

TOWN OF SALEM, NEW HAMPSHIRE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024



TOWN OF SALEM, NEW HAMPSHIRE

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CBIZ CPAs P.C.

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Independent Auditors' Report

To the Town Council
Town of Salem, New Hampshire

Report on the Audit of the Financial Statements

Opinions

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 Salem, New Hampshire (the "Town"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Salem, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("Government Auditing Standards"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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'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'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 Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is 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 accompanying supplementary information is 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 7, 2025 on our consideration of the Town'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'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's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

CBIZ CPAs, P.C.
Merrimack, NH
October 7, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Town of Salem, New Hampshire (the “Town”) is prepared by management to provide an overview of the Town’s financial activities for the year ended December 31, 2024.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows and inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town’s net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, sanitation, health and welfare, culture and recreation, and conservation. The business-type activities include water and sewer.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town’s funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget, which has been presented as Required Supplementary Information.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

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

Financial Highlights

- As of the close of the current year, net position in governmental activities was \$32,556,641, a change of \$5,428,982, and net position in business-type activities was \$48,574,796, a change of \$629,611 in comparison to the prior year.
- As of the close of the current year, governmental funds reported combined ending balances of \$45,031,031, a change of \$13,149,562 in comparison to the prior year.
- At the end of the current year, the unassigned fund balance of the General Fund was \$17,305,109, a change of \$2,679,484 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior year:

	Governmental Activities		Business-Type Activities	
	2024	2023	2024	2023
Assets				
Current and other assets	\$ 88,872	\$ 74,827	\$ 16,932	\$ 15,992
Capital assets	<u>81,966</u>	<u>80,530</u>	<u>49,650</u>	<u>48,529</u>
Total Assets	170,838	155,357	66,582	64,521
Deferred Outflows of Resources				
	12,222	17,490	90	134
Liabilities				
Other liabilities	39,718	40,635	6,849	5,821
Long-term debt	<u>92,581</u>	<u>90,034</u>	<u>8,268</u>	<u>9,644</u>
Total Liabilities	132,299	130,669	15,117	15,465
Deferred Inflows of Resources				
	18,204	15,050	2,980	1,245
Net Position				
Net Investment in capital assets	74,793	77,316	42,131	39,637
Restricted net position	4,380	3,137	20	14
Unrestricted net position	<u>(46,616)</u>	<u>(53,325)</u>	<u>6,424</u>	<u>8,294</u>
Total Net Position	<u>\$ 32,557</u>	<u>\$ 27,128</u>	<u>\$ 48,575</u>	<u>\$ 47,945</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent year, total net position was \$81,131,437, a change of \$6,058,593 in comparison to the prior year.

The largest portion of net position, \$116,923,576, reflects our investment in capital assets (e.g., land, intangible assets, construction in progress, buildings and building improvements, land improvements, machinery, equipment and furnishings, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$4,400,431, represents resources that are subject to external restrictions on how they may be used. The Town's unrestricted net position is in a deficit of \$(40,192,570) primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION (in thousands)

	Governmental Activities		Business-Type Activities	
	2024	2023	2024	2023
Revenue				
Program revenues:				
Charges for services	\$ 4,445	\$ 4,561	\$ 8,442	\$ 8,469
Operating grants and contributions	575	860	19	25
Capital grants and contributions	676	741	1,500	1,675
General revenue:				
Property taxes	36,678	32,064	-	-
Interest, penalties, and other taxes	310	266	-	-
Licenses, permits, and fees	11,308	11,617	-	-
Grants and contributions not restricted to specific programs	5,310	4,177	-	-
Investment income	1,101	779	239	178
Other	3,382	2,685	-	-
Total Revenue	63,785	57,750	10,200	10,347
Program expenses:				
General government	9,816	9,291	-	-
Public safety	32,485	26,966	-	-
Highway and streets	11,865	13,431	-	-
Health and welfare	214	287	-	-
Sanitation	1,475	1,716	-	-
Culture and recreation	2,297	2,523	-	-
Conservation	18	28	-	-
Interest on long-term debt	336	154	-	-
Water services	-	-	5,674	4,226
Sewer services	-	-	3,746	3,348
Total Program Expenses	58,506	54,396	9,420	7,574
Excess, Before Transfers	5,279	3,354	780	2,773
Transfers In (Out)	150	-	(150)	-
Change in Net Position	5,429	3,354	630	2,773
Net Position - Beginning of Year	27,128	23,774	47,945	45,172
Net Position - End of Year	\$ 32,557	\$ 27,128	\$ 48,575	\$ 47,945

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$5,428,982. Key elements of this change are as follows:

General Fund operations (use of fund balance)	\$ 6,002,087
Increase in OPEB expense	(357,459)
Decrease in pension expense	1,457,808
Other	<u>(1,673,454)</u>
	\$ <u>5,428,982</u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$629,611. Key elements of this change are as follows:

Water Fund operations (capital contributions)	\$ (294,130)
Sewer Fund operations (capital contributions)	<u>923,741</u>
	\$ <u>629,611</u>

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$45,031,031, a change of \$13,149,562 in comparison to the prior year. Key elements of this change were positive budgetary results in the General Fund, the issuance of \$9,110,000 in bond proceeds, and the issuance of \$1,334,000 in notes.

General Fund

The General Fund is the chief operating fund. At the end of the current year, unassigned fund balance of the General Fund was \$17,305,109, while total fund balance was \$26,892,509. Unassigned fund balance increased by \$2,679,484. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

General Fund	December 31, 2024	December 31, 2023	Change	Total General Fund Expenditures
Unassigned fund balance	\$ 17,305,109	\$ 14,625,625	\$ 2,679,484	35.1%
Total fund balance	\$ 26,892,509	\$ 20,890,422	\$ 6,002,087	54.6%

The total fund balance of the General Fund changed by \$6,002,087 during the current year, primarily due to budgeted use of fund balance and positive budgetary results.

Included in the total fund balance of the General Fund is the Town's capital reserve accounts with the following balances:

Snow	\$ 1,058,251
Road Improvement	1,450,629
Public Safety Improvements	1,000,571
Facilities Maintenance	200,556
Other	<u>672,315</u>
	\$ <u>4,382,322</u>

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$7,147,475, primarily due to the issuance of bonds in 2024.

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$6,423,653, a change of \$(1,870,541) in comparison to the prior year, primarily due to the acquisition and construction of capital assets.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget.

For revenues in 2024, licenses, permits, and fees revenue had a favorable budgetary variance of \$1,693,818 primarily due to an increase in building permits and motor vehicle registrations resulting from Tuscan Village developments.

For expenditures in 2024, public safety expenditures had a favorable budgetary variance of \$1,012,242 primarily due to both the police and fire departments having several vacant open positions that were not filled during 2024.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amount to \$131,615,935 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, construction in progress, buildings and building improvements, land improvements, machinery, equipment, and furnishings, and infrastructure.

Major capital asset events during the year included the following:

- \$873,846 for various buildings, building improvements, and land improvements.
- \$886,509 for various machinery, equipment, and furnishings.
- \$3,261,782 for various infrastructure.
- \$7,403,515 for construction in progress for various projects.
- \$(9,819,966) of depreciation expense.

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-Term Debt

At the end of the current year, bonds and loans payable outstanding including unamortized premiums totaled \$21,281,353, all of which was backed by the full faith and credit of the Town.

The Town maintained its AAA rating from S&P Global Ratings for general obligation debt.

Requests for Information

This financial report is designed to provide a general overview of the Town of Salem's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Salem, New Hampshire
33 Geremonty Drive
Salem, New Hampshire 03079

TOWN OF SALEM, NEW HAMPSHIRE

Statement of Net Position
December 31, 2024

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and short-term investments	\$ 79,246,814	\$ 9,544,825	\$ 88,791,639
Investments	993,774	-	993,774
Receivables:			
Property Taxes	3,291,959	-	3,291,959
User fees	-	1,037,277	1,037,277
Special assessments	-	377,158	377,158
Departmental and other	1,597,996	5,516	1,603,512
Leases	481,212	176,336	657,548
Due from other governments	947,516	114,065	1,061,581
Due from external parties	37,510	-	37,510
Prepaid items	302,453	19,825	322,278
Property held for resale	<u>97,438</u>	<u>-</u>	<u>97,438</u>
Total Current Assets	86,996,672	11,275,002	98,271,674
Noncurrent Assets:			
Receivables:			
Property Taxes	156,085	-	156,085
Special assessments	-	2,441,743	2,441,743
Leases, net of current portion	1,505,181	2,240,528	3,745,709
Due from other governments, net of current portion	213,812	954,245	1,168,057
Net OPEB asset	-	20,424	20,424
Capital assets:			
Non-depreciable capital assets	20,963,051	8,892,069	29,855,120
Depreciable capital assets, net of accumulated depreciation	<u>61,003,079</u>	<u>40,757,736</u>	<u>101,760,815</u>
Total Noncurrent Assets	<u>83,841,208</u>	<u>55,306,745</u>	<u>139,147,953</u>
Total Assets	170,837,880	66,581,747	237,419,627
Deferred Outflows of Resources			
Related to pension	3,612,719	28,457	3,641,176
Related to OPEB	<u>8,609,010</u>	<u>61,522</u>	<u>8,670,532</u>
Total Deferred Outflows of Resources	12,221,729	89,979	12,311,708

(continued)

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Statement of Net Position
December 31, 2024

(continued)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Government- Wide Total</u>
Liabilities			
Current Liabilities:			
Accounts payable	1,614,667	1,323,376	2,938,043
Accrued liabilities	1,297,399	95,134	1,392,533
Unearned revenue	573,312	-	573,312
Retainage payable	354,632	7,128	361,760
Tax refunds payable	9,803	-	9,803
Due to other governments	43,026	-	43,026
Due to external parties	35,806,809	-	35,806,809
Notes payable	-	5,423,331	5,423,331
Other liabilities	17,819	-	17,819
Current portion of long-term liabilities:			
Bonds and loans payable	946,835	966,982	1,913,817
Landfill liability	32,000	-	32,000
Compensated absences liability	<u>110,649</u>	<u>-</u>	<u>110,649</u>
Total Current Liabilities	40,806,951	7,815,951	48,622,902
Noncurrent Liabilities:			
Bonds and loans payable, net of current portion	12,815,432	6,552,104	19,367,536
Landfill liability, net of current portion	700,000	-	700,000
Net pension liability	44,581,313	351,157	44,932,470
Net OPEB liability	29,526,191	185,172	29,711,363
Compensated absences liability, net of current portion	<u>3,868,612</u>	<u>212,236</u>	<u>4,080,848</u>
Total Noncurrent Liabilities	<u>91,491,548</u>	<u>7,300,669</u>	<u>98,792,217</u>
Total Liabilities	132,298,499	15,116,620	147,415,119
Deferred Inflows of Resources			
Related to pension	3,149,745	24,810	3,174,555
Related to OPEB	13,068,331	94,861	13,163,192
Related to leases	<u>1,986,393</u>	<u>2,860,639</u>	<u>4,847,032</u>
Total Deferred Inflows of Resources	18,204,469	2,980,310	21,184,779
Net Position			
Net investment in capital assets	74,792,857	42,130,719	116,923,576
Restricted for:			
Conservation	1,841,381	-	1,841,381
Grants	1,383,119	-	1,383,119
Other	304,916	-	304,916
Permanent funds:			
Nonexpendable	605,938	-	605,938
Expendable	244,653	-	244,653
OPEB benefits	-	20,424	20,424
Unrestricted	<u>(46,616,223)</u>	<u>6,423,653</u>	<u>(40,192,570)</u>
Total Net Position	<u>\$ 32,556,641</u>	<u>\$ 48,574,796</u>	<u>\$ 81,131,437</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Statement of Activities
For the Year Ended December 31, 2024

