental Activities, Business-type Activities, Water Fund, and Sewer Fund in the amounts of $741,974, $155,116, $73,712, and $81,404, respectively.
- Cash in the amount of $1,644,014 held in a custodial manner was reported in the General Fund instead of the Custodial Funds.
- Unanticipated state aid funds of $357,740 with no requirement to return unexpended funds to the State were recorded as deferred inflows of resources in Governmental Activities and the General Fund.
- Prepaid items were overstated by $148,963 in Governmental Activities and the General Fund as the Town is billed monthly for its gas and diesel fuel usage.
- Taxes receivable were overstated by $66,712 in Governmental Activities due to an understatement of the allowance for uncollectible accounts.
- The lease receivable was overstated by $769,961 in the General Fund and understated in the Town Communications Fund, a Nonmajor Governmental Fund. Lease proceeds from the land lease are recognized in the Nonmajor Governmental Fund.
- Deferred inflows of resources related to the lease receivable was overstated by $738,353 in the General Fund and understated in the Town Communications Fund, a Nonmajor Governmental Fund.
- The OPEB liability from the Town's single-employer post-employment benefit was not allocated to the Water Fund and Sewer Fund resulting in an overstatement of OPEB liability of $129,846 in Governmental Activities, and an understatement of OPEB liability of $85,721 and $44,125 in the Water Fund and Sewer Fund, respectively.
- Investments in the amount of $42,633 were overstated in the Private-Purpose Trust Funds.

Change in Accounting Principle

During the year ended December 31, 2024, the Town's management determined that the amortization of the bond premium should be calculated using the effective interest rate method. Prior to January 1, 2024, the amortization was calculated using the straight-line method, which is an acceptable method. However, due to the variable interest rates on the outstanding bond issuance, the use of the effective interest rate method allocates the amortization, as a component of interest expense, evenly over the life of the outstanding bond. As a result, the carrying value of the outstanding bond issuance is equal to the present value of the future cash outflow at each amortization date. Net position of the Business-type Activities and the Water Fund have been restated in the amount of $81,963.

The total restatement of the beginning Net Position and Fund Balances is as follows:

	1/1/2024, As Previously Reported	Error Correction	Change in Accounting Principle	1/1/2024, As Restated
Government-Wide:				
Governmental Activities	$40,407,766	$(1,269,274)		$39,138,492
Business-type Activities	5,203,202	(129,846)	$ 81,963	5,155,319
Total Primary Government	$45,610,968	$(1,399,120)	$ 81,963	$44,293,811
Governmental Funds				
Major Funds:				
General Fund	$14,085,393	$(1,466,845)		$12,618,548
Nonmajor Governmental Funds	3,281,683	31,608		3,313,291
Total Governmental Funds	$17,367,076	$(1,435,237)	$ -	$15,931,839
Proprietary Funds:				
Major Funds:				
Water Fund	$ 3,203,626	$ (85,721)	$ 81,963	$ 3,199,868
Sewer Fund	1,999,576	(44,125)		1,955,451
Total Proprietary Funds	$ 5,203,202	$ (129,846)	$ 81,963	$ 5,155,319
Fiduciary Funds:				
Private-Purpose Trust Funds	$ 1,469,674	$ (42,633)		$ 1,427,041
Custodial Funds	1,808,086	1,644,014		3,452,100
Total Fiduciary Funds	$ 3,277,760	$ 1,601,381	$ -	$ 4,879,141

NOTE 19—SUBSEQUENT EVENTS

Debt Issuances

At the 2025 annual Town meeting, the Town was authorized to issue long-term obligations as follows: $8,600,000 for the purpose of water system upgrades; $1,200,000 for the implementation of the Lead Service Identification/Replacement program; and $8,600,000 for beginning Phase Two of the Wastewater Plant Upgrades project.

During July 2025, the Town issued general obligation bonds of $16,822,700. The total proceeds received were $17,610,000, including a bond premium of $787,300. The bonds have an interest rate of 4.53% and mature in August 2050.

SCHEDULE 1

TOWN OF SEABROOK, NEW HAMPSHIRE

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	$ 22,565,215	$ 22,565,215	$ 22,899,739	$ 334,524
Licenses and permits	2,496,505	2,496,505	2,752,698	256,193
Intergovernmental	2,006,461	2,006,461	2,013,658	7,197
Charges for services	133,530	133,530	173,840	40,310
Interest and investment income	350,400	350,400	492,258	141,858
Miscellaneous	325,575	325,575	262,085	(63,490)
Total Revenues	27,877,686	27,877,686	28,594,278	716,592
Expenditures:				
Current operations:				
General government	8,494,290	8,465,540	7,401,329	1,064,211
Public safety	11,915,624	11,915,624	12,050,630	(135,006)
Highways and streets	1,556,959	1,556,959	1,413,226	143,733
Sanitation	1,616,340	1,616,340	1,637,255	(20,915)
Health and welfare	557,232	557,232	459,971	97,261
Culture and recreation	1,051,257	1,051,257	1,044,398	6,859
Conservation	178,342	178,342	205,262	(26,920)
Capital outlay	4,600,269	1,038,368	1,112,009	(73,641)
Debt service:				
Principal retirement	719,762	719,762	361,593	358,169
Interest and fiscal charges	309,317	309,317	42,258	267,059
Total Expenditures	30,999,392	27,408,741	25,727,931	1,680,810
Excess of revenues over (under) expenditures	(3,121,706)	468,945	2,866,347	2,397,402
Other financing sources (uses):				
Transfers in	80,000	80,000	578,484	498,484
Transfers out	(751,752)	(751,752)	(1,533,715)	(781,963)
Total Other financing sources (uses)	(671,752)	(671,752)	(955,231)	(283,479)
Net change in fund balance	(3,793,458)	(202,807)	1,911,116	2,113,923
Fund Balance at beginning of year - Budgetary Basis	11,114,023	11,114,023	11,114,023	-
Fund Balance at end of year - Budgetary Basis	$ 7,320,565	$ 10,911,216	$ 13,025,139	$ 2,113,923

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF SEABROOK, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability

For the Year Ended December 31, 2024

	Cost-Sharing Multiple Employer Plan Information Only				
Measurement Period Ended	Town's Proportion of the Net OPEB Liability	Town's Proportionate Share of the Net OPEB Liability	Town's Covered Payroll	Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2024	0.57346925%	$ 1,782,685	$ 7,826,072	22.78%	14.01%
June 30, 2023	0.53196516%	$ 1,817,832	$ 7,396,067	24.58%	12.80%
June 30, 2022	0.53182913%	$ 2,009,716	$ 7,469,524	26.91%	10.64%
June 30, 2021	0.44230670%	$ 1,771,247	$ 5,803,969	30.52%	11.06%
June 30, 2020	0.40833135%	$ 1,787,303	$ 5,078,953	35.19%	7.74%
June 30, 2019	0.44572535%	$ 1,954,109	$ 5,024,735	38.89%	7.75%
June 30, 2018	0.45204283%	$ 2,069,659	$ 4,387,923	47.17%	7.53%
June 30, 2017	0.30458706%	$ 1,392,675	$ 4,185,317	33.28%	7.91%
June 30, 2016	0.29681904%	$ 1,436,916	$ 4,301,631	33.40%	5.21%
June 30, 2015	*	*	*	*	*

