

TOWN OF STRATHAM



TOWN OF STRATHAM, NEW HAMPSHIRE

Financial Statements

December 31, 2024

and

Independent Auditor's Report

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Stratham, New Hampshire

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Stratham, 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 of Stratham, New Hampshire's basic financial statements as listed in the table of contents.

Summary of Opinions:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Permanent Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Stratham, New Hampshire, as of December 31, 2024, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

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

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Stratham, New Hampshire, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability, deferred outflows of resources, or deferred inflows of resources for the Town's single employer other post-employment benefits plan in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, deferred outflows and deferred inflows of resources, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, deferred outflows and deferred inflows of resources, net position, and expenses of the governmental activities is not reasonably determinable.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Stratham, New Hampshire's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Stratham, New Hampshire's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stratham, New Hampshire's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vashon Clubay & Company PC

Manchester, New Hampshire

January 6, 2026

**TOWN OF STRATHAM, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2024**

Presented here is the Management Discussion & Analysis Report for the Town of Stratham, NH, for the year ending December 31, 2024. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Select Board. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. We report this data in a manner designed to present fairly the Town's financial position and the results of operations of the various Town funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

The Select Board are responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). The Select Board also strives to put these assets to good and effective use. We designed the Town's internal control structure to provide reasonable assurances that we attain these objectives.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Town of Stratham using the integrated approach prescribed by Governmental Accounting Standards Board (GASB) Statement 34.

It is our intention that this discussion and analysis serve as an introduction to the Town's financial statements. The financial statements are comprised of the following three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Town's finances, in a manner similar to most private-sector companies.

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. We take all of the current year's revenues and expenses into account regardless of when we receive cash in or pay cash out.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. One can divide all the funds of the Town into two categories: governmental funds and fiduciary funds.

**TOWN OF STRATHAM, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2024**

We use governmental funds 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 government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Position and Statement of Activities.

The Town maintains numerous individual governmental funds. We present information separately in the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the Town's major funds, which consist of the General Fund and Permanent Funds. We combine data from all other governmental funds into a single, aggregate presentation.

The Town adopts an annual appropriation budget for its governmental funds. We provide a budgetary comparison for the General Fund to demonstrate compliance with this budget. The Town's only major governmental fund with an adopted budget for the year ending December 31, 2023 was the General Fund.

Fiduciary funds are used to account for resources held for the benefit of parties other than 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 programs of the Town of Stratham. The Town's fiduciary funds consist of both private-purpose trust funds and custodial funds.

Notes to the Basic 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

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund, the Town's only major governmental fund with an adopted budget, and includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. Also, as required, this section also includes a schedule of changes in the Town's proportionate share of the net pension liability, a schedule of Town pension contributions, a schedule of changes in the Town's proportionate share of the net OPEB liability and a schedule of Town OPEB contributions.

Other Supplementary Information

Other supplementary information includes combining financial statements for the nonmajor governmental funds.

**TOWN OF STRATHAM, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2024**

Government-Wide Financial Analysis

Statement of Net Position

Net Position of the Town of Stratham as of December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Capital assets, net	\$ 28,040,750	\$ 27,615,142
Other assets	<u>11,038,466</u>	<u>11,295,723</u>
Total Assets	<u>39,079,216</u>	<u>38,910,865</u>
 Total Deferred Outflows of Resources	 <u>494,659</u>	 <u>814,183</u>
 Long-term liabilities	 6,705,598	 8,080,019
Other liabilities	<u>558,121</u>	<u>831,551</u>
Total Liabilities	<u>7,263,719</u>	<u>8,911,570</u>
 Total Deferred Inflows of Resources	 <u>561,748</u>	 <u>159,536</u>
 Net Position:		
Net investment in capital assets	26,093,378	25,037,793
Restricted	2,018,137	1,851,656
Unrestricted	<u>3,636,893</u>	<u>3,764,493</u>
Total Net Position	<u>\$ 31,748,408</u>	<u>\$ 30,653,942</u>

Statement of Activities

Changes in net position for the years ending December 31, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Revenues		
Program Revenues:		
Charges for services	\$ 800,635	\$ 842,856
Operating grants and contributions	449,371	302,629
Capital grants and contributions	249,020	
General Revenues:		
Property and other taxes	5,086,709	4,400,067
Licenses and permits	2,478,639	2,474,736
Grants and contributions	763,319	735,211
Interest and investment earnings	672,385	518,629
Miscellaneous	<u>383,491</u>	<u>377,055</u>
Total Revenues	<u>10,883,569</u>	<u>9,651,183</u>