	Program Revenues					Net (Expense) Revenues
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
Governmental Activities						
General government	\$ 9,815,586	\$ 178,967	\$ 147,103	\$ -	\$ (9,489,516)	
Public safety	32,485,359	3,740,506	-	-	(28,744,853)	
Highways and streets	11,865,493	205,552	427,852	675,627	(10,556,462)	
Health and welfare	214,327	-	-	-	(214,327)	
Sanitation	1,475,374	-	-	-	(1,475,374)	
Culture and recreation	2,297,344	319,861	-	-	(1,977,483)	
Conservation	17,723	-	-	-	(17,723)	
Interest on long-term debt	<u>335,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(335,501)</u>	
Total Governmental Activities	58,506,707	4,444,886	574,955	675,627	(52,811,239)	
Business-Type Activities						
Water services	5,674,122	4,856,848	-	636,805	(180,469)	
Sewer services	<u>3,745,806</u>	<u>3,585,003</u>	<u>19,014</u>	<u>862,727</u>	<u>720,938</u>	
Total Business-Type Activities	<u>9,419,928</u>	<u>8,441,851</u>	<u>19,014</u>	<u>1,499,532</u>	<u>540,469</u>	
Total	<u>\$ 67,926,635</u>	<u>\$ 12,886,737</u>	<u>\$ 593,969</u>	<u>\$ 2,175,159</u>	<u>\$ (52,270,770)</u>	

(continued)

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Statement of Activities
For the Year Ended December 31, 2024

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (52,811,239)	\$ 540,469	\$ (52,270,770)
General Revenues and Transfers			
Property taxes	36,678,098	-	36,678,098
Interest, penalties, and other taxes	309,582	-	309,582
Licenses, permits, and fees	11,308,064	-	11,308,064
Grants and contributions not restricted to specific programs	5,309,714	-	5,309,714
Investment income	1,101,494	239,142	1,340,636
Other	3,383,269	-	3,383,269
Transfers	<u>150,000</u>	<u>(150,000)</u>	<u>-</u>
Total General Revenues and Transfers	<u>58,240,221</u>	<u>89,142</u>	<u>58,329,363</u>
Change in Net Position	5,428,982	629,611	6,058,593
Net Position			
Beginning of Year	<u>27,127,659</u>	<u>47,945,185</u>	<u>75,072,844</u>
End of Year	<u>\$ 32,556,641</u>	<u>\$ 48,574,796</u>	<u>\$ 81,131,437</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
December 31, 2024

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and short-term investments	\$ 61,308,091	\$ 17,938,723	\$ 79,246,814
Investments	196,185	797,589	993,774
Taxes receivable	3,448,044	-	3,448,044
Accounts receivable, net	1,192,842	405,154	1,597,996
Leases receivable	1,986,393	-	1,986,393
Due from other governments	318,268	613,492	931,760
Due from other funds	37,510	274,016	311,526
Prepaid items	302,453	-	302,453
Property held for resale	<u>97,438</u>	<u>-</u>	<u>97,438</u>
Total Assets	<u>\$ 68,887,224</u>	<u>\$ 20,028,974</u>	<u>\$ 88,916,198</u>
Liabilities			
Accounts payable	\$ 762,156	\$ 852,511	\$ 1,614,667
Accrued liabilities	1,074,844	45,592	1,120,436
Unearned revenue	-	573,312	573,312
Retainage payable	-	354,632	354,632
Tax refunds payable	9,803	-	9,803
Due to other governments	43,026	-	43,026
Due to other funds	209,611	64,405	274,016
Due to fiduciary funds	35,806,809	-	35,806,809
Other liabilities	<u>17,819</u>	<u>-</u>	<u>17,819</u>
Total Liabilities	37,924,068	1,890,452	39,814,520
Deferred Inflows of Resources			
Unavailable revenues	2,084,254	-	2,084,254
Related to leases	<u>1,986,393</u>	<u>-</u>	<u>1,986,393</u>
Total Deferred Inflows of Resources	<u>4,070,647</u>	<u>-</u>	<u>4,070,647</u>
Fund Balances			
Nonspendable	399,891	605,938	1,005,829
Restricted	1,334,000	10,657,348	11,991,348
Committed	4,382,322	6,875,236	11,257,558
Assigned	3,471,187	-	3,471,187
Unassigned	<u>17,305,109</u>	<u>-</u>	<u>17,305,109</u>
Total Fund Balances	<u>26,892,509</u>	<u>18,138,522</u>	<u>45,031,031</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 68,887,224</u>	<u>\$ 20,028,974</u>	<u>\$ 88,916,198</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
December 31, 2024

Total Governmental Fund Balances	\$ 45,031,031
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	81,966,130
Long-term receivables are not due and receivable in the current period and therefore, are not reported in governmental funds.	229,567
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	3,612,719
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	8,609,010
Revenues are reported on the accrual basis of accounting and are deferred until collection under the modified accrual basis of accounting.	2,084,254
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(176,962)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in governmental funds.	
General obligation bonds and loans payable	(13,762,267)
Landfill liability	(732,000)
Net pension liability	(44,581,313)
Net OPEB liability	(29,526,191)
Compensated absences liability	(3,979,261)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(3,149,745)
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	<u>(13,068,331)</u>
Net Position of Governmental Activities	<u>\$ 32,556,641</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 35,804,854	\$ 24,550	\$ 35,829,404
Interest, penalties, and other taxes	309,582	-	309,582
Licenses, permits, and fees	10,532,268	775,796	11,308,064
Intergovernmental	4,249,933	2,310,362	6,560,295
Charges for services	2,386,942	2,057,944	4,444,886
Investment income	829,349	272,145	1,101,494
Other	<u>2,301,943</u>	<u>1,033,563</u>	<u>3,335,506</u>
Total Revenues	56,414,871	6,474,360	62,889,231
Expenditures			
Current:			
General government	7,826,943	968,249	8,795,192
Public safety	30,218,358	2,680,055	32,898,413
Highways and streets	4,410,202	3,640,646	8,050,848
Health and welfare	214,327	-	214,327
Sanitation	1,336,512	88,061	1,424,573
Culture and recreation	2,213,954	346,965	2,560,919
Conservation	-	17,723	17,723
Capital outlay	<u>2,340,548</u>	<u>3,994,299</u>	<u>6,334,847</u>
Debt service:			
Principal	531,019	-	531,019
Interest	<u>188,232</u>	<u>-</u>	<u>188,232</u>
Total Expenditures	<u>49,280,095</u>	<u>11,735,998</u>	<u>61,016,093</u>
Excess (Deficiency) of Revenues Over Expenditures	7,134,776	(5,261,638)	1,873,138
Other Financing Sources (Uses)			
Issuance of bonds	1,110,000	8,000,000	9,110,000
Proceeds of notes	1,334,000	-	1,334,000
Bond premium	-	682,424	682,424
Transfers in	219,148	3,945,837	4,164,985
Transfers out	<u>(3,795,837)</u>	<u>(219,148)</u>	<u>(4,014,985)</u>
Total Other Financing Sources (Uses)	<u>(1,132,689)</u>	<u>12,409,113</u>	<u>11,276,424</u>
Change in Fund Balance	6,002,087	7,147,475	13,149,562
Fund Balance, at Beginning of Year	<u>20,890,422</u>	<u>10,991,047</u>	<u>31,881,469</u>
Fund Balance, at End of Year	<u>\$ 26,892,509</u>	<u>\$ 18,138,522</u>	<u>\$ 45,031,031</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, 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 Changes in Fund Balances - Total Governmental Funds \$ 13,149,562

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 and reported as depreciation expense.

Capital asset purchases	9,531,700
Net effect from disposal of asset	(49,534)
Depreciation	(8,046,341)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	848,694
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Issuance of bonds and notes	(10,444,000)
Premiums received on issuance of bonds	(682,424)
Repayments of bonds	531,019
Amortization of bond premiums	47,761
Change in accrued interest	(147,268)

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

Change in expense related to GASB 68	1,457,808
Change in expense related to GASB 75	(357,459)
Change in expense related to landfill postclosure costs	(39,000)
Change in expense related to employee benefits	<u>(371,536)</u>

Change in Net Position of Governmental Activities \$ 5,428,982

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Proprietary Funds
Statement of Net Position
December 31, 2024

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current Assets:			
Cash and short-term investments	\$ 2,781,941	\$ 6,762,884	\$ 9,544,825
Receivables:			
User fees	549,175	488,102	1,037,277
Special assessments	152,891	224,267	377,158
Other	5,516	-	5,516
Leases	176,336	-	176,336
Due from other governments	458	113,607	114,065
Prepaid items	10,797	9,028	19,825
Total Current Assets	3,677,114	7,597,888	11,275,002
Noncurrent Assets:			
Receivables:			
Special assessments	1,083,181	1,358,562	2,441,743
Leases, net of current portion	2,240,528	-	2,240,528
Due from other governments, net of current portion	-	954,245	954,245
Net OPEB asset	-	20,424	20,424
Non-depreciable capital assets	1,421,000	7,471,069	8,892,069
Depreciable capital assets, net of accumulated depreciation	<u>30,359,465</u>	<u>10,398,271</u>	<u>40,757,736</u>
Total Noncurrent Assets	<u>35,104,174</u>	<u>20,202,571</u>	<u>55,306,745</u>
Total Assets	38,781,288	27,800,459	66,581,747
Deferred Outflows of Resources			
Related to pension	27,453	1,004	28,457
Related to OPEB	<u>59,488</u>	<u>2,034</u>	<u>61,522</u>
Total Deferred Outflows of Resources	86,941	3,038	89,979
Liabilities			
Current Liabilities:			
Accounts payable	261,122	1,062,254	1,323,376
Accrued liabilities	45,812	49,322	95,134
Retainage payable	7,128	-	7,128
Notes payable	-	5,423,331	5,423,331
Current portion of long-term liabilities:			
Bonds and loans payable	<u>631,393</u>	<u>335,589</u>	<u>966,982</u>
Total Current Liabilities	945,455	6,870,496	7,815,951
Noncurrent Liabilities:			
Bonds and loans payable, net of current portion	2,186,963	4,365,141	6,552,104
Net pension liability	338,771	12,386	351,157
Net OPEB liability	185,172	-	185,172
Compensated absences liability	<u>199,572</u>	<u>12,664</u>	<u>212,236</u>
Total Noncurrent Liabilities	<u>2,910,478</u>	<u>4,390,191</u>	<u>7,300,669</u>
Total Liabilities	3,855,933	11,260,687	15,116,620
Deferred Inflows of Resources			
Related to pension	23,935	875	24,810
Related to OPEB	91,071	3,790	94,861
Related to leases	<u>2,860,639</u>	<u>-</u>	<u>2,860,639</u>
Total Deferred Inflows of Resources	2,975,645	4,665	2,980,310
Net Position			
Net investment in capital assets	28,962,109	13,168,610	42,130,719
Restricted:			
OPEB benefits	-	20,424	20,424
Unrestricted	<u>3,074,542</u>	<u>3,349,111</u>	<u>6,423,653</u>
Total Net Position	<u>\$ 32,036,651</u>	<u>\$ 16,538,145</u>	<u>\$ 48,574,796</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2024

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	<u>Total</u>
Operating Revenues			
Charges for services	\$ 4,599,073	\$ 3,234,359	\$ 7,833,432
Other	<u>257,775</u>	<u>350,644</u>	<u>608,419</u>
Total Operating Revenues	4,856,848	3,585,003	8,441,851
Operating Expenses			
Personnel services	1,846,872	698,526	2,545,398
Repairs and maintenance	78,795	2,629	81,424
Materials and supplies	97,750	28	97,778
Depreciation	1,439,783	333,842	1,773,625
Other operating expenses	<u>2,153,731</u>	<u>2,450,692</u>	<u>4,604,423</u>
Total Operating Expenses	<u>5,616,931</u>	<u>3,485,717</u>	<u>9,102,648</u>
Operating Income (Loss)	(760,083)	99,286	(660,797)
Nonoperating Revenues (Expenses)			
Investment income	40,319	198,823	239,142
Intergovernmental revenue	-	19,014	19,014
Interest expense	<u>(57,191)</u>	<u>(260,089)</u>	<u>(317,280)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(16,872)</u>	<u>(42,252)</u>	<u>(59,124)</u>
Income Before Capital Contributions and Transfers	(776,955)	57,034	(719,921)
Capital Contributions	636,805	862,727	1,499,532
Transfers In	-	153,980	153,980
Transfers Out	<u>(153,980)</u>	<u>(150,000)</u>	<u>(303,980)</u>
Change in Net Position	(294,130)	923,741	629,611
Net Position at Beginning of Year	<u>32,330,781</u>	<u>15,614,404</u>	<u>47,945,185</u>
Net Position at End of Year	<u>\$ 32,036,651</u>	<u>\$ 16,538,145</u>	<u>\$ 48,574,796</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2024