Note to Required Supplementary Schedule:

* 10 Year schedule, historical information not available

Significant Actuarial Assumptions					
Measurement Periods	Inflation	Salary Increases	Investment Rate of Return	Mortality Table	Mortality Scale
June 30, 2024	2.25%	6.00%	6.75%	Pub-2010	MP-2021
June 30, 2022 - 2023	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2024

	Cost-Sharing Multiple Employer Plan Information Only				
Year Ended	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Town's Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2024	$ 204,577	$ (204,577)	$ -	$ 7,868,362	2.60%
December 31, 2023	$ 224,634	$ (224,634)	$ -	$ 7,721,584	2.91%
December 31, 2022	$ 222,810	$ (222,810)	$ -	$ 7,433,082	3.00%
December 31, 2021	$ 223,997	$ (223,997)	$ -	$ 6,547,325	3.42%
December 31, 2020	$ 189,536	$ (189,536)	$ -	$ 5,078,953	3.73%
December 31, 2019	$ 203,411	$ (203,411)	$ -	$ 5,024,735	4.05%
December 31, 2018	$ 199,952	$ (199,952)	$ -	$ 4,387,923	4.56%
December 31, 2017	$ 180,529	$ (180,529)	$ -	$ 4,185,317	4.31%
December 31, 2016	$ 172,470	$ (172,470)	$ -	$ 4,301,631	4.01%
December 31, 2015	*	*	*	*	*

Note to Required Supplementary Schedule:
* 10 Year schedule, historical information not available

See accompanying notes to the required supplementary information

SCHEDULE 4

TOWN OF SEABROOK, NEW HAMPSHIRE

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

For the Year Ended December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability:										
Service cost	$ 6,662	$ 19,012	$ 17,428	$ 20,087	$ 19,610	$ 16,273	$ 14,423	*	*	*
Interest	34,061	31,594	36,670	19,148	20,829	30,443	36,481	*	*	*
Changes of assumptions or other inputs	(10,395)	-	-	-	-	-	-	*	*	*
Differences between expected and actual experience	-	16,193	(30,061)	(2,314)	(60,360)	95,650	-	*	*	*
Benefit payments	(79,549)	(68,339)	(105,703)	(81,646)	(72,731)	(57,917)	(55,748)	*	*	*
Net change in total OPEB liability	(49,221)	(1,540)	(81,666)	(44,725)	(92,652)	84,449	(4,844)	*	*	*
Total OPEB Liability at beginning of year	846,918	848,458	930,124	974,849	1,067,501	983,052	987,896	*	*	*
Total OPEB Liability at end of year	$ 797,697	$ 846,918	$ 848,458	$ 930,124	$ 974,849	$ 1,067,501	$ 983,052	*	*	*
Covered employee payroll	$ 7,970,739	$ 8,654,884	$ 6,961,026	$ 7,672,841	$ 7,672,841	$ 7,475,688	$ 7,475,688	*	*	*
Total OPEB liability as a percentage of covered employee payroll	10.01%	9.79%	12.19%	12.12%	12.71%	14.28%	13.15%	*	*	*
Significant Actuarial Assumptions										
Discount rate	4.22%	3.88%	4.18%	2.05%	2.02%	2.90%	3.80%	*	*	*
Health cost trend rates:										
Initial	7.00% - 2024	6.75% - 2023	7.00% - 2022	6.75% - 2021	7.00% - 2020	8.50% - 2019	9.00% - 2018	*	*	*
Ultimate	4.50% - 2036	4.50% - 2034	4.50% - 2034	4.50% - 2032	4.50% - 2032	5.00% - 2029	5.00% - 2028	*	*	*
Mortality table	MP-2021	MP-2021	MP-2021	MP-2019	MP-2019	MP-2018	MP-2018	*	*	*

Notes to Required Supplementary Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75

* 10 Year schedule, historical information not available

See accompanying notes to the required supplementary information

SCHEDULE 5

TOWN OF SEABROOK, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2024

Measurement Period Ended	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.36623748%	$ 18,991,390	$ 7,826,072	242.67%	70.33%
June 30, 2023	0.36450156%	$ 20,405,817	$ 7,396,067	275.90%	67.18%
June 30, 2022	0.36414302%	$ 20,887,722	$ 7,469,524	279.64%	65.12%
June 30, 2021	0.32420170%	$ 14,368,357	$ 5,803,969	247.56%	72.22%
June 30, 2020	0.29902957%	$ 19,126,383	$ 5,078,953	376.58%	58.72%
June 30, 2019	0.30302429%	$ 14,580,482	$ 5,024,735	290.17%	65.59%
June 30, 2018	0.30623008%	$ 14,745,597	$ 4,387,923	336.05%	64.73%
June 30, 2017	0.30730133%	$ 15,113,057	$ 4,185,317	361.10%	62.66%
June 30, 2016	0.30040237%	$ 15,974,182	$ 4,301,631	371.35%	58.30%
June 30, 2015	0.26926397%	$ 10,666,965	$ 3,833,602	278.25%	65.47%

Significant Actuarial Assumptions

Measurement Periods	Inflation	Salary Increases	Investment Rate of Return	Mortality Table	Mortality Scale
June 30, 2024	2.25%	6.00%	6.75%	Pub-2010	MP-2021
June 30, 2022 - 2023	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 6
TOWN OF SEABROOK, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended December 31, 2024

Year Ended	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Town's Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2024	$ 2,217,828	$ (2,217,828)	$ -	$ 7,868,362	28.19%
December 31, 2023	$ 2,258,380	$ (2,258,380)	$ -	$ 7,721,584	29.25%
December 31, 2022	$ 2,096,935	$ (2,096,935)	$ -	$ 7,433,082	28.21%
December 31, 2021	$ 1,838,616	$ (1,838,616)	$ -	$ 6,547,325	28.08%
December 31, 2020	$ 1,328,415	$ (1,328,415)	$ -	$ 5,078,953	26.16%
December 31, 2019	$ 1,318,706	$ (1,318,706)	$ -	$ 5,024,735	26.24%
December 31, 2018	$ 1,294,305	$ (1,294,305)	$ -	$ 4,387,923	29.50%
December 31, 2017	$ 1,125,778	$ (1,125,778)	$ -	$ 4,185,317	26.90%
December 31, 2016	$ 1,075,678	$ (1,075,678)	$ -	$ 4,301,631	25.01%
December 31, 2015	$ 903,349	$ (903,349)	$ -	$ 3,833,602	23.56%

See accompanying notes to the required supplementary information

TOWN OF SEABROOK, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2024

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary expenditures were adjusted for encumbrances. Budgetary revenues and other financing sources, and expenditures and other financing uses, were adjusted for non-budgetary revenues and expenditures, and budgetary transfers as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	$ 28,971,486	$ 27,242,420
Difference in property taxes meeting susceptible to accrual criteria	230,815	
Encumbrances - December 31, 2024		103,410
Encumbrances - December 31, 2023		(238,676)
Non-budgetary revenues and expenditures	(141,204)	(541,760)
Budgetary transfers	111,665	696,252
Per Schedule 1	$ 29,172,762	$ 27,261,646

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund as of December 31, 2024 are as follows:

Nonspendable:	
Prepaid items	$ 11,482
Tax deeded property	13,561
Restricted for:	
Drug forfeiture	2,022
Unexpended State bridge aid	166,949
Unexpended highway block grant	150,748
Town hall generator	25,000
Committed for:	
Carryforward appropriations	3,590,651
Assigned for:	
Subsequent year's expenditures	639,200
Unassigned:	
Unassigned - General operations	8,425,526
	$ 13,025,139

SCHEDULE A
TOWN OF SEABROOK, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2024

	Total Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	$ 2,683,794			$ 2,683,794
Investments			$ 19,332	19,332
Accounts receivable, net	497,764			497,764
Due from other governments	105,844			105,844
Due from other funds	775,507	$ 296,121		1,071,628
Prepaid items	41,861			41,861
Lease receivable	697,130			697,130
Total Assets	4,801,900	296,121	19,332	5,117,353
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 4,801,900	$ 296,121	$ 19,332	$ 5,117,353
LIABILITIES				
Accounts payable	$ 37,513			$ 37,513
Accrued liabilities	243			243
Advance from grantors	150,903			150,903
Due to other funds	333,109			333,109
Total Liabilities	521,768	$ -	$ -	521,768
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to lease receivable	686,506			686,506
Total Deferred Inflows of Resources	686,506	-	-	686,506
FUND BALANCES				
Nonspendable			15,427	15,427
Restricted	669,376	296,121	3,905	969,402
Committed	2,924,250			2,924,250
Total Fund Balances	3,593,626	296,121	19,332	3,909,079
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,801,900	$ 296,121	$ 19,332	$ 5,117,353

SCHEDULE A-1
TOWN OF SEABROOK, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2024

	Conservation Commission Fund	Ambulance Revolving Fund	Transportation Fund	Recreation Revolving Fund	Police Outside Details Fund	Grants Fund	Recycling Revolving Fund	D'Alessandro Trust Fund	Town Communications Fund	Police Forfeiture Fund	Total Special Revenue Funds
ASSETS											
Cash and cash equivalents	$ 246,094	$ 1,599,578	$ 79,452	$ 94,460			$ 186,479	$ 118,009	$ 327,313	$ 32,409	$ 2,683,794
Accounts receivable, net		469,950			$ 27,814						497,764
Due from other governments						$ 105,844					105,844
Due from other funds			5,175		503,794	93,464			173,074		775,507
Prepaid items		41,861									41,861
Lease receivable									697,130		697,130
Total Assets	246,094	2,111,389	84,627	94,460	531,608	199,308	186,479	118,009	1,197,517	32,409	4,801,900
DEFERRED OUTFLOWS OF RESOURCES											
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 246,094	$ 2,111,389	$ 84,627	$ 94,460	$ 531,608	$ 199,308	$ 186,479	$ 118,009	$ 1,197,517	$ 32,409	$ 4,801,900
LIABILITIES											
Accounts payable						$ 37,513					$ 37,513
Accrued liabilities					$ 243						243
Advance from grantors						150,903					150,903
Due to other funds	$ 129	$ 194,076		$ 24,138			$ 111,821	$ 1,955		$ 990	333,109
Total Liabilities	129	194,076	$ -	24,138	243	188,416	111,821	1,955	$ -	990	$ 521,768
DEFERRED INFLOWS OF RESOURCES											
Deferred inflows related to lease receivable									686,506		686,506
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	686,506	-	686,506
FUND BALANCES											
Restricted						10,892		116,054	511,011	31,419	669,376
Committed	245,965	1,917,313	84,627	70,322	531,365		74,658				2,924,250
Total Fund Balances	245,965	1,917,313	84,627	70,322	531,365	10,892	74,658	116,054	511,011	31,419	3,593,626
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 246,094	$ 2,111,389	$ 84,627	$ 94,460	$ 531,608	$ 199,308	$ 186,479	$ 118,009	$ 1,197,517	$ 32,409	$ 4,801,900

SCHEDULE B

TOWN OF SEABROOK, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Funds

For the Year Ended December 31, 2024

	Total Special Revenue Funds	Capital Projects Fund	Permanent Funds	Total Nonmajor Funds
Revenues:				
Licenses and permits	$ 62,920			$ 62,920
Intergovernmental	860,928			860,928
Charges for services	848,309			848,309
Interest and investment income	76,735	$ 1,786	$ 1,027	79,548
Miscellaneous	124,771			124,771
Total Revenues	1,973,663	1,786	1,027	1,976,476
Expenditures:				
Current operations:				
General government	15,416			15,416
Public safety	279,330			279,330
Highways and streets	12,103			12,103
Sanitation	136,431			136,431
Water distribution and treatment	21,650			21,650
Culture and recreation	52,224			52,224
Capital outlay	842,873	5,232		848,105
Debt service:				
Principal	165,447			165,447
Interest and fiscal charges	7,190			7,190
Total Expenditures	1,532,664	5,232	-	1,537,896
Excess of revenues over (under) expenditures	440,999	(3,446)	1,027	438,580
Other financing sources (uses):				
Financed purchase obligation issuances	842,873			842,873
Transfers in	6,290			6,290
Transfers out	(691,955)			(691,955)
Total Other financing sources (uses)	157,208	-	-	157,208
Net change in fund balances	598,207	(3,446)	1,027	595,788
Fund Balances at beginning of year, as previously reported	2,963,811	299,567	18,305	3,281,683
Restatement - correction of error	31,608			31,608
Fund Balances at beginning of year, as restated	2,995,419	299,567	18,305	3,313,291
Fund Balances at end of year	$ 3,593,626	$ 296,121	$ 19,332	$ 3,909,079

SCHEDULE B-1

TOWN OF SEABROOK, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Special Revenue Funds

For the Year Ended December 31, 2024

	Conservation Commission Fund	Ambulance Revolving Fund	Transportation Fund	Recreation Revolving Fund	Police Outside Details Fund	Grants Fund	Recycling Revolving Fund	D'Alessandro Trust Fund	Town Communications Fund	Police Forfeiture Fund	Total Special Revenue Funds
Revenues:											
Licenses and permits			$ 62,920								$ 62,920
Intergovernmental						$ 860,928					860,928
Charges for services		$ 651,437		$ 60,227	$ 93,405		$ 43,240				848,309
Interest and investment income	$ 7,784	47,591	1,448	2,777			4,836	$ 3,608	$ 8,628	$ 63	76,735
Miscellaneous	500			33,379					64,826	26,066	124,771
Total Revenues	8,284	699,028	64,368	96,383	93,405	860,928	48,076	3,608	73,454	26,129	1,973,663
Expenditures:											
Current operations:											
General government									15,416		15,416
Public safety		185,012			93,318					1,000	279,330
Highways and streets							12,103				12,103
Sanitation						136,431					136,431
Water distribution and treatment						21,650					21,650
Culture and recreation				52,224							52,224
Capital outlay		842,873									842,873
Debt services:											
Principal		104,204					61,243				165,447
Interest and fiscal charges		2,441					4,749				7,190
Total Expenditures	-	1,134,530	-	52,224	93,318	158,081	78,095	-	15,416	1,000	1,532,664
Excess of revenues over (under) expenditures	8,284	(435,502)	64,368	44,159	87	702,847	(30,019)	3,608	58,038	25,129	440,999
Other financing sources (uses):											
Financed purchase obligation issuances		842,873									842,873
Transfers in										6,290	6,290
Transfers out						(691,955)					(691,955)
Total Other financing sources (uses)	-	842,873	-	-	-	(691,955)	-	-	-	6,290	157,208
Net change in fund balances	8,284	407,371	64,368	44,159	87	10,892	(30,019)	3,608	58,038	31,419	598,207
Fund Balances at beginning of year, as previously reported	237,681	1,509,942	20,259	26,163	531,278	-	104,677	112,446	421,365	-	2,963,811
Restatement - correction of error									31,608		31,608
Fund Balances at beginning of year, as restated	237,681	1,509,942	20,259	26,163	531,278	-	104,677	112,446	452,973	-	2,995,419
Fund Balances at end of year	$ 245,965	$ 1,917,313	$ 84,627	$ 70,322	$ 531,365	$ 10,892	$ 74,658	$ 116,054	$ 511,011	$ 31,419	$ 3,593,626