**TOWN OF STRATHAM, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2024**

Expenses		
General government	3,117,365	2,903,683
Public safety	2,433,373	2,218,791
Highways and streets	1,423,707	1,334,043
Sanitation	1,144,688	1,301,059
Health and welfare	91,844	90,554
Culture and recreation	1,401,678	1,329,814
Conservation	12,605	9,431
Interest and fiscal charges	45,992	64,294
Total Expenses	<u>9,671,252</u>	<u>9,251,669</u>
Change in net position before gain on disposal of capital asset	1,212,317	399,514
Gain on disposal of capital asset	<u>20,000</u>	<u>-</u>
Change in Net Position	1,232,317	403,864
Net Position - beginning of year	<u>30,516,091</u>	<u>30,250,078</u>
Net Position - end of year	<u>\$ 31,748,408</u>	<u>\$ 30,653,942</u>
Impact of restatement		(137,851)
Net Position - end of year, as restated		<u>\$ 30,516,091</u>

Town of Stratham Activities

As shown in the above statement, there was an increase in the Town's total net position of \$1,232,317. This increase is primarily attributable to overall revenues in excess of expenses resulting from funds raised in support of multi-year non-lapsing appropriations, general revenues in excess of estimates and conservative spending.

The General Fund ended the year with an unassigned budgetary basis fund balance of \$3,059,782 or 31% of total current year General Fund actual appropriations (not including School District and County payments). Looking at the General Fund fund balance based solely on the budget (Schedule 1 – Budgetary Basis), total fund balance increased \$61,220 from the prior year.

The fund balance of the Permanent Funds increased by a total of \$136,384 from the prior year..

The fund balances of the Nonmajor Governmental Funds decreased by a total of (\$173,005) from the prior year, primarily as a result of expenditures in the EMS fund in excess of the revenues.

Basis for Adverse Opinion on Government Activities: Management Response

The Town of Stratham is required by NH law (NH RSA 100-A:50) to offer the same group health insurance coverage to its retired employees as it does its active employees as part of the same group insurance plan. The Town is not required to pay any amount towards the premiums under this requirement, nor has it ever voluntarily offered to do so. Despite this fact, GASB Statement 75 requires recognition of an imputed premium rate subsidy of the retiree health insurance premiums since they are being offered health insurance coverage at rates below which they could obtain on their own. As a consequence, it has been found that the

**TOWN OF STRATHAM, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2024**

health insurance premiums paid by the Town for its active employees are slightly higher than if the active employees were the only members of the group health insurance plan. In order to measure this rate subsidy in any given year, actuarial studies would have to be conducted to determine the “liability for other post-employment benefits” based on current and future retiree participation.

Management has made the decision that the material measurement of this liability as referenced in Note 2 to the basic financial statements, is not worth the costs associated with conducting such studies given the small number of both active and retired employees associated with the Town. In addition, the Town has mitigated the risk of this theoretical unfunded liability by the funding of an ‘Accrued Benefits Liability Expendable Trust Fund’ earmarked for such post-employment benefits expenses.

General Fund Budgetary Highlights

The Town under-expended its final 2024 appropriations budget by \$167,014 due to conservative spending across departments. Actual revenues and other financing sources exceeded the budget by \$197,713, primarily due to increased licenses and permits and unanticipated intergovernmental grants received.

Carryforward appropriations are classified as committed fund balance in the Town’s governmental funds (see page 3 and 29 respectively) and represent unspent appropriations from warrant articles which are automatically re-appropriated for the Town’s use in the subsequent fiscal year.

Capital Assets

The Town of Stratham considers a capital asset to be an asset whose cost exceeds \$5,000 and which has a useful life of greater than three years. The Town depreciates its assets using the straight-line method over the course of their useful life beginning in the year of acquisition.

The total investment in capital assets for governmental activities at year end amounted to \$28,040,750 (net of accumulated depreciation), an increase of \$425,608 from the previous year. This investment in capital assets includes land, intangible assets, construction in progress, buildings and improvements, land improvements, vehicles and equipment, and infrastructure.

Significant capital assets acquired during the current fiscal year included the roof replacements of the Department of Public Works, Gifford Barn and the Fire Department, as well as the purchase of an Ambulance and an excavator, and the construction in progress related to the Town’s HVAC replacement at the Police Department and the Municipal Center.

Additional information on capital assets can be found in Note 4 of the Basic Financial Statements.

Long-Term Obligations

During the current year, the Town’s bonds payable liability decreased by \$598,444 as a result of scheduled payments made on existing obligations and amortization of the related bond premium. The Town’s financed purchase obligations decreased by \$31,533 as a result of scheduled payments on existing obligations. The Town’s other long-term obligations consist of compensated absences payable which had a net decrease in liability of \$5,849 for the year ended December 31, 2024.