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 4,558,154	\$ 3,221,711	\$ 7,779,865
Receipts from other operations	253,685	350,644	604,329
Payments for interfund services	(153,980)	3,980	(150,000)
Payments to vendors	(2,262,017)	(2,566,637)	(4,828,654)
Payments to employees	<u>(1,803,630)</u>	<u>(699,458)</u>	<u>(2,503,088)</u>
Net Cash Provided by Operating Activities	592,212	310,240	902,452
Cash Flows From Noncapital Financing Activities			
Intergovernmental receipt	-	65,872	65,872
Net Cash Provided by Noncapital Financing Activities	-	65,872	65,872
Cash Flows From Capital and Related Financing Activities			
Capital contributions	775,683	1,051,680	1,827,363
Acquisition and construction of capital assets	(360,876)	(1,529,967)	(1,890,843)
Principal payments on bonds and loans	(991,036)	(325,547)	(1,316,583)
Net proceeds on notes	-	70,531	70,531
Interest paid	<u>(93,391)</u>	<u>(280,260)</u>	<u>(373,651)</u>
Net Cash (Used For) Capital and Related Financing Activities	(669,620)	(1,013,563)	(1,683,183)
Cash Flows From Investing Activities			
Investment income	40,320	198,823	239,143
Net Cash Provided By Investing Activities	40,320	198,823	239,143
Cash and Short-Term Investments, Beginning of Year	<u>2,819,029</u>	<u>7,201,512</u>	<u>10,020,541</u>
Cash and Short-Term Investments, End of Year	<u>\$ 2,781,941</u>	<u>\$ 6,762,884</u>	<u>\$ 9,544,825</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (760,083)	\$ 99,286	\$ (660,797)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,439,783	333,842	1,773,625
Changes in assets, liabilities, and deferred outflows/inflows:			
Accounts receivable	(40,919)	(12,648)	(53,567)
Lease receivable	(4,090)	-	(4,090)
Due from other funds	(153,980)	3,980	(150,000)
Prepaid items	(737)	1,537	800
Accounts payable	72,271	(114,130)	(41,859)
Accrued liabilities	(3,275)	(694)	(3,969)
Compensated absences liability	6,790	2,418	9,208
Net pension liability and related deferrals	21,065	1,530	22,595
Net OPEB liability and related deferrals	<u>15,387</u>	<u>(4,881)</u>	<u>10,506</u>
Net Cash Provided by Operating Activities	<u>\$ 592,212</u>	<u>\$ 310,240</u>	<u>\$ 902,452</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2024

	<u>Private Purpose Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Custodial Funds</u>
Assets			
Cash and short-term investments	\$ 133,804	\$ 1,274	\$ 3,847,919
Investments:			
Corporate equities	1,101,172	156,190	-
Equity mutual funds	254,479	36,095	-
Fixed income mutual funds	<u>657,864</u>	<u>93,311</u>	<u>-</u>
Total Investments	2,013,515	285,596	-
Due from primary government - general fund	<u>-</u>	<u>-</u>	<u>35,806,809</u>
Total Assets	2,147,319	286,870	39,654,728
Liabilities			
Due to primary government	37,510	-	-
Due to school district	<u>-</u>	<u>-</u>	<u>35,806,809</u>
Total Liabilities	37,510	-	35,806,809
Net Position			
Restricted for individuals, organizations, and other governments	<u>2,109,809</u>	<u>286,870</u>	<u>3,847,919</u>
Total Net Position	<u>2,109,809</u>	<u>286,870</u>	<u>3,847,919</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2024

	Private Purpose Trust <u>Funds</u>	OPEB Trust <u>Fund</u>	Custodial <u>Funds</u>
Additions			
Employer contributions	\$ -	\$ 1,015,760	\$ -
Taxes collected for school district	- -	- -	74,306,809
Taxes collected for County of Rockingham	- -	- -	4,895,532
Fees collected for State of New Hampshire	- -	- -	2,207,350
Fees collected for school district	- -	- -	269,657
Investment income	264,454	25,451	271
Other	<u>-</u>	<u>-</u>	<u>322,365</u>
Total Additions	264,454	1,041,211	82,001,984
Deductions			
Payment of taxes to school district	- -	- -	74,306,809
Payment of taxes to County of Rockingham	- -	- -	4,895,532
Payment of fees to State of New Hampshire	- -	- -	2,207,350
Payment on behalf of School District	- -	- -	875,000
Benefits	- -	965,760	- -
Other	<u>43,970</u>	<u>952</u>	<u>149,784</u>
Total Deductions	<u>43,970</u>	<u>966,712</u>	<u>82,434,475</u>
Change in Net Position	220,484	74,499	(432,491)
Restricted Net Position			
Beginning of year	<u>1,889,325</u>	<u>212,371</u>	<u>4,280,410</u>
End of year	<u>\$ 2,109,809</u>	<u>\$ 286,870</u>	<u>\$ 3,847,919</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SALEM, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Salem, New Hampshire (the “Town”) conform to generally accepted accounting principles (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In 2024, it was determined that no entities met the component unit requirements of GASB 14 (as amended). The criteria provided in Governmental Accounting Standards Codification section 2100 have also been considered.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, internal eliminations do not include services provided to Town departments. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current period. All other revenue items are considered to be measurable and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental fund:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of an enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- The *Water Fund* accounts for all revenues and expenses pertaining to the Town's water operations.
- The *Sewer Fund* accounts for all revenues and expenses pertaining to the Town's wastewater treatment and disposal sanitation operations.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *Private-Purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the Permanent Fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for health insurance benefits for retired employees.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements.

Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, money market deposits, certificates of deposits, savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments."

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. The Town's investments include nonnegotiable certificates of deposit which are reported at cost.

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

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.

Leases

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

Capital Assets

Capital assets, which include land, intangible assets, construction in progress, buildings and building improvements, machinery and equipment, and furnishings, and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of five years, with the exception of police cruisers which are capitalized regardless of cost and are assigned a three-year useful life. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	45 - 50
Land improvements	20 - 40
Machinery, equipment, and furnishings	5 - 45
Infrastructure	10 - 50

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused absences. All vested absences pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, expendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods. The General Fund is the only fund that reports a positive unassigned fund balance.

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures, property held for resale, advance to other funds, and reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue, various capital project funds, and the expendable portion of permanent trust funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes capital reserve funds set aside by Town Council vote for future capital acquisitions and improvements (now reported as part of the General Fund per GASB 54) and various special revenue.
- *Assigned* represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period. Additionally, it includes a reserve for potential future abatements that the Town is anticipating.
- *Unassigned* represents the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are available for any purpose. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the General Fund.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Town's budget is prepared by the Town Council's Office with the cooperation of various department heads. It is then submitted to the Budget Committee, in accordance with New Hampshire Municipal Budget Law. After reviewing the budget, the Budget Committee holds a public hearing for discussion.

The final version of the budget is then submitted for approval at the annual town meeting. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

The Town Council cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary. Deposits and Investments State statutes (RSA 41:29 for and towns and 31:25 for trust funds) place certain limitation on the nature of deposits and investments available to the Town. Deposits may be made in the New Hampshire Deposit Investment Pool ("NHPDIP"), established pursuant to RSA 383:22, in New Hampshire banks, or banks outside the State of New Hampshire if such banks pledge and deliver to a third-party custodial bank with various collateralized security.

RSA 35:9 limits capital reserve funds to investments in federally or state-chartered banks or associations authorized by the State of New Hampshire; in bonds or notes of the State of New Hampshire; in stocks and bonds as are legal for investment by banks and associations chartered by the State of New Hampshire to engage in a banking business; in NHPDIP established pursuant to RSA 383:22; or in obligations with principal and interest fully guaranteed by the United States government.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have formal deposit policies related to the custodial credit risk of deposits.

As of December 31, 2024, all of the Town's bank balance of \$95,859,968 was insured and/or collateralized.

Investments

The following is a summary of the Town's investments as of December 31, 2024:

<u>Investment Type</u>	<u>Amount</u>
Corporate equities	\$ 1,800,848
Equity mutual funds	416,172
Fixed income mutual funds	<u>1,075,865</u>
	\$ <u>3,292,885</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Town does not have formal investment policies related to custodial credit risk.

As of December 31, 2024, the Town did not have investments subject to custodial credit risk exposure as all assets were held in the Town's name.

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town does not have formal investment policies related to credit risk.

As of December 31, 2024, the credit quality ratings of the Town's debt securities were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>	<u>Unrated</u>
Fixed income mutual funds	\$ 1,075,865	\$ 1,075,865	

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

Individual investments exceeding 5% of the Town's total investment were as follows at December 31, 2024:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
MetLife	\$ 196,184	6%

Interest Rate Risk – Investments in Debt Securities

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 does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations was as follows at December 31, 2024:

<u>Investment Type</u>	<u>Amount</u>	Investment	
		<u>Maturities (in Years)</u>	<u>Not Readily Available</u>
Fixed income mutual funds	\$ 1,075,865	\$	1,075,865

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

At December 31, 2024, none of the Town's investments were exposed to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town had the following fair value measurements as of December 31, 2024:

<u>Investment Type</u>	<u>Amount</u>	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets	Significant observable inputs	Significant unobservable inputs
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Corporate equities	\$ 1,800,848	\$ 1,800,848	\$ -	\$ -
Equity mutual funds	416,172	416,172	-	-
Fixed income mutual funds	<u>1,075,865</u>	<u>1,075,865</u>	-	-
	<u>\$ 3,292,885</u>	<u>\$ 3,292,885</u>	<u>\$ -</u>	<u>\$ -</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

3. Property Taxes Receivable

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the year for which taxes have been levied. Property taxes are due on July 1 and December 15. Delinquent accounts are charged 8% interest. In April of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest.

Property taxes receivable at December 31, 2024 consisted of the following:

	<u>Gross</u>	<u>Current</u>	<u>Long- Term</u>
	<u>Amount</u>	<u>Portion</u>	<u>Portion</u>
Real estate taxes	\$ 3,021,667	\$ 3,021,667	\$ -
Tax liens	<u>426,377</u>	<u>270,292</u>	<u>156,085</u>
	<u><u>\$ 3,448,044</u></u>	<u><u>\$ 3,291,959</u></u>	<u><u>\$ 156,085</u></u>

Taxes Collected for Others

The Town collects property taxes for the State of New Hampshire, the Salem School District, and the County of Rockingham. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the Town.

4. User Fees Receivable

Receivables for user charges at December 31, 2024 consisted of the following:

	<u>Allowance</u>		<u>Net</u>
	<u>Gross</u>	<u>for Doubtful Accounts</u>	<u>Amount</u>
	<u>Amount</u>		
Water	\$ 583,424	\$ 34,249	\$ 549,175
Sewer	<u>519,136</u>	<u>31,034</u>	<u>488,102</u>
	<u><u>\$ 1,102,560</u></u>	<u><u>\$ 65,283</u></u>	<u><u>\$ 1,037,277</u></u>

5. Due From Other Governments

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in 2024 and long-term receivables for state aid grants awarded for sewer and bridge improvement projects that the Town will receive annual payments for over the next seventeen years.

6. Leases Receivable

The Town has adopted GASB Statement No. 87, *Leases*. This statement requires the recording of a lease receivable asset and a deferred inflow of resources by the lessor (the Town) even in the case of a lease which does not transfer ownership of the leased asset.