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seabrook, New Hampshire, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Seabrook, New Hampshire's basic financial statements and have issued our report thereon dated October 2, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Seabrook, New Hampshire'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, New Hampshire's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Seabrook, New Hampshire'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 described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described in the accompanying schedule of findings and responses as items #2024-001, #2024-002, #2024-003, and #2004-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as item #2024-005 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Seabrook, New Hampshire's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Seabrook, New Hampshire's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Seabrook, New Hampshire's response to the findings identified in our audit and described in the schedule of findings and responses. The Town of Seabrook, New Hampshire's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
October 2, 2026

Town of Seabrook, New Hampshire
Schedule of Findings and Responses
For the Year Ended December 31, 2024

Financial Statement Findings

The following findings relating to the financial statements are required to be reported by GAGAS.

Material Weaknesses:

Finding #2024-001 – General Ledger Reconciliation

Criteria: The Town's management is responsible for the presentation of financial statements in accordance with generally accepted accounting principles.

Condition: The Town's financial records presented for the audit required numerous material adjustments to bring them in conformity with generally accepted accounting principles. Numerous balance sheet accounts, including cash, were not reconciled through the general ledger.

Cause: General ledger balances were not regularly reconciled to supporting documentation. Although bank reconciliations were completed, numerous adjustments were required in the general ledger for the balances to agree with the reconciliations. The December 2024 bank reconciliation identified approximately $1.57 million in adjustments that were not recorded in the general ledger.

Effect or potential effect: Internal control over the financial activities of the Town is weakened. Failure to reconcile the activity throughout the year increases the risk that errors may occur and remain undetected. In addition, the Board of Selectmen, Town Manager, and department heads are making financial decisions based upon inaccurate financial information.

Identification as Repeat Finding: This is not a repeat finding.

Recommendation: The Town needs to take immediate steps to improve its internal accounting to ensure that balances are reconciled in a timely manner. We recommend that all balance sheet accounts be reconciled on a monthly basis to detect any errors or omissions in a timely fashion. Any discrepancies should be identified and properly adjusted. We further recommend that the Town's finance office personnel review the quantity and nature of the adjustments proposed by the auditors for the purpose of eliminating the need for such adjustments in the future.

Views of Responsible Officials: Management's views and corrective action plan are included on pages 62-68.

Finding #2024-002 – Credit Card / Procurement Card Disbursements

Criteria: The Town's credit card / procurement card policy is designed to promote efficient and responsible use of public funds. This policy establishes clear guidelines for the assurance and management of purchasing cards to ensure that all transactions align with the Town's financial objectives and ethical standards. It outlines expectations for proper documentation of purchases, including receipts and justifications for expenditures, to provide transparency and accountability in financial practices. Additionally, the policy aims to limit the risk of financial mismanagement by ensuring that only authorized

personnel are entrusted with purchasing cards and that there is a systematic approach to monitoring their use. Adherence to these guidelines is essential for safeguarding public resources, fostering trust among taxpayers, and maintaining compliance with applicable regulations and best practices in municipal governance.

Condition: In performing audit procedures over disbursements, we reviewed the Town's credit card usage throughout the year for proper documentation and propriety of expenditures. In reviewing the credit card usage, we noted that there were numerous instances in which receipts were not retained to substantiate the purchase. Often, the only documentation on file was a purchase order.

Cause: The failure to follow the credit card / procurement card policy is attributed to a lack of internal controls, oversight, and accountability.

Effect or potential effect: Improper expenditures may be made using the Town's credit cards / procurement cards which may go undetected without adequate supporting information. Without proper supporting documentation for the purchases made, there is an increased risk that purchasing errors or fraudulent activity could occur and be paid for by the Town.

Identification as Repeat Finding: This is a repeat finding.

Recommendation: We recommend that all credit card / procurement card purchases be formally approved and the documentation supporting each purchase should be submitted to and retained by the Town's finance office. Employees that do not adhere to the Town's policy should have purchasing privilege revoked.

Views of Responsible Officials: Management's views and corrective action plan are included on pages 62-68.

Finding #2024-003 – Payroll Disbursements

Criteria: Best practices in payroll management dictate that timesheets must be reconciled with payroll records to ensure accurate employee compensation. Furthermore, comprehensive documentation of employee pay rates is essential to support compliance and facilitate proper payroll calculations. The Internal Revenue Service (IRS) and the U.S. Department of Labor emphasize the importance of accurate payroll processing to prevent payroll errors that can lead to legal and financial repercussions.

Condition: Employees frequently receive overtime wages or health insurance buyout payments in their payroll checks. Overtime wages could not be recalculated at the standard time-and-a-half rate, and the weighted average rate was not applicable because the first 40 hours were paid at the same hourly rate. In addition, many individuals selected for testing were paid overtime at rates exceeding twice their standard hourly rate. Amounts paid for health insurance buyouts also could not be recalculated based on the applicable premium amounts.

Cause: There may have been manual overrides in the payroll software resulting in incorrect overtime wages and health insurance buyout payments. The Town was unable to duplicate the rates that were paid.

Effect or potential effect: The controls over payroll expenditures are weakened. Without the proper review of the input payroll data, there is an increased risk that an employee will be paid the incorrect amount when overtime wages or health insurance buyouts are paid.

Identification as Repeat Finding: This is a repeat finding.

Recommendation: We recommend that the payroll edits be thoroughly reviewed for reasonableness prior to the finalization of paychecks. Overtime rates exceeding twice the standard hourly rate should be flagged and reviewed. Health insurance buyouts should be consistent based on whether the employee would be enrolled in a single plan, two-person plan, or a family plan. Deviations from these expected amounts should also be flagged and reviewed.

Views of Responsible Officials: Management's views and corrective action plan are included on pages 62-68.

Finding #2024-004 – Ethics and Whistleblower Policy

Criteria: Best practices in municipal governance, as recommended by the Government Finance Officers Associations (GFOA) and commonly expected in New Hampshire public administration, emphasize the importance of ethics and whistleblower policies. These policies are critical to ensuring accountability, ethical conduct, and transparency within government operations. An ethics policy provides employees and officials with clear standards for behavior, while a whistleblower policy offers protection for those who report unethical or illegal actions, thus fostering an environment of integrity and openness.