**TOWN OF STRATHAM, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2024**

Under GASB Statement #68 – *Accounting and Financial Reporting for Pensions*, the Town reports a net pension liability, as well as the related deferred outflows and inflows of resources. The Town's portion of the net pension liability as of December 31, 2024 is \$4,266,860.

Under GASB Statement #75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town reports a net OPEB liability, as well as the related deferred outflows and inflows of resources. The Town's portion of the net OPEB liability as of December 31, 2024 is \$277,955.

See Notes 5, 6 and 7 of the Basic Financial Statements, for a summary of all outstanding long-term obligations.

Economic Factors and Future Plans

Long-term Financial Planning

The Town of Stratham maintains a 6-year Capital Improvement Plan. The Planning Board annually reviews, adjusts and updates this plan. The resulting plan receives final review and approval through the presentation and discussion of proposed projects at public meetings of the Planning Board and is presented to the Select Board and Budget Committee as a budget development tool.

Contacting the Town of Stratham's Select Board or Management

This financial report provides our citizens and creditors with a general overview of the Town of Stratham's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report should be addressed to the Finance Administrator or the Select Board, at 10 Bunker Hill Avenue, Stratham, NH 03885 and telephone number (603) 772-7391.

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

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 7,269,176
Investments	3,171,991
Taxes receivable	234,351
Accounts receivable, net	362,948
Total Current Assets	<u>11,038,466</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	12,699,531
Depreciable capital assets, net	15,341,219
Total Noncurrent Assets	<u>28,040,750</u>
Total Assets	<u>39,079,216</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB	16,038
Deferred outflows of resources related to pension	478,621
Total Deferred Outflows of Resources	<u>494,659</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	343,978
Accrued liabilities	180,028
Advances from grantors	34,115
Current portion of bonds payable	325,000
Total Current Liabilities	<u>883,121</u>
Noncurrent Liabilities:	
Bonds payable	1,622,372
Compensated absences payable	213,411
OPEB liability	277,955
Net pension liability	<u>4,266,860</u>
Total Noncurrent Liabilities	<u>6,380,598</u>
Total Liabilities	<u>7,263,719</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	66
Deferred inflows of resources related to pension	561,682
Total Deferred Inflows of Resources	<u>561,748</u>
NET POSITION	
Net investment in capital assets	26,093,378
Restricted	2,018,137
Unrestricted	3,636,893
Total Net Position	<u>\$ 31,748,408</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF STRATHAM, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 3,117,365	\$ 12,738	\$ 69,142	\$ 77,718	\$ (2,957,767)
Public safety	2,433,373	420,622	86,461	111,302	(1,814,988)
Highways and streets	1,423,707		188,402	60,000	(1,175,305)
Sanitation	1,144,688	78,875			(1,065,813)
Health and welfare	91,844				(91,844)
Culture and recreation	1,401,678	288,400	14,391		(1,098,887)
Conservation	12,605		90,975		78,370
Interest and fiscal charges	45,992				(45,992)
Total governmental activities	<u>\$ 9,671,252</u>	<u>\$ 800,635</u>	<u>\$ 449,371</u>	<u>\$ 249,020</u>	<u>(8,172,226)</u>
General revenues:					
Property and other taxes					5,086,709
Licenses and permits					2,478,639
Grants and contributions:					
Rooms and meals tax distribution					763,319
Interest and investment earnings					672,385
Miscellaneous					383,491
Net gain on disposal of capital assets					<u>20,000</u>
Total general revenues and gain on disposal of capital assets					<u>9,404,543</u>
Change in net position					<u>1,232,317</u>
Net Position at beginning of year, as previously reported					30,653,942
Restatement for correction of error					(137,851)
Net Position at beginning of year, as restated					<u>30,516,091</u>
Net Position at end of year					<u>\$ 31,748,408</u>

See accompanying notes to the basic financial statements

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

	General Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,585,687		\$ 1,683,489	\$ 7,269,176
Investments	1,219,377	\$ 1,677,680	274,934	3,171,991
Taxes receivable	234,351			234,351
Accounts receivable, net	206,277		156,671	362,948
Due from other funds	66,988		216,864	283,852
Total Assets	7,312,680	1,677,680	2,331,958	11,322,318
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-		-	-
Total Assets and Deferred Outflows of Resources	\$ 7,312,680	\$ 1,677,680	\$ 2,331,958	\$ 11,322,318
LIABILITIES				
Accounts payable	\$ 333,420		\$ 10,558	\$ 343,978
Accrued liabilities	152,897		1,165	154,062
Due to other funds	216,864		66,988	283,852
Advances from grantors	34,115			34,115
Total Liabilities	737,296	\$ -	78,711	816,007
DEFERRED INFLOWS OF RESOURCES				
Uncollected property taxes	149,638			149,638
Total Deferred Inflows of Resources	149,638	-	-	149,638
FUND BALANCES				
Nonspendable		1,416,426		1,416,426
Restricted	177,888	261,254	162,569	601,711
Committed	2,277,806		2,092,661	4,370,467
Assigned	910,270			910,270
Unassigned (deficit)	3,059,782		(1,983)	3,057,799
Total Fund Balances	6,425,746	1,677,680	2,253,247	10,356,673
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,312,680	\$ 1,677,680	\$ 2,331,958	\$ 11,322,318