Leases receivable and the revenue recognized in 2024 were as follows at December 31, 2024:

	<u>Lease Receivable</u>	<u>Lease Revenue</u>
Governmental Funds:		
General Fund:		
Bureau of Court Facilities	\$ 850,607	\$ 431,237
T-Mobile (Crown Castle)	633,744	31,435
Blue Sky	<u>502,042</u>	<u>18,540</u>
Total Governmental Funds	1,986,393	481,212
Business-Type Activities:		
Water Fund:		
AT&T	776,606	43,200
T-Mobile (1)	263,304	39,909
T-Mobile (2)	456,100	34,845
Verizon (1)	639,651	35,582
Verizon (2)	<u>281,203</u>	<u>22,800</u>
Total Business-Type Activities	<u>2,416,864</u>	<u>176,336</u>
	<u>\$ 4,403,257</u>	<u>\$ 657,548</u>

Bureau of Court Facilities Lease – On May 5, 2023, the Town entered into a three-year lease agreement with the Bureau of Court Facilities for the lease of space in a Town owned building called the Salem Courthouse. Based on the agreement, the Town is receiving monthly payments through 2026. There are no renewal options included in this lease agreement.

T-Mobile (Crown Castle) Lease – On April 1, 1999, the Town entered into a fifty-five-year lease agreement with T-Mobile for the lease of a portion of Town owned land located at 21 Cross Street. Based on the agreement, the Town is receiving monthly payments through 2054. This lease agreement includes an extension clause for six additional five-year renewal terms, which is expected to be exercised.

Blue Sky Lease – On August 10, 2021, the Town entered into a forty-year lease agreement with Blue Sky for the lease of a portion of Town owned land located at 326 North Broadway. Based on the agreement, the Town is receiving monthly payments through 2060. This lease agreement includes an extension clause for seven additional five-year renewal terms, which is expected to be exercised.

AT&T Lease – On April 18, 2023, the Town entered into a twenty-five-year lease agreement with AT&T for the lease of a portion of Town owned land located at 82 Lawrence Road. Based on the agreement, the Town is receiving monthly payments through 2047. This lease agreement includes an extension clause for four additional five-year renewal terms, which is expected to be exercised.

T-Mobile (1) Lease – On April 8, 1997, the Town entered into a thirty-five-year lease agreement with T-Mobile for the lease of a portion of Town owned land located at 22 Howard Street. Based on the agreement, the Town is receiving monthly payments through 2032. This lease agreement includes an extension clause for two additional five-year renewal terms, which is expected to be exercised.

T-Mobile (2) Lease – On January 3, 2006, the Town entered into a thirty-five-year lease agreement with T-Mobile for the lease of a portion of Town owned land located at 82 Lawrence Road. Based on the agreement, the Town is receiving monthly payments through 2040. This lease agreement includes an extension clause for three additional five-year renewal terms, which is expected to be exercised.

Verizon (1) Lease – On February 15, 2023, the Town entered into a twenty-five-year lease agreement with Verizon for the lease of a portion of Town owned land located at 82 Lawrence Road. Based on the agreement, the Town is receiving monthly payments through 2047. This lease agreement includes an extension clause for four additional five-year renewal terms, which is expected to be exercised.

Verizon (2) Lease – On January 1, 2014, the Town entered into a twenty-five-year lease agreement with Verizon for the lease of a portion of Town owned land located at 20 Howard Street. Based on the agreement, the Town is receiving monthly payments through 2038. This lease agreement includes an extension clause for four additional five-year renewal terms, which is expected to be exercised.

7. Interfund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The composition of interfund balances as of December 31, 2024 was as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
General Fund	\$ 37,510	\$ 209,611
Nonmajor Governmental Funds:		
Special Revenue Funds	59,157	64,405
Capital Project Funds	214,859	-
Subtotal Nonmajor Governmental Funds	<u>274,016</u>	<u>64,405</u>
Total Governmental Funds	311,526	274,016
Fiduciary Funds:		
Private Purpose Trust Funds	-	<u>37,510</u>
	<u>\$ 311,526</u>	<u>\$ 311,526</u>

The \$35,806,809 general fund due to fiduciary funds and fiduciary funds due from primary government represents property tax collections to be remitted to the School District between January and June 2025.

Transfers

Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of interfund transfers for 2024.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 219,148	\$ 3,795,837
Nonmajor Governmental Funds:		
Special Revenue Funds	-	212,969
Capital Project Funds	<u>3,945,837</u>	<u>6,179</u>
Subtotal Nonmajor Governmental Funds	<u>3,945,837</u>	<u>219,148</u>
Total Governmental Funds	4,164,985	4,014,985
Business-Type Activities:		
Water Fund	-	153,980
Sewer Fund	<u>153,980</u>	<u>150,000</u>
Total Business-Type Activities	<u>153,980</u>	<u>303,980</u>
	<u>\$ 4,318,965</u>	<u>\$ 4,318,965</u>

The transfer into the General Fund reflects a transfer from impact fees for the purchase of a fire engine pumper. The majority of transfers out of the General Fund reflect transfers from the Salem Roadway Improvements Capital Reserve Fund to fund the 2024 Road Construction and Engineering Program reported in capital project funds.

8. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 14,195	\$ -	\$ -	\$ 14,195
Construction in progress	<u>6,613</u>	<u>4,830</u>	<u>(4,675)</u>	<u>6,768</u>
Total Capital Assets, Not Being Depreciated:	20,808	4,830	(4,675)	20,963
Capital Assets, Being Depreciated:				
Buildings and building improvements	9,092	393	-	9,485
Land improvements	4,472	422	-	4,894
Machinery, equipment, and furnishings	16,017	768	(252)	16,533
Infrastructure	<u>221,334</u>	<u>7,794</u>	<u>(2,955)</u>	<u>226,173</u>
Total Capital Assets, Being Depreciated:	250,915	9,377	(3,207)	257,085
Less Accumulated Depreciation For:				
Buildings and building improvements	(5,514)	(240)	-	(5,754)
Land improvements	(1,496)	(232)	-	(1,728)
Machinery, equipment, and furnishings	(10,383)	(1,129)	252	(11,260)
Infrastructure	<u>(173,800)</u>	<u>(6,445)</u>	<u>2,905</u>	<u>(177,340)</u>
Total Accumulated Depreciation	<u>(191,193)</u>	<u>(8,046)</u>	<u>3,157</u>	<u>(196,082)</u>
Capital Assets, Being Depreciated, Net	<u>59,722</u>	<u>1,331</u>	<u>(50)</u>	<u>61,003</u>
Governmental Activities Capital Assets, Net	<u>\$ 80,530</u>	<u>\$ 6,161</u>	<u>\$ (4,725)</u>	<u>\$ 81,966</u>
 Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 350	\$ -	\$ -	\$ 350
Intangible assets	<u>1,071</u>	<u>-</u>	<u>-</u>	<u>1,071</u>
Construction in progress	<u>4,897</u>	<u>2,574</u>	<u>-</u>	<u>7,471</u>
Total Capital Assets, Not Being Depreciated:	6,318	2,574	-	8,892
Capital Assets, Being Depreciated:				
Buildings and building improvements	3,599	59	-	3,658
Machinery, equipment, and furnishings	5,774	119	-	5,893
Infrastructure	<u>53,666</u>	<u>143</u>	<u>-</u>	<u>53,809</u>
Total Capital Assets, Being Depreciated:	63,039	320	-	63,359
Less Accumulated Depreciation For:				
Buildings and building improvements	(826)	(524)	-	(1,350)
Machinery, equipment, and furnishings	(3,934)	(160)	-	(4,094)
Infrastructure	<u>(16,068)</u>	<u>(1,089)</u>	<u>-</u>	<u>(17,157)</u>
Total Accumulated Depreciation	<u>(20,828)</u>	<u>(1,773)</u>	<u>-</u>	<u>(22,601)</u>
Capital Assets, Being Depreciated, Net	<u>42,211</u>	<u>(1,453)</u>	<u>-</u>	<u>40,758</u>
Business-Type Activities Capital Assets, Net	<u>\$ 48,529</u>	<u>\$ 1,121</u>	<u>\$ -</u>	<u>\$ 49,650</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities	
General government	\$ 269
Public safety	800
Highways and streets	6,865
Sanitation	12
Water distribution and treatment	19
Culture and recreation	<u>81</u>
	<u>\$ 8,046</u>
Business-Type Activities	
Water	\$ 1,439
Sewer	<u>334</u>
	<u>\$ 1,773</u>

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

10. Accounts Payable

Accounts payable represent 2024 expenditures paid after December 31, 2024.

11. Accrued Liabilities

Accrued liabilities are comprised primarily of 2024 payroll and related liabilities.

12. Unearned Revenue

Unearned revenue represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next year.

13. Tax Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the State of New Hampshire Board of Tax and Land Appeals.

14. Notes Payable

The Town had the following bond anticipation notes outstanding at December 31, 2024:

	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate(s) %</u>	<u>Amount</u>
Business-Type Activities				
Soil and groundwater remediation	2024	2025	4.00%	\$ 5,336,000
Sewer Rehabilitation Evaluation	N/A	N/A	N/A	\$ 87,331
Total Business-Type Activities				\$ 5,423,331

The following summarizes activity in notes payable during 2024 (in thousands):

	<u>Beginning Balance</u>	<u>New Issue</u>	<u>Rollover</u>	<u>Paydown</u>	<u>Long-term Financing</u>	<u>Ending Balance</u>
Governmental Activities						
Soil and groundwater remediation	\$ 1,338	\$ -	\$ (1,334)	\$ (4)	\$ -	\$ -
Soil and groundwater remediation	<u>-</u>	<u>-</u>	<u>1,334</u>	<u>-</u>	<u>(1,334)</u>	<u>-</u>
Total Governmental Activities	1,338	-	-	(4)	(1,334)	-
Business-Type Activities						
Soil and groundwater remediation	5,353	-	(5,336)	(17)	-	-
Soil and groundwater remediation	<u>-</u>	<u>-</u>	<u>5,336</u>	<u>-</u>	<u>-</u>	<u>5,336</u>
Sewer Rehabilitation Evaluation	<u>-</u>	<u>87</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87</u>
Total Business-Type Activities	5,353	-	-	(17)	-	5,423
	<u>\$ 6,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21)</u>	<u>\$ (1,334)</u>	<u>\$ 5,423</u>

15. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and loans outstanding were as follows at December 31, 2024:

Governmental Activities	<u>Original Issued</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate(s) %</u>	<u>Amount</u>
General Obligation Bonds:					
Depot land acquisition	\$ 2,830,000	2019	2029	1.96%	\$ 1,405,000
Millville Dam	1,110,000	2024	2044	4.00%-5.00%	1,110,000
Police Station	8,000,000	2024	2044	4.00%-5.00%	8,000,000
Soil and groundwater remediation	1,334,000	2024	2044	4.00%-5.00%	<u>1,334,000</u>
Total General Obligation Bonds					11,849,000
Loans Payable (Direct Borrowing):					
South Broadway sewer and bridge	1,416,281	2021	2040	2.00%	<u>1,056,303</u>
Total Loans Payable (Direct Borrowing)					<u>1,056,303</u>
Total Governmental Activities					<u>\$ 12,905,303</u>
Business-Type Activities	<u>Amount Issued</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate(s) %</u>	<u>Amount</u>
Water Fund General Obligation Bonds:					
Water main improvement	\$ 1,100,000	2015	2025	2.00 - 4.00%	\$ 110,000
West Dunston Road	575,544	2021	2031	0.82%	<u>399,954</u>
Subtotal Water Fund General Obligation Bonds					509,954
Water Fund Loan Payable (Direct Borrowing):					
Exit 2 water system improvements	1,509,273	2018	2027	1.51%	479,039
South Broadway water main	2,883,125	2021	2030	0.81%	<u>1,729,874</u>
Subtotal Water Fund Loan Payable (Direct Borrowing)					2,208,913
Total Water Fund					<u>2,718,867</u>
Sewer Fund General Obligation Bonds:					
West Dunston Road	604,456	2021	2031	0.82%	<u>420,046</u>
Subtotal Sewer Fund General Obligation Bonds					420,046
Sewer Fund Loan Payable (Direct Borrowing):					
South Broadway sewer and bridge	5,533,127	2021	2040	2.00%	<u>4,225,248</u>
Subtotal Sewer Fund Loan Payable (Direct Borrowing)					4,225,248
Total Sewer Fund					<u>4,645,294</u>
Total Business-Type Activities					<u>\$ 7,364,161</u>

