

TOWN OF SALEM, NEW HAMPSHIRE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024



TOWN OF SALEM, NEW HAMPSHIRE

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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 | 81,966 | 80,530 | 49,650 | 48,529 |
| 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 | 92,581 | 90,034 | 8,268 | 9,644 |
| 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 | (46,616) | (53,325) | 6,424 | 8,294 |
| Total Net Position | \$ 32,557 | \$ 27,128 | \$ 48,575 | \$ 47,945 |

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 | <u>63,785</u> | <u>57,750</u> | <u>10,200</u> | <u>10,347</u> |
| 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 | <u>58,506</u> | <u>54,396</u> | <u>9,420</u> | <u>7,574</u> |
| Excess, Before Transfers | 5,279 | 3,354 | 780 | 2,773 |
| Transfers In (Out) | <u>150</u> | <u>-</u> | <u>(150)</u> | <u>-</u> |
| Change in Net Position | 5,429 | 3,354 | 630 | 2,773 |
| Net Position - Beginning of Year | <u>27,128</u> | <u>23,774</u> | <u>47,945</u> | <u>45,172</u> |
| Net Position - End of Year | <u><u>\$ 32,557</u></u> | <u><u>\$ 27,128</u></u> | <u><u>\$ 48,575</u></u> | <u><u>\$ 47,945</u></u> |

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)

| | Governmental <u>Activities</u> | Business- Type <u>Activities</u> | Government- Wide <u>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 |
|---------------------------------|----------------------|-------------------------|--|--|---------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| | <u>Expenses</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)

| | Governmental <u>Activities</u> | Business-Type <u>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><u>32,556,641</u></u> | \$ <u><u>48,574,796</u></u> | \$ <u><u>81,131,437</u></u> |

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

TOWN OF SALEM, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
December 31, 2024

| | General <u>Fund</u> | Nonmajor Governmental <u>Funds</u> | Total Governmental <u>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 | 4,070,647 | - | 4,070,647 |
| 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><u>\$ 32,556,641</u></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 <u>Fund</u> | Nonmajor Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|--|------------------------|--|---------------------------------------|
| 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 | 2,340,548 | 3,994,299 | 6,334,847 |
| 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

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 | <u>10,797</u> | <u>9,028</u> | <u>19,825</u> |
| 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 | Total |
| 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><u>32,036,651</u></u> | \$ <u><u>16,538,145</u></u> | \$ <u><u>48,574,796</u></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 | <u>-</u> | <u>65,872</u> | <u>65,872</u> |
| 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 | <u>40,320</u> | <u>198,823</u> | <u>239,143</u> |
| 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