Condition: The Town lacks a formal ethics and whistleblower policy. This absence of policy means there are no established guidelines to support ethical behavior or encourage the reporting of misconduct. Without these frameworks, employees and officials may lack clear standards for responsible conduct and protection when raising concerns about unethical or illegal activities.

Cause: The absence of an ethics and whistleblower policy appears to stem from a lack of priority placed on formalizing governance practices within the Town. This may be due to limited resources or competing priorities that have delayed the development and implementation of such policies. Additionally, there may have been an assumption that existing informal policies were sufficient to maintain ethical standards and transparency, reducing the perceived need for a formalized approach.

Effect or potential effect: The lack of an ethics and whistleblower policy has weakened the Town's framework for accountability, potentially leaving unethical or illegal activities unreported and unaddressed. This absence may undermine public trust in the Town's commitment to transparency and integrity, leading to reputational harm. Without clear policies to guide ethical behavior and protect whistleblowers, employees may feel less secure in raising concerns, which can compromise the overall culture of openness and responsibility within the Town.

Identification as Repeat Finding: This is a repeat finding.

Recommendation: The Town should develop and adopt formal ethics and whistleblower policies to reinforce standards of ethical conduct and provide protection for individuals who report misconduct. These policies should outline clear expectations for behavior, reporting procedures, and protection against retaliation to encourage a transparent and accountable work environment. Regular training on these policies for all employees and officials would further strengthen the Town's commitment to integrity and transparency.

Views of Responsible Officials: Management's views and corrective action plan are included on pages 62-68.

Significant Deficiencies:

Finding #2024-005 – Journal Entry Review and Approval

Criteria: Standard internal control principles dictate that adjusting journal entries and budget transfers require documented approval to establish accountability and maintain the integrity of financial reporting. Controls over these entries are critical for ensuring that transactions accurately reflect financial activity and are free from misstatements, whether due to fraud or error. The Government Finance Officers Association (GFOA) and other recognized organizations recommend that municipalities implement approval processes to strengthen oversight of financial adjustments.

Condition: During the audit, documentation evidencing approval for adjusting journal entries and budget transfers were either missing or inadequately maintained. This absence of supporting documentation limits the ability to verify whether these transactions were reviewed by an authorized official before being entered into the Town's accounting system.

Cause: The lack of supporting documentation appears to be due to gaps in recordkeeping practices. Without a formalized procedure or policy to enforce the retention and accessibility of approval records, there may be inconsistent application of controls over adjusting journal entries and budget transfers. Additionally, reliance on informal or ad hoc processes may result in oversight lapses, as personnel may not consistently document approvals or retain these records.

Effect or potential effect: The absence of approval documentation for adjusting journal entries and budget transfers introduces a significant risk of financial misstatements in the general ledger. This lack of oversight and verification could result in inaccurate financial reporting, reduced accountability, audit delays and challenges, and the potential for fraud.

Identification as Repeat Finding: This is a repeat finding.

Recommendation: To mitigate these risks, we recommend that the Town implement a standardized procedure to ensure all adjusting journal entries and budget transfers are documented, reviewed, and approved before they are recorded in the general ledger. This procedure should include the following elements: formalized approval process, documentation standards, retention and filing procedures, periodic compliance reviews, and training. Implementing these procedures can help reduce the risk of financial misstatements, increase accountability, and improve the reliability of the Town's financial records.

Views of Responsible Officials: Management's views and corrective action plan are included on pages 62-68.

Management Corrective Action Plan

Introduction

The Town of Seabrook appreciates the work performed by the independent auditors and has carefully reviewed the findings and recommendations contained in this report. Management views the independent audit process as an important component of sound municipal governance and an opportunity to strengthen financial operations, improve internal controls, and enhance accountability to the Select Board and the public.

The findings identified in this report primarily reflect conditions that existed during the 2024 fiscal year, a period during which the Town experienced extraordinary organizational challenges following the prolonged illness and subsequent passing of its Finance Manager. Those circumstances significantly affected the Finance Department's ability to complete certain year-end reconciliations, maintain supporting documentation, and perform various financial control activities within the normal course of business.

Management recognized many of these challenges prior to completion of the audit and initiated corrective actions well in advance of the issuance of this report. Those actions included engaging CliftonLarsonAllen LLP (CLA) to perform comprehensive reconciliation of financial records and provide interim finance department support, retaining CBIZ to conduct an independent review and redesign of payroll controls and procedures, strengthening documentation and reconciliation practices, filling key finance leadership positions, and implementing enhanced supervisory review processes. The Town also continues preparations for implementation of the Edmunds GovTech financial management system, which is expected to further strengthen financial reporting, payroll administration, and internal controls.

Many of the audit findings share common underlying causes, and several corrective actions address multiple findings simultaneously. Accordingly, the management responses that follow should be read collectively as components of a coordinated corrective action plan rather than as isolated responses to individual findings.

Management concurs with the need to strengthen the Town's internal control environment and is committed to continuous improvement in financial management practices. The corrective actions described in the following responses reflect measures that have already been implemented, initiatives currently underway, and additional improvements planned to ensure that the Town's financial operations continue to meet high standards of accountability, transparency, and sound municipal financial management.

Management believes that strong internal controls are not static but require continual evaluation and improvement as the Town's operations, staffing, organizational structure, and technology evolve. The Town is committed not only to correcting the deficiencies identified during this audit, but also to fostering a culture of continuous improvement that will strengthen financial stewardship and reinforce public confidence in the Town's financial management.

The Town appreciates the professionalism of the independent audit team and values the audit process as an important management tool for identifying opportunities to improve operations, strengthen internal controls, and enhance accountability to the Select Board and the public. Management looks forward to continuing a constructive working relationship with its auditors as these corrective actions are implemented and evaluated.

Management Response – Finding 2024-001

General Ledger Reconciliations

Management concurs with this finding.

During 2024, the Town experienced extraordinary staffing challenges following the prolonged illness and subsequent passing of its Finance Manager. The Finance Manager experienced significant health issues during the second half of 2024 and was largely unable to perform her duties during the final quarter of the year. As a result, critical year-end account reconciliations and supporting schedules were not completed, resulting in numerous balance sheet accounts remaining unreconciled at year-end.

Management recognized these deficiencies prior to completion of the audit and initiated corrective action. In February 2025, the Town engaged CliftonLarsonAllen LLP (CLA), an independent municipal accounting and advisory firm, to assist with reconciliation of FY2024 cash accounts, tax accounts, and other outstanding financial records while providing interim finance department support. The engagement specifically included reconciliation of monthly cash accounts, monthly tax reconciliations, and assistance with finance department operations.

In addition, the Town retained CBIZ to perform an independent review of payroll operations, reconstruct payroll documentation where necessary, and develop enhanced payroll internal controls. These actions were undertaken before completion of the audit to restore the integrity of the Town's financial records and strengthen the Town's overall financial control environment.

Following the Finance Manager's passing in December 2025, **Morgan Cogdill** was appointed Acting Finance Manager in early 2026 to provide continuity of financial operations while the Town completed the recruitment process. Ms. Cogdill was appointed Finance Manager on March 9, 2026, and has overseen implementation of the corrective actions described herein. Since that time, the Town has implemented enhanced reconciliation procedures, strengthened

documentation standards, established more formal month-end and year-end closing procedures, and improved supervisory review of financial records. These improvements include documented reconciliation procedures, independent review of key financial records, and strengthened management oversight of financial reporting.