Future Debt Service

The annual payments to retire all bonds and loans outstanding as of December 31, 2024 were as follows:

Governmental Activities

	Bonds		Loan Payable (Direct Borrowing)			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2025	\$ 811,786	\$ 461,925	\$ 66,019	\$ 21,126	\$ 1,360,856	
2026	806,786	424,800	66,019	19,806	1,317,411	
2027	801,786	387,800	66,019	18,485	1,274,090	
2028	801,786	353,850	66,019	17,165	1,238,820	
2029	801,786	322,700	66,019	15,845	1,206,350	
2030-2034	2,608,930	1,251,250	330,095	59,417	4,249,692	
2035-2039	2,608,639	728,000	330,094	26,408	3,693,141	
2040-2044	<u>2,607,501</u>	<u>273,000</u>	<u>66,019</u>	<u>1,320</u>	<u>2,947,840</u>	
	<u>\$ 11,849,000</u>	<u>\$ 4,203,325</u>	<u>\$ 1,056,303</u>	<u>\$ 179,572</u>	<u>\$ 17,288,200</u>	

Business-Type Activities

	Bonds		Loan Payable (Direct Borrowing)			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2025	\$ 230,000	39,650	708,919	105,774	1,084,343	
2026	120,000	29,250	711,291	95,786	956,327	
2027	120,000	23,250	715,998	85,762	945,010	
2028	115,000	17,250	552,390	75,666	760,306	
2029	115,000	11,500	552,390	68,049	746,939	
2030-2034	230,000	8,050	1,608,700	240,005	2,086,755	
2035-2039	-	-	1,320,387	105,631	1,426,018	
2040	<u>-</u>	<u>-</u>	<u>264,086</u>	<u>5,282</u>	<u>269,368</u>	
	<u>\$ 930,000</u>	<u>\$ 128,950</u>	<u>\$ 6,434,161</u>	<u>\$ 781,955</u>	<u>\$ 8,275,066</u>	

Changes in Long-Term Liabilities

During the year ended December 31, 2024, the following changes occurred in long-term liabilities (in thousands):

	Beginning <u>Balance</u>	Additions	Reductions	Ending <u>Balance</u>	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
General obligation bonds and loans payable	\$ 1,870	\$ 10,444	\$ (465)	\$ 11,849	\$ (812)	\$ 11,037
Loans payable (direct borrowings)	1,122	-	(66)	1,056	(65)	991
Unamortized premium	222	682	(48)	856	(69)	787
Subtotal	3,214	11,126	(579)	13,761	(946)	12,815
Net pension liability	50,024	-	(5,443)	44,581	-	44,581
Net OPEB liability	32,495	-	(2,969)	29,526	-	29,526
Landfill liability	693	39	-	732	(32)	700
Compensated absences liability	3,607	433	(61)	3,979	(110)	3,869
	<u>\$ 90,033</u>	<u>\$ 11,598</u>	<u>\$ (9,052)</u>	<u>\$ 92,579</u>	<u>\$ (1,088)</u>	<u>\$ 91,491</u>
Business-Type Activities						
General obligation bonds payable	\$ 1,505	\$ -	\$ (575)	\$ 930	\$ (230)	\$ 700
Loans payable (direct borrowings)	7,176	-	(742)	6,434	(709)	5,725
Unamortized premium	211	-	(56)	155	(28)	127
Subtotal	8,892	-	(1,373)	7,519	(967)	6,552
Net pension liability	357	-	(6)	351	-	351
Net OPEB liability	193	-	(8)	185	-	185
Compensated absences liability	203	9	-	212	-	212
	<u>\$ 9,645</u>	<u>\$ 9</u>	<u>\$ (1,387)</u>	<u>\$ 8,267</u>	<u>\$ (967)</u>	<u>\$ 7,300</u>

Long-Term Debt Supporting Governmental and Business-Type Activities

Bonds and loans issued by the Town for various municipal projects are approved by Town Council and repaid with revenues recorded in the General Fund and user fees recorded in enterprise funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund and enterprise funds.

16. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$732,000 reported as landfill postclosure care liability at December 31, 2024 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2024. Actual cost may be higher due to inflation, changes in technology, or change in regulations.

17. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

Deferred inflows of resources related to leases, in accordance with GASB Statement No. 87, offset the lease receivable.

Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

18. Governmental Funds – Fund Balances

The Town's fund balances at December 31, 2024 were comprised of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Prepaid items	\$ 302,453	\$ -	\$ 302,453
Properties held for resale	97,438	-	97,438
Permanent funds	-	605,938	605,938
Total Nonspendable	399,891	605,938	1,005,829
Restricted			
Special revenue funds:			
Conservation	-	1,841,381	1,841,381
Grants	-	1,383,119	1,383,119
All remaining	-	304,916	304,916
Capital project funds:			
Road projects	-	364,172	364,172
Other	-	6,519,107	6,519,107
Permanent funds	-	244,653	244,653
Soil and groundwater remediation	1,334,000	-	1,334,000
Total Restricted	1,334,000	10,657,348	11,991,348
Committed			
Special revenue funds:			
Impact fees	-	5,233,796	5,233,796
Police detail	-	754,307	754,307
Cable	-	640,871	640,871
All remaining	-	246,262	246,262
Capital reserve funds:			
Snow	1,058,251	-	1,058,251
Road Improvement	1,450,629	-	1,450,629
Public Safety Improvements	1,000,571	-	1,000,571
Facilities Maintenance	200,556	-	200,556
Other	672,315	-	672,315
Total Committed	4,382,322	6,875,236	11,257,558
Assigned			
Millville Lake dam rehab	1,589,236	-	1,589,236
Vehicles and equipment	437,007	-	437,007
Engineering services	217,562	-	217,562
Maintenance and repairs	214,043	-	214,043
Potential future abatements	583,356	-	583,356
Other	429,983	-	429,983
Total Assigned	3,471,187	-	3,471,187
Unassigned			
General Fund	17,305,109	-	17,305,109
Total Unassigned	17,305,109	-	17,305,109
	\$ 26,892,509	\$ 18,138,522	\$ 45,031,031

19. New Hampshire Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (“NHRS”).

Plan Description

Full-time employees participate in the New Hampshire Retirement System (“NHRS”), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. NHRS provides service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the NHRS. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (“PERS”), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

Benefits Provided

Group 1 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 <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>Multiplier</u>
At least 3 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%

Contributions

Plan members are required to contribute a percentage of their earnable compensation to the pension plan. Contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The Town and Library make annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100 A:16, III, and range from 13.27% to 31.28% of covered compensation. The Town's contributions to NHRS for the year ended December 31, 2024 was \$5,458,330 which was equal to its annual required contribution.

Given the plan's allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 6.75% on the actuarial value of assets), it is expected that the unfunded actuarial accrued liability as of June 30, 2017 is expected to be fully paid off by June 30, 2039.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS' 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 benefit terms. Investments are reported at fair value.

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 \$44,932,470 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 an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024, utilizing procedures incorporating the actuarial valuation. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the most recent measurement date of June 30, 2024, the Town's proportion was 0.866%.

For the year ended December 31, 2024, the Town recognized pension expense of \$3,852,235. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 2,640,910	\$ -
Differences between expected and actual experience	1,000,266	9,035
Differences between projected and actual earnings on pension plan investments	-	627,236
Changes in assumptions	-	525,871
Changes in proportion	<u>-</u>	<u>2,012,413</u>
	<u>\$ 3,641,176</u>	<u>\$ 3,174,555</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the pension expense in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended June 30:</u>		
2024	\$ (2,074,166)	
2025	1,577,492	
2026	(967,001)	
2027	<u>(710,614)</u>	
	<u>\$ (2,174,289)</u>	

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per year
Wage Inflation	3.00% per year (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 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.

Target Allocations

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.

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

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average</u> <u>Average Long-Term Expected Real Rate of Return</u>
Broad US Equity (1)	24.00 %	5.40%
Global Ex-US Equity (2)	<u>16.00</u>	5.65%
Total Public Equity	40.00	
Real Estate Equity	10.00	4.00%
Private Equity	<u>10.00</u>	6.65%
Total Private Market Equity	20.00	
Private Debt	<u>10.00</u>	5.05%
Total Private Debt	10.00	
Core U.S. Fixed Income (3)	<u>25.00</u>	2.15%
Total Fixed Income	25.00	
Infrastructure	<u>5.00</u>	4.35%
Total Infrastructure	5.00	
	<u><u>100.00</u></u> %	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy 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 to 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 total pension liability.

Sensitivity of the 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 one percentage-point lower or one percentage-point higher than the current rate:

	Current	
1%	Discount	1%
Decrease	Rate	Increase
<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
\$ 62,820,690	\$ 44,932,470	\$ 30,031,034

Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

20. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. The Town established a single-employer defined benefit OPEB Trust Fund to provide funding postemployment healthcare and life insurance benefits. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Town OPEB Plan

All the following OPEB disclosures for the Town OPEB Plan are based on a measurement date of December 31, 2024.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's Single Employer Defined Benefit Plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town's healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

Benefits Provided

The Town offers medical benefits to its eligible retirees and their dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Plan Membership

At January 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries		
currently receiving benefit payments	64	
Active employees	248	
		<hr/>
	312	<hr/>

Investments

The OPEB Trust Fund's assets as of December 31, 2024 consisted of corporate equities, equity mutual funds, and fixed income mutual funds.

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of expense, was 10.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Investment rate of return	6.50%
Municipal bond rate	4.08%
Discount rate	4.09%
Healthcare cost trend rates	8.0% in 2023, decreasing 0.5% per year to 6.0%, and an ultimate trend rate of 4.10% in fiscal year 2075
Participation rate	50% of eligible retired employees will elect to participate

Mortality rates were based on:

- Pre-Retirement: PubG-2010 Headcount-Weighted Employee General Mortality Tables, projected with fully generational mortality improvement using Scale MP-2019.
- Healthy: 101% of PubG-2010 Headcount-Weighted Healthy Retiree General Mortality Tables for males and 109% of PubG-2010 Headcount-Weighted Healthy Retiree General Mortality Tables for females, projected with fully generational mortality improvement using Scale MP-2019.
- Disabled: PubG-2010 Disabled General Mortality Tables, projected with fully generational mortality improvement using Scale MP-2019.

Target Allocations

The long-term expected rate of return on OPEB plan investments as determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class.

The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2024 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	34.00%	4.24%
Fixed Income	24.00%	1.81%
International Equity	22.00%	5.34%
Alternative	<u>20.00%</u>	<u>5.10%</u>
	<u><u>100.00%</u></u>	

Contributions

In addition to the implicit subsidy contribution, the Town's policy to contribute amounts provided annually by the budget.

Discount Rate

The discount rate used to measure the net OPEB liability was 4.09%. The long-term expected rate of return on OPEB plan investments was applied to the first 5 periods of projected future benefit payments and the 4.08% municipal bond rate was applied to all periods thereafter to determine the total OPEB liability. Projected benefit payments are discounted to their actuarial present value using a single discount rate of 4.09%.