| | Private Purpose Trust <u>Funds</u> | OPEB Trust <u>Fund</u> | Custodial <u>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><u>2,109,809</u></u> | \$ <u><u>286,870</u></u> | \$ <u><u>3,847,919</u></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 ("NHDPID"), 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><u>\$ 3,292,885</u></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</u> |
|---------------------------|---------------|---------------------|
| | | <u>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</u> |
|--------------------------|---------------|--------------------|
| | | <u>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 Maturities (in Years) |
|---------------------------|---------------|-------------------------------------|
| | | <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 (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| 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>-</u> | <u>-</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 Amount</u> | <u>Current Portion</u> | <u>Long- Term 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>\$ 3,448,044</u> | <u>\$ 3,291,959</u> | <u>\$ 156,085</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>Gross Amount</u> | <u>Allowance for Doubtful Accounts</u> | <u>Net Amount</u> |
|-------|-------------------------|--|-----------------------|
| Water | \$ 583,424 | \$ 34,249 | \$ 549,175 |
| Sewer | <u>519,136</u> | <u>31,034</u> | <u>488,102</u> |
| | <u>\$ 1,102,560</u> | <u>\$ 65,283</u> | <u>\$ 1,037,277</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 | \$ <u>37,510</u> | \$ <u>209,611</u> |
| Nonmajor Governmental Funds: | | |
| Special Revenue Funds | 59,157 | 64,405 |
| Capital Project Funds | <u>214,859</u> | <u>-</u> |
| 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>-</u> | <u>37,510</u> |
| | \$ <u><u>311,526</u></u> | \$ <u><u>311,526</u></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><u>4,318,965</u></u> | \$ <u><u>4,318,965</u></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):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-----------|------------|-------------------|
| Governmental Activities | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 14,195 | \$ - | \$ - | \$ 14,195 |
| Construction in progress | 6,613 | 4,830 | (4,675) | 6,768 |
| 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 | 221,334 | 7,794 | (2,955) | 226,173 |
| 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 | (173,800) | (6,445) | 2,905 | (177,340) |
| Total Accumulated Depreciation | (191,193) | (8,046) | 3,157 | (196,082) |
| Capital Assets, Being Depreciated, Net | 59,722 | 1,331 | (50) | 61,003 |
| Governmental Activities Capital Assets, Net | \$ 80,530 | \$ 6,161 | \$ (4,725) | \$ 81,966 |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Business-Type Activities | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 350 | \$ - | \$ - | \$ 350 |
| Intangible assets | 1,071 | - | - | 1,071 |
| Construction in progress | 4,897 | 2,574 | - | 7,471 |
| 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 | 53,666 | 143 | - | 53,809 |
| 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 | (16,068) | (1,089) | - | (17,157) |
| Total Accumulated Depreciation | (20,828) | (1,773) | - | (22,601) |
| Capital Assets, Being Depreciated, Net | 42,211 | (1,453) | - | 40,758 |
| Business-Type Activities Capital Assets, Net | \$ 48,529 | \$ 1,121 | \$ - | \$ 49,650 |

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:

| | Issuance <u>Date</u> | Maturity <u>Date</u> | Interest <u>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 | <u>87,331</u> |
| Total Business-Type Activities | | | | <u>\$ 5,423,331</u> |

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

| | Beginning <u>Balance</u> | <u>New Issue</u> | <u>Rollover</u> | <u>Paydown</u> | Long-term <u>Financing</u> | Ending <u>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 | <u>5,353</u> | <u>-</u> | <u>-</u> | <u>(17)</u> | <u>-</u> | <u>5,423</u> |
| | <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) | | | | | <u>2,208,913</u> |
| 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) | | | | | <u>4,225,248</u> |
| 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

| | <u>Bonds</u> | | <u>Loan Payable (Direct Borrowing)</u> | | <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 | 2,607,501 | 273,000 | 66,019 | 1,320 | 2,947,840 |
| | <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

| | <u>Bonds</u> | | <u>Loan Payable (Direct Borrowing)</u> | | <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 | - | - | 264,086 | 5,282 | 269,368 |
| | <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 Balance | Additions | Reductions | Ending Balance | 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> |

| | Beginning Balance | Additions | Reductions | Ending Balance | Less Current Portion | Equals Long-Term Portion |
|-------------------------------------|----------------------|-------------|-------------------|-------------------|----------------------------|--------------------------------|
| 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 <u>Fund</u> | Nonmajor Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|----------------------------------|------------------------|--|---------------------------------------|
| Nonspendable | | | |
| Prepaid items | \$ 302,453 | \$ - | \$ 302,453 |
| Properties held for resale | 97,438 | - | 97,438 |
| Permanent funds | <u>-</u> | <u>605,938</u> | <u>605,938</u> |
| 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 | <u>1,334,000</u> | <u>-</u> | <u>1,334,000</u> |
| 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 | <u>672,315</u> | <u>-</u> | <u>672,315</u> |
| 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 | <u>429,983</u> | <u>-</u> | <u>429,983</u> |
| Total Assigned | 3,471,187 | - | 3,471,187 |
| Unassigned | | | |
| General Fund | <u>17,305,109</u> | <u>-</u> | <u>17,305,109</u> |
| Total Unassigned | <u>17,305,109</u> | <u>-</u> | <u>17,305,109</u> |
| | <u>\$ 26,892,509</u> | <u>\$ 18,138,522</u> | <u>\$ 45,031,031</u> |