Management is committed to ensuring that all significant balance sheet accounts are reconciled on a timely basis, that reconciliation documentation is maintained, and that future financial statements are prepared from complete and fully reconciled accounting records. Management views timely account reconciliation as one of the fundamental internal controls within the Town's financial management system and has made restoration of comprehensive monthly reconciliation procedures a principal priority of the Finance Department.

Management Response – Finding 2024-002

Credit Card / Procurement Card Disbursements

Management concurs with this finding.

Management recognizes that procurement card documentation during the 2024 audit period was not consistently maintained in accordance with the Town's procurement card policy. While the audit did not identify improper expenditures, management agrees that complete supporting documentation, including receipts and appropriate approvals, is essential to ensure transparency, accountability, and effective stewardship of public funds.

Following the 2023 audit and continuing through 2025 and 2026, the Town undertook a comprehensive review of its procurement card program. As part of that review, the Town Manager evaluated procurement card assignments across all departments and significantly reduced the number of authorized procurement cards to limit exposure and strengthen accountability. Most departments were reduced to a maximum of two procurement cards, with only limited operational exceptions where operationally justified.

Management has strengthened the Town's procurement card controls through the following corrective actions:

- **CA-9:** Conducted a comprehensive review of departmental procurement card assignments and substantially reduced the number of active procurement cards to minimize risk and improve oversight.
- **CA-10:** Revised the Town's procurement card policy to strengthen documentation requirements, including mandatory retention of receipts and supporting documentation for every procurement card transaction.

- **CA-11:** Implemented enhanced review procedures requiring procurement card documentation to be reviewed for completeness and compliance before payment is authorized and retained in the Town's financial records.
- **CA-12:** Established a formal management escalation requirement whereby any procurement card transaction lacking the required supporting documentation must be immediately reported to the Town Manager. This ensures that policy violations are identified and addressed promptly rather than remaining undiscovered until the annual audit process.
- **CA-13:** Implemented active enforcement of the Town's procurement card policy. Procurement card privileges are revoked when employees fail to comply with the Town's receipt and documentation requirements, reinforcing accountability and emphasizing that compliance with procurement card controls is mandatory.

Management believes that effective internal controls require both clear policies and consistent enforcement. The corrective actions implemented by the Town are intended not only to improve documentation and oversight, but also to ensure that policy violations are identified promptly, addressed consistently, and prevented from recurring. The Town will continue to monitor procurement card activity, reinforce compliance expectations with department heads and cardholders, and take immediate corrective action whenever policy violations occur in order to safeguard public funds and maintain public confidence in the Town's financial management.

Management Response – Finding 2024-003

Payroll Disbursements

Management concurs with this finding.

Management recognizes that payroll administration represents one of the Town's most significant internal control functions and agrees that payroll processing must be supported by appropriate segregation of duties, standardized documentation, documented reconciliation procedures, and independent supervisory review. Accurate payroll processing is essential to maintaining employee confidence, ensuring compliance with applicable laws and collective bargaining agreements, and safeguarding public resources.

Management also recognizes that the Town's organizational structure differs from that of larger municipalities. The Town operates without a dedicated Human Resources department, requiring payroll and personnel functions to be administered through a combination of management oversight, finance personnel, and department heads. Recognizing these operational realities, management determined that a comprehensive review of the Town's payroll control environment was necessary to establish appropriate compensating controls and strengthen overall payroll governance.

Accordingly, during 2025, prior to completion of the 2024 audit, the Town retained **CBIZ**, an independent accounting and advisory firm, to perform a comprehensive assessment of payroll operations and internal controls. The engagement included documenting existing payroll processes, identifying control deficiencies, evaluating segregation of duties, preparing a payroll risk control matrix, and developing a future-state payroll control framework specifically designed for the Town's organizational structure. Management accepted the recommendations and has incorporated them into the Town's payroll improvement plan.

The Town has implemented or is implementing the following corrective actions:

- **CA-14:** Adopt a revised segregation of duties model assigning employee master file maintenance to the Deputy Town Manager while limiting payroll processing responsibilities to the Payroll Clerk.
- **CA-15:** Require standardized documentation supporting employee classifications, pay rates, compensation changes, and payroll adjustments to ensure consistency and appropriate authorization.
- **CA-16:** Implement formal reconciliation procedures comparing approved employee time records to payroll registers before payroll processing is finalized.
- **CA-17:** Require independent review of payroll registers, reconciliations, and identified exceptions by the Finance Manager prior to management approval and payroll disbursement.
- **CA-18:** Establish documented management approval of payroll prior to payment and strengthen supervisory oversight throughout the payroll process.
- **CA-19:** Complete implementation of the Edmunds GovTech financial management system, scheduled for January 2027, including direct integration with Bamboo timekeeping to reduce manual data entry, improve data integrity, and strengthen automated internal controls.

In addition to these procedural improvements, the Town has strengthened its finance leadership. Following the prolonged illness and subsequent passing of the Town's Finance Manager, Morgan Cogdill was appointed Acting Finance Manager in early 2026 and was appointed Finance Manager on March 9, 2026. The reestablishment of permanent financial leadership has restored an important layer of independent review and oversight within the Town's payroll control environment.

Management believes these corrective actions substantially strengthen payroll administration by improving segregation of duties, enhancing documentation standards, increasing independent oversight, reducing manual processing, and incorporating professionally developed internal control recommendations. Management will continue to evaluate payroll controls as staffing, technology, and operational needs evolve to ensure that the Town maintains an effective, sustainable, and accountable payroll system.

Management Response – Finding 2024-004

Ethics and Whistleblower Policy

Management concurs that the formal adoption of a comprehensive Code of Ethics and Whistleblower Protection Ordinance will strengthen the Town's governance framework.

Management recognizes that written ethics and whistleblower policies are important components of a strong governance and internal control framework. While the Town has historically operated under applicable federal and state laws, municipal ordinances, personnel policies, procurement policies, and established management practices governing ethical conduct, management agrees that formally adopting a comprehensive Code of Ethics and Whistleblower Protection Ordinance will strengthen the Town's governance framework, promote consistency, and further enhance public confidence in municipal operations.

Prior to completion of the audit, management developed a draft Code of Ethics Ordinance for consideration by the Select Board. Following further review and in light of the auditors' recommendations, management has revised the proposed ordinance to incorporate comprehensive whistleblower protections and reporting procedures while utilizing the Town's existing governance structure for administration and enforcement. The revised ordinance eliminates the previously proposed Ethics Committee and instead assigns administrative responsibilities through existing municipal offices and the Select Board, thereby strengthening accountability without creating an additional standing municipal board or committee.

Management has implemented or is implementing the following corrective actions:

- **CA-20:** Present a revised Code of Ethics and Whistleblower Protection Ordinance to the Select Board for its consideration and action on
- **CA-21:** Establish written ethical standards applicable to elected officials, appointed officials, employees, volunteers, and members of municipal boards and commissions.
- **CA-22:** Establish formal procedures for reporting suspected violations of law, policy, fraud, waste, abuse, or unethical conduct, including protections against retaliation for individuals making good-faith reports.
- **CA-23:** Incorporate ethics and whistleblower policy orientation into new employee onboarding and periodically reinforce ethical responsibilities and reporting procedures through management communication and employee training.
- **CA-24:** Periodically review the Code of Ethics and Whistleblower Protection Ordinance to ensure continued compliance with applicable law, recognized best practices, and the operational needs of the Town.