Net OPEB Liability

The components of the net OPEB liability, measured as of December 31, 2024, were as follows:

Total OPEB liability	\$ 26,488,784
Plan fiduciary net position	<u>286,870</u>
Net OPEB liability	\$ <u><u>26,201,914</u></u>

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes to the net OPEB liability for the past year:

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, Beginning of Year	\$ 29,131,459	\$ 212,371	\$ 28,919,088
Changes for the year:			
Service cost	689,380	-	689,380
Interest	956,418	-	956,418
Contributions - employer	-	1,015,760	(1,015,760)
Net investment income	-	24,499	(24,499)
Changes in assumptions or other inputs	(3,322,713)	-	(3,322,713)
Benefit payments	<u>(965,760)</u>	<u>(965,760)</u>	<u>-</u>
Net Changes	<u>(2,642,675)</u>	<u>74,499</u>	<u>(2,717,174)</u>
Balance, End of Year	<u>\$ 26,488,784</u>	<u>\$ 286,870</u>	<u>\$ 26,201,914</u>

Changes of assumptions and other inputs reflect a change in discount rate from 3.26% as of December 31, 2023 to 4.09% as of December 31, 2024. All other assumptions are the same as those used in the prior measurement.

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

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

1%	Current	1%
Decrease <u>(3.09%)</u>	Discount Rate <u>(4.09%)</u>	Increase <u>(5.09%)</u>
\$ 30,291,119	\$ 26,201,914	\$ 22,949,726

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

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

1%	Current	1%
Decrease <u>(7.00%)</u>	Healthcare Cost Trend Rates <u>(8.00%)</u>	Increase <u>(9.00%)</u>
\$ 22,161,230	\$ 26,201,914	\$ 31,315,638

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 an OPEB expense of \$1,646,411. At December 31, 2024, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 5,416,026	\$ 10,317,481
Differences between expected and actual experience	3,054,239	2,837,729
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>7,156</u>
	<u>\$ 8,470,265</u>	<u>\$ 13,162,366</u>

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

<u>Year Ended June 30:</u>	<u>Amount</u>
2025	\$ 472,932
2026	(205,940)
2027	(976,390)
2028	(1,630,590)
2029	(1,514,315)
Thereafter	<u>(837,798)</u>
	<u>\$ (4,692,101)</u>

New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

In addition to the Town OPEB Plan discussed above, the Town participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type. The four membership groups are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, New Hampshire 03301-8507 or from their website at <http://www.nhrs.org>.

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

1 Person - \$375.56
2 Person - \$751.12
1 Person Medicare Supplement - \$236.84
2 person Medicare Supplement - \$473.68

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of earnable compensation. The Town contributed 0.26% of gross payroll for Group I employees, 1.13% of gross payroll for Group I teachers, and 2.60% and 2.60% of gross payroll for Group II fire and police department members, respectively. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

Actuarial Assumptions and Other Inputs

Actuarial assumptions are the same as the New Hampshire Retirement System footnote.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2024 was \$3,489,025.

For the year ended December 31, 2024, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$137,403. At December 31, 2024, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 200,267	\$ -
Net difference between projected and actual earnings on OPEB investments	- <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>	826 <hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black; margin-bottom: 5px;"/>
	<u>\$ 200,267</u>	<u>\$ 826</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the year will be included as a reduction of the net OPEB liability in the year ending December 31, 2025.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as an increase (decrease) in OPEB expense as follows:

Year Ended June 30:

2024	\$ (7,373)
2025	10,910
2026	(2,813)
2027	<hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> (1,550)
	<hr style="width: 100px; margin-left: 0; border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> <u>\$ (826)</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

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

1%	Discount	1%
Decrease	Rate	Increase
(5.75%)	(6.75%)	(7.75%)
\$ 3,816,938	\$ 3,489,025	\$ 3,262,470

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and Inflows

The following consolidates the Town's net OPEB liability and related deferred outflows and inflows, and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows and inflows at December 31, 2024:

	Total Total/Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Total OPEB Expense
Town OPEB Plan	\$ 26,201,914	\$ 8,470,265	\$ 13,162,366	\$ 1,646,411
Proportionate share of NHRS Medical Subsidy Plan	<u>3,489,025</u>	<u>200,267</u>	<u>826</u>	<u>137,403</u>
	<u>\$ 29,690,939</u>	<u>\$ 8,670,532</u>	<u>\$ 13,163,192</u>	<u>\$ 1,783,814</u>

21. Commitments and Contingencies

Outstanding Legal Issues

There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Abatements

There are several cases pending before the New Hampshire Board of Tax and Land Appeals in regard to alleged discrepancies in property assessments. According to the Town's counsel, the probable outcome of these cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end, the Town's General Fund had \$2,887,831 in encumbrances that will be honored in the next year.

23. Subsequent Events

Management has evaluated subsequent events through October 7, 2025, which is the date the financial statements were made available.

Debt

Subsequent to December 31, 2024, the Town incurred the following additional debt:

	Amount	Interest Rate	Issue Date	Maturity Date
General obligation bond	\$ <u>22,845,000</u> *	4.00 - 5.00%	2/6/2025	10/1/2045

* \$1,334,000 of this is from Governmental Activities bond anticipation notes financed as long-term debt, as shown in Note 14.

24. New Pronouncements

The Governmental Accounting Standards Board (“GASB”) has issued GASB Statement No. 102, *Certain Risk Disclosures*, effective for the Town for the year ending December 31, 2025. Management is currently evaluating the impact of implementing this pronouncement.

The GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the Town for the year ending December 31, 2026. Management is currently evaluating the impact of implementing this pronouncement.

The GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the Town for the year ending December 31, 2026. Management is currently evaluating the impact of implementing this pronouncement.

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual on the Budgetary Basis of Accounting
For the Year Ended December 31, 2024
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Adjusted Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Property taxes	\$ 36,123,922	\$ 36,123,922	\$ 36,217,952	\$ 94,030
Interest, penalties, and other taxes	278,596	278,596	309,426	30,830
Licenses, permits, and fees	8,948,900	8,948,900	10,642,718	1,693,818
Intergovernmental	4,043,534	4,043,534	4,249,933	206,399
Charges for services	2,820,300	2,820,300	2,904,523	84,223
Investment income	225,000	225,000	786,538	561,538
Other	<u>1,229,171</u>	<u>1,229,171</u>	<u>1,644,358</u>	<u>415,187</u>
Total Revenues	53,669,423	53,669,423	56,755,448	3,086,025
Expenditures				
General government	9,242,258	9,242,258	8,819,154	423,104
Public safety	30,703,202	30,703,202	29,690,960	1,012,242
Highways and streets	4,845,762	4,845,762	4,313,012	532,750
Health and welfare	291,059	291,059	87,480	203,579
Sanitation	1,781,467	1,781,467	1,290,419	491,048
Culture and recreation	2,312,924	2,312,924	2,321,903	(8,979)
Capital outlay	1,859,973	1,859,973	2,935,250	(1,075,277)
Debt service	<u>710,388</u>	<u>710,388</u>	<u>719,252</u>	<u>(8,864)</u>
Total Expenditures	<u>51,747,033</u>	<u>51,747,033</u>	<u>50,177,430</u>	<u>1,569,603</u>
Excess (deficiency) of revenues over expenditures	1,922,390	1,922,390	6,578,018	4,655,628
Other Financing Sources (Uses)				
Use of fund balance	1,398,610	1,398,610	1,398,610	-
Transfers in	129,000	129,000	6,919	(122,081)
Transfers out	(3,450,000)	(3,450,000)	(4,010,764)	(560,764)
Issuance of notes	-	-	1,334,000	1,334,000
Issuance of bonds	<u>-</u>	<u>-</u>	<u>1,110,000</u>	<u>1,110,000</u>
Total Other Financing Sources	<u>(1,922,390)</u>	<u>(1,922,390)</u>	<u>(161,235)</u>	<u>1,761,155</u>
Overall Budgetary Excess	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,416,783</u>	\$ <u>6,416,783</u>

See independent auditors' report and notes to the required supplementary information.

**Notes to the Required Supplementary Information
for General Fund Budget**

Budgetary Basis

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>	<u>Total</u>
GAAP Basis	\$ 56,414,871	\$ 49,280,095	\$ 2,663,148	\$ 3,795,837	\$ 6,002,087
To record current year encumbrances	-	2,887,831	-	-	(2,887,831)
To record budgeted use of prior year fund balance (carryforwards)	-	(1,594,421)	-	-	1,594,421
To record deferred revenue	1,024,815	-	-	-	1,024,815
To reverse effects of combining General Fund and capital reserve funds (GASB 54)	(1,072,766)	(3,647)	1,198,541	663,758	(534,336)
To reclassify indirect costs for budgetary presentation	626,500	-	-	(626,500)	1,253,000
Other differences	<u>(237,972)</u>	<u>(392,428)</u>	<u>(12,160)</u>	<u>177,669</u>	<u>(35,373)</u>
Budgetary Basis	<u>\$ 56,755,448</u>	<u>\$ 50,177,430</u>	<u>\$ 3,849,529</u>	<u>\$ 4,010,764</u>	<u>\$ 6,416,783</u>

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
(Unaudited)

New Hampshire Retirement System

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2024	June 30, 2024	0.866%	\$44,932,470	\$23,528,871	191.0%	70.30%
December 31, 2023	June 30, 2023	0.900%	\$50,380,547	\$22,276,351	226.2%	67.20%
December 31, 2022	June 30, 2022	0.910%	\$52,239,174	\$21,669,021	179.6%	65.12%
December 31, 2021	June 30, 2021	0.920%	\$40,708,511	\$20,499,115	198.6%	72.22%
December 31, 2020	June 30, 2020	0.940%	\$59,824,316	\$19,853,485	301.3%	58.72%
December 31, 2019	June 30, 2019	0.980%	\$47,186,946	\$20,057,803	235.3%	65.59%
December 31, 2018	June 30, 2018	0.970%	\$46,779,743	\$19,239,017	243.2%	64.73%
December 31, 2017	June 30, 2017	0.970%	\$47,877,646	\$18,538,018	258.3%	62.66%
December 31, 2016	June 30, 2016	0.990%	\$52,814,323	\$17,795,519	296.8%	58.30%
December 31, 2015	June 30, 2015	1.000%	\$39,790,897	\$18,230,211	218.3%	65.47%

Notes to the Schedule:

Benefit changes:

House Bill (HB) 2 modifies the effective retirement date for Group I members from age 65 to full retirement under the federal Social Security system. The HB also granted certain additional one-time payments.

HB 1587 modifies the definition of Average Final Compensation (AFC) for Group II members who commenced service on or after July 1, 2011 or who have not attained vested status prior to January 1, 2012.

Changes in assumptions:

Wage inflation from 2.75% to 3.00%

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Pension Contributions
(Unaudited)

New Hampshire Retirement System

Calendar <u>Year</u>	Measurement <u>Date</u>	Contributions in Relation to the						Contributions as a Percentage of <u>Covered Payroll</u>
		Actuarially Determined <u>Contribution</u>	Actuarially Determined <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>			
December 31, 2024	June 30, 2024	\$ 5,458,330	\$ 5,458,330	\$ -	\$ 24,126,465			22.6%
December 31, 2023	June 30, 2023	\$ 5,259,787	\$ 5,259,787	\$ -	\$ 22,464,087			23.4%
December 31, 2022	June 30, 2022	\$ 5,319,178	\$ 5,319,178	\$ -	\$ 21,866,249			24.3%
December 31, 2021	June 30, 2021	\$ 4,689,492	\$ 4,689,492	\$ -	\$ 20,947,539			22.4%
December 31, 2020	June 30, 2020	\$ 4,155,073	\$ 4,155,073	\$ -	\$ 19,853,485			20.9%
December 31, 2019	June 30, 2019	\$ 4,267,740	\$ 4,267,740	\$ -	\$ 20,057,803			21.3%
December 31, 2018	June 30, 2018	\$ 4,106,124	\$ 4,106,124	\$ -	\$ 19,239,017			21.3%
December 31, 2017	June 30, 2017	\$ 3,566,426	\$ 3,566,426	\$ -	\$ 18,538,018			19.2%
December 31, 2016	June 30, 2016	\$ 3,556,439	\$ 3,556,439	\$ -	\$ 17,795,519			20.0%
December 31, 2015	June 30, 2015	\$ 3,369,755	\$ 3,369,755	\$ -	\$ 18,230,211			18.5%

Notes to the Schedule:

Valuation Date: June 30, 2023

Methods and assumptions used to determine contribution rates for calendar year 2024:

Actuarial Cost Method	Individual Entry Age Actuarial Cost Method
Amortization Method	20 Year Level Dollar
Remaining Amortization Period	20 Years
Asset Valuation Method	Fair Value
Price Inflation	2.25%
Wage inflation	3.00%
Investment Rate of Return	6.75%
Retirement Age	60 - 67 for Group I and 45 - 52 for Group II
Mortality	Pub-2010 Mortality Table projected using Scale MP-2021

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Required Supplementary Information
 Schedules of Proportionate Share of the Net OPEB Liability and Contributions
 (Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

<u>Calendar Year</u>	<u>Measurement Date</u>	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Net OPEB Liability
December 31, 2024	June 30, 2024	1.12%	\$3,489,025	\$23,528,871	14.83%	14.01%
December 31, 2023	June 30, 2023	1.10%	\$3,755,202	\$22,276,351	16.86%	12.80%
December 31, 2022	June 30, 2022	1.12%	\$4,223,879	\$21,669,021	19.49%	10.64%
December 31, 2021	June 30, 2021	1.05%	\$4,217,349	\$20,499,115	20.57%	11.06%
December 31, 2020	June 30, 2020	1.07%	\$4,702,826	\$19,853,485	23.69%	7.74%
December 31, 2019	June 30, 2019	1.22%	\$5,355,517	\$20,057,803	26.70%	7.75%
December 31, 2018	June 30, 2018	1.20%	\$5,514,957	\$19,239,017	28.67%	7.53%
December 31, 2017	June 30, 2017	0.80%	\$3,669,214	\$18,538,018	19.79%	7.91%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

<u>Calendar Year</u>	<u>Valuation Date</u>	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
December 31, 2024	June 30, 2024	\$416,680	\$416,680	\$ -	\$24,126,465	1.73%
December 31, 2023	June 30, 2023	\$435,441	\$435,441	\$ -	\$22,464,087	1.94%
December 31, 2022	June 30, 2022	\$475,441	\$475,441	\$ -	\$21,866,249	2.17%
December 31, 2021	June 30, 2021	\$481,163	\$481,163	\$ -	\$20,947,539	2.30%
December 31, 2020	June 30, 2020	\$498,715	\$498,715	\$ -	\$19,853,485	2.51%
December 31, 2019	June 30, 2019	\$557,477	\$557,477	\$ -	\$20,057,803	2.78%
December 31, 2018	June 30, 2018	\$532,806	\$532,806	\$ -	\$19,239,017	2.77%
December 31, 2017	June 30, 2017	\$475,631	\$475,631	\$ -	\$18,538,018	2.57%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

**Required Supplementary Information
Schedules of Changes in the Net OPEB Liability
(Unaudited)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service cost	\$ 689,380	\$ 798,043	\$ 1,146,574	\$ 807,320	\$ 672,062	\$ 654,736	\$ 738,885
Interest	956,418	1,313,935	962,826	804,093	894,648	1,299,066	1,196,371
Changes of benefit terms	-	(5,884,384)	-	-	-	(8,106,088)	-
Differences between expected and actual experience	-	(3,835,173)	-	5,783,749	-	1,767,666	-
Changes of assumptions	(3,322,713)	2,636,247	(12,302,243)	1,980,611	4,413,371	6,040,596	(4,225,561)
Benefit payments, including refunds of member contributions	<u>(965,760)</u>	<u>(839,997)</u>	<u>(913,832)</u>	<u>(895,810)</u>	<u>(779,810)</u>	<u>(633,104)</u>	<u>(805,378)</u>
Net Change in Total OPEB Liability	(2,642,675)	(5,811,329)	(11,106,675)	8,479,963	5,200,271	1,022,872	(3,095,683)
Total OPEB Liability - Beginning	<u>29,131,459</u>	<u>34,942,788</u>	<u>46,049,463</u>	<u>37,569,500</u>	<u>32,369,229</u>	<u>31,346,357</u>	<u>34,442,040</u>
Total OPEB Liability - Ending	<u>\$ 26,488,784</u>	<u>\$ 29,131,459</u>	<u>\$ 34,942,788</u>	<u>\$ 46,049,463</u>	<u>\$ 37,569,500</u>	<u>\$ 32,369,229</u>	<u>\$ 31,346,357</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 1,015,760	\$ 889,997	\$ 963,832	\$ 995,810	\$ 779,810	\$ 633,104	\$ 805,378
Net investment income	24,499	24,390	(16,437)	4,418	-	-	-
Benefit payments, including refunds of member contributions	<u>(965,760)</u>	<u>(839,997)</u>	<u>(913,832)</u>	<u>(895,810)</u>	<u>(779,810)</u>	<u>(633,104)</u>	<u>(805,378)</u>
Net Change in Fiduciary Net Position	74,499	74,390	33,563	104,418	-	-	-
Total Fiduciary Net Position - Beginning	<u>212,371</u>	<u>137,981</u>	<u>104,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fiduciary Net Position - Ending	<u>\$ 286,870</u>	<u>\$ 212,371</u>	<u>\$ 137,981</u>	<u>\$ 104,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Does not include New Hampshire Retirement System Medical Subsidy.

Prior to 2021, there were no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE
Required Supplementary Information
Schedules of the Net OPEB Liability, Contributions, and Investment Returns
(Unaudited)

Schedule of Net OPEB Liability

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability	\$ 26,488,784	\$ 29,131,459	\$ 34,942,788	\$ 46,049,463	\$ 37,569,500	\$ 32,369,229	\$ 31,346,357
Plan fiduciary net position	<u>286,870</u>	<u>212,371</u>	<u>137,981</u>	<u>104,418</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Liability	\$ 26,201,914	\$ 28,919,088	\$ 34,804,807	\$ 45,945,045	\$ 37,569,500	\$ 32,369,229	\$ 31,346,357

Plan fiduciary net position as a percentage of the total OPEB liability 1.08% 0.73% 0.39% 0.23% 0.00% 0.00% 0.00%

Covered payroll \$ 24,556,038 \$ 21,651,307 \$ 21,536,660 \$ 20,953,271 \$ 20,813,862 \$ 20,168,260 \$ 18,879,190

Participating employer net OPEB liability as a percentage of covered payroll 106.70% 133.57% 161.61% 219.27% 180.50% 160.50% 166.04%

Schedule of Contributions

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 2,236,974	\$ 2,772,749	\$ 3,238,632	\$ 2,529,590	\$ 2,287,027	\$ 2,516,876	\$ 2,622,772
Contributions in relation to the actuarially determined contribution	<u>1,015,760</u>	<u>889,997</u>	<u>963,832</u>	<u>995,810</u>	<u>779,810</u>	<u>633,104</u>	<u>805,378</u>
Contribution deficiency (excess)	<u>\$ 1,221,214</u>	<u>\$ 1,882,752</u>	<u>\$ 2,274,800</u>	<u>\$ 1,533,780</u>	<u>\$ 1,507,217</u>	<u>\$ 1,883,772</u>	<u>\$ 1,817,394</u>
Covered employee payroll	\$ 24,556,038	\$ 21,651,307	\$ 21,536,660	\$ 20,953,271	\$ 20,813,862	\$ 20,168,260	\$ 18,879,190
Contributions as a percentage of covered employee payroll	4.14%	4.11%	4.48%	4.75%	3.75%	3.14%	4.27%

Schedule of Investment Returns

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money weighted rate of return, net of investment expense	10.53%	14.67%	-14.51%	7.69%	Not Applicable	Not Applicable	Not Applicable

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue Funds				
	Cable Television <u>Fund</u>	Community Development <u>Block Grant Fund</u>	Conservation Commission <u>Fund</u>	Fire Outside <u>Detail Fund</u>	Police Forfeiture <u>Fund</u>
Assets					
Cash and short-term investments	\$ 508,042	\$ 971	\$ 1,841,381	\$ 23,487	\$ 211,618
Investments	-	-	-	-	-
Accounts receivable, net	146,594	-	-	17,287	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	6,750
Total Assets	<u>654,636</u>	<u>971</u>	<u>1,841,381</u>	<u>40,774</u>	<u>218,368</u>
Liabilities					
Accounts payable	\$ 6,918	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	6,847	-	-	1,801	-
Unearned revenue	-	-	-	-	-
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>13,765</u>	<u>-</u>	<u>-</u>	<u>1,801</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	971	1,841,381	-	218,368
Committed	<u>640,871</u>	<u>-</u>	<u>-</u>	<u>38,973</u>	<u>-</u>
Total Fund Balances	<u>640,871</u>	<u>971</u>	<u>1,841,381</u>	<u>38,973</u>	<u>218,368</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>654,636</u>	<u>971</u>	<u>1,841,381</u>	<u>40,774</u>	<u>218,368</u>

(continued)

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

(continued)

Special Revenue Funds						
	Grants and Donations <u>Fund</u>	Library <u>Fund</u>	Police Outside <u>Detail Fund</u>	Impact Fees <u>Fund</u>	Recreation <u>Fund</u>	
Assets						
Cash and short-term investments	\$ 1,894,444	\$ 85,577	\$ 549,978	\$ 5,298,201	\$ 207,397	
Investments	-	-	-	-	-	
Accounts receivable, net	-	-	241,273	-	-	
Due from other governments	194,718	-	-	-	-	
Due from other funds	52,407	-	-	-	-	
Total Assets	\$ 2,141,569	\$ 85,577	\$ 791,251	\$ 5,298,201	\$ 207,397	
Liabilities						
Accounts payable	\$ 185,138	\$ -	\$ -	\$ -	\$ 108	
Accrued liabilities	-	-	36,944	-	-	
Unearned revenue	573,312	-	-	-	-	
Retainage payable	-	-	-	-	-	
Due to other funds	-	-	-	64,405	-	
Total Liabilities	758,450	-	36,944	64,405	108	
Fund Balances						
Nonspendable	-	-	-	-	-	
Restricted	1,383,119	85,577	-	-	-	
Committed	-	-	754,307	5,233,796	207,289	
Total Fund Balances	1,383,119	85,577	754,307	5,233,796	207,289	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,141,569	\$ 85,577	\$ 791,251	\$ 5,298,201	\$ 207,397	

(continued)

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

(continued)

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>			
	Total Nonmajor Special Revenue Funds	Road Projects Fund	Other Capital Project Funds	Total Nonmajor Capital Projects Funds	Permanent Funds
Assets					
Cash and short-term investments	\$ 10,621,096	\$ 447,920	\$ 6,816,705	\$ 7,264,625	\$ 53,002
Investments	-	-	-	-	797,589
Accounts receivable, net	405,154	-	-	-	-
Due from other governments	194,718	-	418,774	418,774	-
Due from other funds	59,157	150,028	64,831	214,859	-
Total Assets	\$ 11,280,125	\$ 597,948	\$ 7,300,310	\$ 7,898,258	\$ 850,591
Liabilities					
Accounts payable	\$ 192,164	\$ 76,336	\$ 584,011	\$ 660,347	\$ -
Accrued liabilities	45,592	-	-	-	-
Unearned revenue	573,312	-	-	-	-
Retainage payable	-	157,440	197,192	354,632	-
Due to other funds	64,405	-	-	-	-
Total Liabilities	875,473	233,776	781,203	1,014,979	-
Fund Balances					
Nonspendable	-	-	-	-	605,938
Restricted	3,529,416	364,172	6,519,107	6,883,279	244,653
Committed	6,875,236	-	-	-	-
Total Fund Balances	10,404,652	364,172	6,519,107	6,883,279	850,591
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,280,125	\$ 597,948	\$ 7,300,310	\$ 7,898,258	\$ 850,591

(continued)

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

(continued)

	Grand Total Nonmajor Governmental Funds
Assets	
Cash and short-term investments	\$ 17,938,723
Investments	797,589
Accounts receivable, net	405,154
Due from other governments	613,492
Due from other funds	<u>274,016</u>
Total Assets	<u>\$ 20,028,974</u>
Liabilities	
Accounts payable	\$ 852,511
Accrued liabilities	45,592
Unearned revenue	573,312
Retainage payable	354,632
Due to other funds	<u>64,405</u>
Total Liabilities	1,890,452
Fund Balances	
Nonspendable	605,938
Restricted	10,657,348
Committed	<u>6,875,236</u>
Total Fund Balances	<u>18,138,522</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,028,974</u>