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:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>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 | - | 2,012,413 |
| | <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:

Year Ended June 30:

| | |
|------|-----------------------|
| 2024 | \$ (2,074,166) |
| 2025 | 1,577,492 |
| 2026 | (967,001) |
| 2027 | (710,614) |
| | <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 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:

| 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|---------------------------|--|---------------------------|
| \$ 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 | <u>248</u> |
| | <u><u>312</u></u> |

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 | 20.00% | 5.10% |
| | <u>100.00%</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>\$ 26,201,914</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) | | |
|----------------------------|----------------------|-------------------|----------------------|
| | Total OPEB | Plan | Net OPEB |
| | Liability | Fiduciary | Liability |
| | (a) | Net Position | (a) - (b) |
| | | (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 | Discount Rate | Increase |
| <u>(3.09%)</u> | <u>(4.09%)</u> | <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 | Healthcare Cost | Increase |
| <u>(7.00%)</u> | Trend Rates | <u>(9.00%)</u> |
| <u>(8.00%)</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:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>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:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> |
|---|---|--|
| Contributions subsequent to the measurement date | \$ 200,267 | \$ - |
| Net difference between projected and actual earnings on OPEB investments | <u>-</u> | <u>826</u> |
| | <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 | <u>(1,550)</u> |
| | <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% Decrease <u>(5.75%)</u> | Discount Rate <u>(6.75%)</u> | 1% Increase <u>(7.75%)</u> |
|----------------------------------|------------------------------------|----------------------------------|
| \$ 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/Net OPEB <u>Liability</u> | Total Deferred Outflows of <u>Resources</u> | Total Deferred Inflows of <u>Resources</u> | OPEB <u>Expense</u> |
|---|---------------------------------------|--|---|------------------------|
| 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:

| | <u>Amount</u> | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> |
|-------------------------|------------------------|--------------------------|-----------------------|--------------------------|
| 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</u> | <u>Variance with</u> |
|--|-------------------------|--------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| | <u>Budget</u> | <u>Budget</u> | <u>Amounts</u> | <u>Positive</u> |
| | | | | <u>(Negative)</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 | | | | | | |
|---------------------------------|---------------------|--|---|-----------------|---|---|
| Calendar Year | Measurement Date | Proportion of the Net Pension Liability | Proportionate Share of the Net Pension Liability | Covered Payroll | Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position Percentage of the Total Pension Liability |
| 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 Year | Measurement Date | Contributions in Relation to the | | | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------------|---------------------|---|---|--|--------------------|--|
| | | Actuarially Determined Contribution | Actuarially Determined Contribution | Contribution Deficiency (Excess) | | |
| 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> | <u>Proportion of the Net OPEB Liability</u> | <u>Proportionate Share of the Net OPEB Liability</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Net OPEB liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u> |
| 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> | <u>Contractually Required Contribution</u> | <u>Contributions Relative to Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as a Percentage of Covered Employee Payroll</u> |
| 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 | <u>\$ 26,201,914</u> | <u>\$ 28,919,088</u> | <u>\$ 34,804,807</u> | <u>\$ 45,945,045</u> | <u>\$ 37,569,500</u> | <u>\$ 32,369,229</u> | <u>\$ 31,346,357</u> |
| 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 Fund | Community Development Block Grant Fund | Conservation Commission Fund | Fire Outside Detail Fund | Police Forfeiture Fund |
| 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 | 13,765 | - | - | 1,801 | - |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | 971 | 1,841,381 | - | 218,368 |
| Committed | 640,871 | - | - | 38,973 | - |
| 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 Fund | Library Fund | Police Outside Detail Fund | Impact Fees Fund | Recreation Fund |
| 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 | <u>\$ 2,141,569</u> | <u>\$ 85,577</u> | <u>\$ 791,251</u> | <u>\$ 5,298,201</u> | <u>\$ 207,397</u> |
| 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 | <u>1,383,119</u> | <u>85,577</u> | <u>754,307</u> | <u>5,233,796</u> | <u>207,289</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 2,141,569</u> | <u>\$ 85,577</u> | <u>\$ 791,251</u> | <u>\$ 5,298,201</u> | <u>\$ 207,397</u> |