Management believes that adoption of the proposed ordinance will strengthen the Town's governance framework by formalizing ethical standards that have long guided Town operations, enhancing accountability, encouraging the timely reporting of concerns, protecting individuals who report misconduct in good faith, and reinforcing the Town's longstanding commitment to integrity, transparency, accountability, and responsible stewardship of public resources.

Management Response – Finding 2024-005

Journal Entry Review and Approval

Management concurs with this finding.

Management recognizes that adjusting journal entries and budget transfers are critical elements of the Town's financial reporting process and that all such transactions should be supported by appropriate documentation and documented supervisory approval. These controls are essential to maintaining the integrity of the general ledger, ensuring accountability, and providing a complete audit trail for financial reporting.

Management further recognizes that the disruption within the Finance Office during the latter part of 2024, resulting from the prolonged illness of the Town's Finance Manager, contributed to inconsistent documentation and approval practices. As discussed in Finding 2024-001, management has restored finance leadership and strengthened oversight through the appointment of a permanent Finance Manager and the completion of outstanding reconciliations. These organizational improvements provide the foundation for enhanced financial controls.

Management has implemented or is implementing the following corrective actions:

- **CA-25:** Require all adjusting journal entries and budget transfers to be supported by written documentation explaining the purpose of the transaction and identifying the supporting records.
- **CA-26:** Require documented review and approval by the Finance Manager, or other authorized management official when appropriate, before adjusting journal entries or budget transfers are posted to the general ledger.
- **CA-27:** Maintain all supporting documentation and approvals in accordance with the Town's records retention requirements to ensure a complete and readily accessible audit trail.
- **CA-28:** Incorporate journal entry and budget transfer review into the Town's month-end and year-end financial closing procedures to promote timely review, consistency, and accountability.
- **CA-29:** Periodically review journal entry procedures to ensure continued compliance with Town policy, generally accepted accounting principles, and recognized governmental financial management practices.

Management believes these corrective actions significantly strengthen the Town's financial reporting controls by improving documentation, enhancing supervisory review, establishing clear accountability, and providing a complete audit trail for all material financial adjustments. Together with the improvements implemented in response to Finding 2024-001, these measures reinforce the integrity of the Town's general ledger and support the preparation of accurate and reliable financial statements.

Town of Seabrook, New Hampshire
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

FINANCIAL STATEMENT FINDINGS

Finding #2023-001 – Absence of an Ethics and Whistleblower Policy

Criteria: Best practices in municipal governance, as recommended by the Government Finance Officers Associations (GFOA) and commonly expected in New Hampshire public administration, emphasize the importance of ethics and whistleblower policies. These policies are critical to ensuring accountability, ethical conduct, and transparency within government operations. An ethics policy provides employees and officials with clear standards for behavior, while a whistleblower policy offers protection for those who report unethical or illegal actions, thus fostering an environment of integrity and openness.

Condition: The Town lacks a formal ethics and whistleblower policy. This absence of policy means there are no established guidelines to support ethical behavior or encourage the reporting of misconduct. Without these frameworks, employees and officials may lack clear standards for responsible conduct and protection when raising concerns about unethical or illegal activities.

Cause: The absence of an ethics and whistleblower policy appears to stem from a lack of priority placed on formalizing governance practices within the Town. This may be due to limited resources or competing priorities that have delayed the development and implementation of such policies. Additionally, there may have been an assumption that existing informal policies were sufficient to maintain ethical standards and transparency, reducing the perceived need for a formalized approach.

Effect or potential effect: The lack of an ethics and whistleblower policy has weakened the Town's framework for accountability, potentially leaving unethical or illegal activities unreported and unaddressed. This absence may undermine public trust in the Town's commitment to transparency and integrity, leading to reputational harm. Without clear policies to guide ethical behavior and protect whistleblowers, employees may feel less secure in raising concerns, which can compromise the overall culture of openness and responsibility within the Town.

Recommendation: The Town should develop and adopt formal ethics and whistleblower policies to reinforce standards of ethical conduct and provide protection for individuals who report misconduct. These policies should outline clear expectations for behavior, reporting procedures, and protection against retaliation to encourage a transparent and accountable work environment. Regular training on these policies for all employees and officials would further strengthen the Town's commitment to integrity and transparency.

Status of Finding: This finding has been again reported as a material weakness for the year ended December 31, 2024.

Finding #2023-002 – Non-Compliance with Purchasing Card Policy

Criteria: The Town's credit card / procurement card policy is designed to promote efficient and responsible use of public funds. This policy establishes clear guidelines for the assurance and management of purchasing cards to ensure that all transactions align with the Town's financial objectives and ethical

standards. It outlines expectations for proper documentation of purchases, including receipts and justifications for expenditures, to provide transparency and accountability in financial practices. Additionally, the policy aims to limit the risk of financial mismanagement by ensuring that only authorized personnel are entrusted with purchasing cards and that there is a systematic approach to monitoring their use. Adherence to these guidelines is essential for safeguarding public resources, fostering trust among taxpayers, and maintaining compliance with applicable regulations and best practices in municipal governance.

Condition: The review of purchasing card transactions revealed that the Town did not consistently adhere to its purchasing card policy. Specific issues identified included: excessive number of cards issued, lack of required approval, insufficient documentation, purchase of personal items, unjustified gift card purchases, and prohibited charges for meals and travel expenditures.

Cause: The failure to follow the credit card / procurement card policy is attributed to a lack of internal controls, oversight, and accountability.

Effect or potential effect: The Town's non-compliance with its purchasing card policy has increased the risk of financial misappropriation, eroded public trust, and reduced accountability. The excessive issuance of purchasing cards and insufficient monitoring of expenditures have left Town funds vulnerable to misuse. Additionally, the lack of documentation and tracking for certain expenditures, particularly for gift cards, meals, and travel, further obscures transparency in the management of public funds.

Recommendation: The Town should strengthen internal controls over its purchasing card program by implementing a more restrictive issuance process and limiting purchasing cards to essential personnel. The Town Manager and department heads should be required to review and approve all purchases exceeding designated thresholds. Additionally, a systematic process for documenting purchases, including receipts and descriptions, should be enforced, and periodic audits should be conducted to ensure compliance. Lastly, policies related to prohibited items, such as meals and travel, should be strictly enforced, and any exceptions should require documented pre-approval to uphold the integrity of the purchasing card policy.

Status of Finding: This finding has been again reported as a material weakness for the year ended December 31, 2024.

Finding #2023-003 – Health Reimbursement Arrangement

Criteria: The Internal Revenue Service (IRS) stipulates that health reimbursement arrangements (HRAs) should reimburse employees for qualified medical expenses rather than pay medical bills directly. Additionally, IRS regulations advise that funds for HRAs should be kept separate from the General Fund to ensure proper tracking and compliance. Maintaining separate accounts prevents the comingling of funds, which can complicate financial reporting and compliance with applicable laws.