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

Special Revenue Funds						
	Cable Television Fund	Community Development Block Grant Fund	Conservation Commission Fund	Fire Outside Detail Fund	Police Forfeiture Fund	
Revenues						
Property taxes	\$ -	\$ -	\$ 24,550	\$ -	\$ -	\$ -
Licenses and permits	- -	- -	- -	- -	- -	- -
Intergovernmental	- -	147,103	- -	- -	- -	- -
Charges for services	- -	- -	- -	150,926	- -	- -
Investment income	9,791	- -	87,014	1,233	25	25
Other	<u>600,969</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>95,323</u>
Total Revenues	610,760	147,103	111,564	152,159	95,348	
Expenditures						
General government	473,242	136,050	- -	- -	- -	- -
Public safety	- -	- -	- -	146,639	45,801	45,801
Highways and streets	- -	- -	- -	- -	- -	- -
Sanitation	- -	- -	- -	- -	- -	- -
Culture and recreation	- -	- -	- -	- -	- -	- -
Conservation	- -	- -	17,723	- -	- -	- -
Capital outlay	<u>- -</u>	<u>10,280</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total Expenditures	<u>473,242</u>	<u>146,330</u>	<u>17,723</u>	<u>146,639</u>	<u>45,801</u>	
Excess (deficiency) of revenues over expenditures	137,518	773	93,841	5,520	49,547	
Other Financing Sources (Uses)						
Issuance of bonds	- -	- -	- -	- -	- -	- -
Bond premiums	- -	- -	- -	- -	- -	- -
Transfers in	- -	- -	- -	- -	- -	- -
Transfers out	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total Other Financing Sources (Uses)	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Change in Fund Balance	137,518	773	93,841	5,520	49,547	
Fund Balance, at Beginning of Year	<u>503,353</u>	<u>198</u>	<u>1,747,540</u>	<u>33,453</u>	<u>168,821</u>	
Fund Balance, at End of Year	<u>\$ 640,871</u>	<u>\$ 971</u>	<u>\$ 1,841,381</u>	<u>\$ 38,973</u>	<u>\$ 218,368</u>	

(continued)

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

(continued)

	Special Revenue Funds				
	Grants and Donations <u>Fund</u>	Library <u>Fund</u>	Police Outside <u>Detail</u> <u>Fund</u>	Impact Fees <u>Fund</u>	Recreation <u>Fund</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	- -	- -	- -	775,796	- -
Intergovernmental	1,735,407	- -	- -	- -	- -
Charges for services	- -	- -	1,615,665	- -	291,353
Investment income	- 299	299	13,553	- -	2,824
Other	<u>317,011</u>	<u>11,280</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	2,052,418	11,579	1,629,218	775,796	294,177
Expenditures					
General government	352,152	- -	- -	- -	- -
Public safety	810,149	- -	1,645,306	32,160	- -
Highways and streets	(739)	- -	- -	25,919	- -
Sanitation	88,061	- -	- -	- -	- -
Culture and recreation	74,506	12,017	- -	- -	260,442
Conservation	- -	- -	- -	- -	- -
Capital outlay	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total Expenditures	<u>1,324,129</u>	<u>12,017</u>	<u>1,645,306</u>	<u>58,079</u>	<u>260,442</u>
Excess (deficiency) of revenues over expenditures	728,289	(438)	(16,088)	717,717	33,735
Other Financing Sources (Uses)					
Issuance of bonds	- -	- -	- -	- -	- -
Bond premiums	- -	- -	- -	- -	- -
Transfers in	307,661	- -	- -	- -	- -
Transfers out	<u>(740)</u>	<u>- -</u>	<u>- -</u>	<u>(702,302)</u>	<u>- -</u>
Total Other Financing Sources (Uses)	<u>306,921</u>	<u>- -</u>	<u>- -</u>	<u>(702,302)</u>	<u>- -</u>
Change in Fund Balance	1,035,210	(438)	(16,088)	15,415	33,735
Fund Balance, at beginning of year	<u>347,909</u>	<u>86,015</u>	<u>770,395</u>	<u>5,218,381</u>	<u>173,554</u>
Fund Balance, at end of year	<u>\$ 1,383,119</u>	<u>\$ 85,577</u>	<u>\$ 754,307</u>	<u>\$ 5,233,796</u>	<u>\$ 207,289</u>

(continued)

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

(continued)

	<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>		
	Total Nonmajor Special Revenue Funds	Road Projects Fund	Other Capital Project Funds	Total Nonmajor Capital Projects Funds	Permanent Funds
Revenues					
Property taxes	\$ 24,550	\$ -	\$ -	\$ -	\$ -
Licenses and permits	775,796	-	-	-	-
Intergovernmental	1,882,510	-	427,852	427,852	-
Charges for services	2,057,944	-	-	-	-
Investment income	114,739	-	49,754	49,754	107,652
Other	<u>1,024,583</u>	<u>5,600</u>	<u>-</u>	<u>5,600</u>	<u>3,380</u>
Total Revenues	5,880,122	5,600	477,606	483,206	111,032
Expenditures					
General government	961,444	-	-	-	6,805
Public safety	2,680,055	-	-	-	-
Highways and streets	25,180	3,615,466	-	3,615,466	-
Sanitation	88,061	-	-	-	-
Culture and recreation	346,965	-	-	-	-
Conservation	17,723	-	-	-	-
Capital outlay	<u>10,280</u>	<u>-</u>	<u>3,984,019</u>	<u>3,984,019</u>	<u>-</u>
Total Expenditures	4,129,708	3,615,466	3,984,019	7,599,485	6,805
Excess (deficiency) of revenues over expenditures	1,750,414	(3,609,866)	(3,506,413)	(7,116,279)	104,227
Other Financing Sources (Uses)					
Issuance of bonds	-	-	8,000,000	8,000,000	-
Bond premiums	-	-	682,424	682,424	-
Transfers in	307,661	3,741,651	386,598	4,128,249	-
Transfers out	<u>(703,042)</u>	<u>-</u>	<u>(6,179)</u>	<u>(6,179)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(395,381)</u>	<u>3,741,651</u>	<u>9,062,843</u>	<u>12,804,494</u>	<u>-</u>
Change in Fund Balance	1,355,033	131,785	5,556,430	5,688,215	104,227
Fund Balance, at beginning of year	9,049,619	232,387	962,677	1,195,064	746,364
Fund Balance, at end of year	<u>\$ 10,404,652</u>	<u>\$ 364,172</u>	<u>\$ 6,519,107</u>	<u>\$ 6,883,279</u>	<u>\$ 850,591</u>

(continued)

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2024

(continued)

	Grand Total Nonmajor Governmental <u>Funds</u>
Revenues	
Property taxes	\$ 24,550
Licenses and permits	775,796
Intergovernmental	2,310,362
Charges for services	2,057,944
Investment income	272,145
Other	<u>1,033,563</u>
Total Revenues	6,474,360
Expenditures	
General government	968,249
Public safety	2,680,055
Highways and streets	3,640,646
Sanitation	88,061
Culture and recreation	346,965
Conservation	17,723
Capital outlay	<u>3,994,299</u>
Total Expenditures	<u>11,735,998</u>
Excess (deficiency) of revenues over expenditures	(5,261,638)
Other Financing Sources (Uses)	
Issuance of bonds	8,000,000
Bond premiums	682,424
Transfers in	4,435,910
Transfers out	(709,221)
Total Other Financing Sources (Uses)	<u>12,409,113</u>
Change in Fund Balance	7,147,475
Fund Balance, at beginning of year	<u>10,991,047</u>
Fund Balance, at end of year	\$ <u>18,138,522</u>

See independent auditors' report.

TOWN OF SALEM, NH

Combining Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Custodial Funds				
	<u>Taxes</u>	<u>Trust Funds</u>	<u>School Impact Fees</u>	<u>Developer Escrows</u>	<u>Motor Vehicle Registrations</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets					
Cash and short-term investments	\$ -	\$ 292,141	\$ 2,357,110	\$ 1,198,668	\$ -
Due from primary government	<u>35,806,809</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	35,806,809	292,141	2,357,110	1,198,668	-
Liabilities					
Due to school district	\$ 35,806,809	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>35,806,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Restricted for individuals, organizations, and other governments	\$ -	\$ 292,141	\$ 2,357,110	\$ 1,198,668	\$ -
Total Net Position	<u>\$ -</u>	<u>\$ 292,141</u>	<u>\$ 2,357,110</u>	<u>\$ 1,198,668</u>	<u>\$ -</u>

(continued)

See independent auditors' report.

TOWN OF SALEM, NH

Combining Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

(continued)

	<u>Custodial Funds</u>
	<u>Total</u>
	<u>Custodial</u>
	<u>Funds</u>
Assets	
Cash and short-term investments	\$ 3,847,919
Other	<u>35,806,809</u>
Total Assets	39,654,728
Liabilities	
Other liabilities	\$ <u>35,806,809</u>
Total Liabilities	<u>35,806,809</u>
Net Position	
Restricted for individuals, organizations, and other governments	\$ <u>3,847,919</u>
Total Net Position	<u>3,847,919</u>

See independent auditors' report.

TOWN OF SALEM, NH

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024

Custodial Funds						
	<u>Taxes</u>	<u>Trust Funds</u>	<u>School Impact Fees</u>	<u>Developer Escrows</u>	<u>Motor Vehicle Registrations</u>	
Additions						
Taxes collected for school district	\$ 74,306,809	\$ -	\$ -	\$ -	\$ -	- -
Taxes collected for County of Rockingham	4,895,532	- -	- -	- -	- -	- -
Fees collected for State of New Hampshire	- -	- -	- -	- -	- -	2,207,350
Fees collected for school district	- -	- -	269,657	- -	- -	- -
Investment income	- -	271	- -	- -	- -	- -
Other	- -	38,462	- -	283,903	- -	- -
Total Additions	<u>79,202,341</u>	<u>38,733</u>	<u>269,657</u>	<u>283,903</u>	<u>2,207,350</u>	
Deductions						
Payment of taxes to school district	74,306,809	- -	- -	- -	- -	- -
Payment of taxes to County of Rockingham	4,895,532	- -	- -	- -	- -	- -
Payment of fees to State of New Hampshire	- -	- -	- -	- -	- -	2,207,350
Payment on behalf of School District	- -	- -	875,000	- -	- -	- -
Other	- -	- -	- -	149,784	- -	- -
Total Deductions	<u>79,202,341</u>	<u>- -</u>	<u>875,000</u>	<u>149,784</u>	<u>2,207,350</u>	
Change in Net Position	- -	38,733	(605,343)	134,119	- -	- -
Restricted Net Position						
Beginning of year	- -	253,408	2,962,453	1,064,549	- -	- -
End of year	<u>\$ - -</u>	<u>\$ 292,141</u>	<u>\$ 2,357,110</u>	<u>\$ 1,198,668</u>	<u>\$ - -</u>	<u>\$ - -</u>

(continued)

See independent auditors' report.

TOWN OF SALEM, NEW HAMPSHIRE

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024

(continued)

Custodial Funds

	<u>Total</u> <u>Custodial</u> <u>Funds</u>
Additions	
Taxes collected for school district	\$ 74,306,809
Taxes collected for County of Rockingham	4,895,532
Fees collected for State of New Hampshire	2,207,350
Fees collected for school district	269,657
Investment income	271
Other	<u>322,365</u>
Total Additions	82,001,984
Deductions	
Payment of taxes to school district	74,306,809
Payment of taxes to County of Rockingham	4,895,532
Payment of fees to State of New Hampshire	2,207,350
Payment on behalf of School District	875,000
Other	<u>149,784</u>
Total Deductions	<u>82,434,475</u>
Change in Net Position	(432,491)
Restricted Net Position	
Beginning of year	<u>4,280,410</u>
End of year	\$ <u>3,847,919</u>

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