(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 | <u>59,157</u> | <u>150,028</u> | <u>64,831</u> | <u>214,859</u> | <u>-</u> |
| Total Assets | \$ <u>11,280,125</u> | \$ <u>597,948</u> | \$ <u>7,300,310</u> | \$ <u>7,898,258</u> | \$ <u>850,591</u> |
| 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 | <u>64,405</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 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 | <u>6,875,236</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>10,404,652</u> | <u>364,172</u> | <u>6,519,107</u> | <u>6,883,279</u> | <u>850,591</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ <u>11,280,125</u> | \$ <u>597,948</u> | \$ <u>7,300,310</u> | \$ <u>7,898,258</u> | \$ <u>850,591</u> |

(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 <u>Fund</u> | Community Development Block Grant <u>Fund</u> | Conservation Commission <u>Fund</u> | Fire Outside Detail <u>Fund</u> | Police Forfeiture <u>Fund</u> |
| 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 |
| Other | 600,969 | - | - | - | 95,323 |
| | <u>610,760</u> | <u>147,103</u> | <u>111,564</u> | <u>152,159</u> | <u>95,348</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 |
| Highways and streets | - | - | - | - | - |
| Sanitation | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Conservation | - | - | 17,723 | - | - |
| Capital outlay | - | 10,280 | - | - | - |
| | <u>473,242</u> | <u>146,330</u> | <u>17,723</u> | <u>146,639</u> | <u>45,801</u> |
| Total Expenditures | 473,242 | 146,330 | 17,723 | 146,639 | 45,801 |
| 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> |
| Total Other Financing Sources (Uses) | - | - | - | - | - |
| Change in Fund Balance | 137,518 | 773 | 93,841 | 5,520 | 49,547 |
| Fund Balance, at Beginning of Year | 503,353 | 198 | 1,747,540 | 33,453 | 168,821 |
| 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 Detail <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 | 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 | <u>4,129,708</u> | <u>3,615,466</u> | <u>3,984,019</u> | <u>7,599,485</u> | <u>6,805</u> |
| 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 | <u>9,049,619</u> | <u>232,387</u> | <u>962,677</u> | <u>1,195,064</u> | <u>746,364</u> |
| 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><u>\$ 18,138,522</u></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> |
| 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> |
| Total Assets | 35,806,809 | 292,141 | 2,357,110 | 1,198,668 | - |
| Liabilities | | | | | |
| Due to school district | \$ <u>35,806,809</u> | \$ - | \$ - | \$ - | \$ - |
| Total Liabilities | <u>35,806,809</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Position | | | | | |
| Restricted for individuals, organizations, and other governments | \$ - | \$ <u>292,141</u> | \$ <u>2,357,110</u> | \$ <u>1,198,668</u> | \$ - |
| 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> |
|---|-----------------------------|
| | Total Custodial Funds |
| 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><u>\$ 3,847,919</u></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 | 79,202,341 | 38,733 | 269,657 | 283,903 | 2,207,350 |
| 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 | 79,202,341 | - | 875,000 | 149,784 | 2,207,350 |
| 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 | \$ - | \$ 292,141 | \$ 2,357,110 | \$ 1,198,668 | \$ - |

(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)

| | <u>Custodial Funds</u> |
|---|------------------------------------|
| | Total Custodial <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> |

See independent auditors' report.