Condition: The Town is currently utilizing a purchasing card, overseen by the benefits coordinator, to pay employee medical bills directly. This practice is contrary to IRS regulations regarding HRAs, which require that reimbursements be made to employees for out-of-pocket medical expenses. Furthermore, the Town has been funding the HRA using funds from the General Fund, leading to a comingling of funds that obscures the financial management of the HRA.

Cause: The direct payment of employee medical bills stems from a lack of understanding of IRS guidelines regarding HRAs. There may also be insufficient training or oversight regarding the appropriate administration of the HRA. Additionally, the funding of the HRA from the General Fund appears to be a result of poor financial management practices, lacking clear policies for the separation of funds.

Effect or potential effect: By not adhering to IRS rules, the Town risks losing the tax-exempt status of the HRA, which could lead to significant tax penalties for the Town and potential tax liabilities for employees. This non-compliance could also result in increased scrutiny from the IRS, potentially leading to an audit.

Recommendation: The Town should immediately cease the practice of paying employee medical bills directly via the purchasing card. Instead, the Town should implement a process for reimbursing employees for qualified medical expenses in accordance with IRS guidelines. Furthermore, the Town should establish a separate funding mechanism for the HRA, distinct from the General Fund. This could involve creating a dedicated account of fund specifically for HRA expenditures, ensuring that funds are properly tracked and managed. It is also recommended that the Town conduct a comprehensive review of IRS rules to ensure compliance moving forward. Regular audits of the HRA process should be established to ensure ongoing adherence to these regulations.

Status of Finding: This finding has been resolved and is no longer a material weakness.

Finding #2023-004 – Sewer Fund Deficit

Criteria: According to Governmental Accounting Standards Board (GASB) principles, enterprise funds, such as the Town's sewer fund, are designed to be self-supporting through user fees that should cover the operating, capital, and debt expenses. Regular rate studies are essential to ensure that user fees are sufficient to meet these costs and maintain financial sustainability.

Condition: As of December 31, 2023, the Town's sewer fund had a deficit of $1,818,354. This deficit indicates that the fund's expenses have exceeded its revenues, which contradicts the fundamental principle that enterprise funds should operate independently and be financially self-sustaining.

Cause: The primary cause of the deficit is the failure to adequately adjust user fees in accordance with the costs associated with operating and maintaining the sewer system. Additionally, no comprehensive rate study has been conducted, which has hindered the Town's ability to assess the appropriateness of current sewer rates.

Effect or potential effect: The deficit in the sewer fund creates an unsustainable financial situation, leading to potential cash flow issues and undermining the purpose of the enterprise fund. This situation may also result in inadequate funding for necessary capital improvements and maintenance of the sewer system, ultimately affecting service delivery to residents. Furthermore, the absence of a rate study raises concerns regarding the Town's ability to meet future financial obligations and manage the sewer fund effectively.

Recommendation: We recommend that the Town promptly conduct a comprehensive rate study to evaluate the current user fees associated with the sewer fund. The study should analyze the costs of operations, capital projects, and debt service to determine the appropriate rate structure necessary for the fund to become self-sustaining. Additionally, regular review of the sewer rates should be implemented to adapt to changing costs and ensure long-term financial viability.

Status of Finding: New sewer rates became effective on January 1, 2024. There was an increase in net position of $1,816,499 for the year ended December 31, 2024. This finding has been resolved and is no longer a material weakness.

Finding #2023-005 – Payroll Processing

Criteria: Best practices in payroll management dictate that timesheets must be reconciled with payroll records to ensure accurate employee compensation. Furthermore, comprehensive documentation of employee pay rates is essential to support compliance and facilitate proper payroll calculations. The Internal Revenue Service (IRS) and the U.S. Department of Labor emphasize the importance of accurate payroll processing to prevent payroll errors that can lead to legal and financial repercussions.

Condition: During the review of payroll practices, it was noted that discrepancies exist between recorded time on employee timesheets and the amounts entered in the payroll system. Specifically, multiple instances were noted where employee's timesheet indicated use of vacation time hours, but the payroll system recorded/showed a higher usage amount. Moreover, a review of pay rates revealed a lack of standardized documentation regarding the various pay rates assigned to employees. This inconsistency raises concerns, as several employees have different rates for the same position, with insufficient evidence maintained to justify the variations in compensation. This lack of documentation on pay rates is also addressed under finding #2023-007 which relates specifically to the major program tested.

Cause: The primary cause of these discrepancies appears to stem from inadequate oversight and review processes related to payroll. The absence of clear policies and procedures for documenting pay rates contributes to confusion regarding employee compensation. Without a robust framework for tracking hours worked and pay rates, errors are more likely to occur, particularly in a dynamic payroll environment where employees may have multiple pay rates.

Effect or potential effect: The lack of proper reconciliation and documentation practices can lead to significant payroll inaccuracies, resulting in potential overpayments or underpayments to employees. Such errors not only impact employee morale and trust in the payroll system but also exposes the Town to potential legal liabilities if employees perceive they have not been compensated correctly. Additionally, this could lead to issues with regulatory compliance, as noted under finding #2023-007.

Recommendation: To address these issues, we recommend implementing the following best practices: review process, standardized documentation, training and communication, and monitoring and internal auditing. By adopting these recommendations, the Town can enhance payroll accuracy, improve employee trust, and mitigate potential legal and financial risks associated with payroll errors.

Status of Finding: This finding has been upgraded to a material weakness for the year ended December 31, 2024. In the previous year, the finding was reported as a significant deficiency.

Finding #2023-006 – Documentation of Approval for Adjusting Journal Entries and Budget Transfers

Criteria: Standard internal control principles dictate that adjusting journal entries and budget transfers require documented approval to establish accountability and maintain the integrity of financial reporting. Controls over these entries are critical for ensuring that transactions accurately reflect financial activity and are free from misstatements, whether due to fraud or error. The Government Finance Officers Association (GFOA) and other recognized organizations recommend that municipalities implement approval processes to strengthen oversight of financial adjustments.

Condition: During the audit, documentation evidencing approval for adjusting journal entries and budget transfers were either missing or inadequately maintained. This absence of supporting documentation limits the ability to verify whether these transactions were reviewed by an authorized official before being entered into the Town's accounting system.

Cause: The lack of supporting documentation appears to be due to gaps in recordkeeping practices. Without a formalized procedure or policy to enforce the retention and accessibility of approval records, there may be inconsistent application of controls over adjusting journal entries and budget transfers. Additionally, reliance on informal or ad hoc processes may result in oversight lapses, as personnel may not consistently document approvals or retain these records.

Effect or potential effect: The absence of approval documentation for adjusting journal entries and budget transfers introduces a significant risk of financial misstatements in the general ledger. This lack of oversight and verification could result in inaccurate financial reporting, reduced accountability, audit delays and challenges, and the potential for fraud.

Recommendation: To mitigate these risks, we recommend that the Town implement a standardized procedure to ensure all adjusting journal entries and budget transfers are documented, reviewed, and approved before they are recorded in the general ledger. This procedure should include the following elements: formalized approval process, documentation standards, retention and filing procedures, periodic compliance reviews, and training. Implementing these procedures can help reduce the risk of financial misstatements, increase accountability, and improve the reliability of the Town's financial records.

Status of Finding: This finding has been again reported as a significant deficiency for the year ended December 31, 2024.