See accompanying notes to the basic financial statements

EXHIBIT C-1**TOWN OF STRATHAM, NEW HAMPSHIRE****Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position**

December 31, 2024

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 10,356,673
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	28,040,750
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	149,638
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	16,038
Deferred outflows of resources related to net pension liability	478,621
Deferred inflows of resources related to OPEB liability	(66)
Deferred inflows of resources related to net pension liability	(561,682)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(1,947,372)
Accrued interest on long-term obligations	(25,966)
Compensated absences payable	(213,411)
OPEB liability	(277,955)
Net pension liability	<u>(4,266,860)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 31,748,408</u>

See accompanying notes to the basic financial statements

EXHIBIT D**TOWN OF STRATHAM, NEW HAMPSHIRE****Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds**

For the Year Ended December 31, 2024

	<u>General Fund</u>	<u>Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 5,103,946			\$ 5,103,946
Licenses and permits	2,436,416		\$ 42,223	2,478,639
Intergovernmental	1,365,972		95,738	1,461,710
Charges for services	151,094		649,541	800,635
Interest and investment income	411,760	\$ 187,808	72,817	672,385
Miscellaneous	359,233		24,258	383,491
Total Revenues	<u>9,828,421</u>	<u>187,808</u>	<u>884,577</u>	<u>10,900,806</u>
Expenditures:				
Current operations:				
General government	3,365,727	24,886		3,390,613
Public safety	1,963,718		537,167	2,500,885
Highways and streets	936,238		85	936,323
Sanitation	1,103,928			1,103,928
Health and welfare	91,844			91,844
Culture and recreation	977,081	22,189	352,041	1,351,311
Conservation	10,921		18,289	29,210
Capital outlay	668,846		150,000	818,846
Debt service:				
Principal retirement	570,000			570,000
Interest and fiscal charges	84,510			84,510
Total Expenditures	<u>9,772,813</u>	<u>47,075</u>	<u>1,057,582</u>	<u>10,877,470</u>
Excess revenues over (under) expenditures	<u>55,608</u>	<u>140,733</u>	<u>(173,005)</u>	<u>23,336</u>
Other financing sources (uses):				
Transfers in	4,349			4,349
Transfers out		(4,349)		(4,349)
Total Other financing sources (uses)	<u>4,349</u>	<u>(4,349)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>59,957</u>	<u>136,384</u>	<u>(173,005)</u>	<u>23,336</u>
Fund Balances at beginning of year	<u>6,365,789</u>	<u>1,541,296</u>	<u>2,426,252</u>	<u>10,333,337</u>
Fund Balances at end of year	<u>\$ 6,425,746</u>	<u>\$ 1,677,680</u>	<u>\$ 2,253,247</u>	<u>\$ 10,356,673</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1

TOWN OF STRATHAM, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

For the Year Ended December 31, 2024

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 23,336
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense and capital outlays in the current period are as follows:

Capital outlays	1,255,485
Depreciation expense	(849,877)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the net gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets.

Net gain on disposal	20,000
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(17,237)
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Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments are as follows:

Bond principal paid	570,000
Financed purchase obligation principal paid	31,533

Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt.

Amortization of premiums	28,444
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In the statement of activities, interest is accrued on long-term obligations, whereas in governmental funds, an interest expenditure is reported when due.

10,074

Some expenses reported in the statement of activities, such as compensated absences and the pollution remediation obligation, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	5,849
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Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.

Net changes in OPEB	43,204
Net changes in pension	<u>111,506</u>

Change in Net Position of Governmental Activities (Exhibit B)	\$ 1,232,317
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See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF STRATHAM, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 12,859,292	
Investments	\$ 28,260	774,272
Taxes receivable		482,751
Total Assets	<u>28,260</u>	<u>14,116,315</u>
LIABILITIES		
Accounts payable		205,827
Due to other governments		<u>12,850,300</u>
Total Liabilities	<u>-</u>	<u>13,056,127</u>
NET POSITION		
Restricted for:		
Individuals, organizations and other governments	28,260	1,060,188
Total Net Position	<u>\$ 28,260</u>	<u>\$ 1,060,188</u>

See accompanying notes to the basic financial statements

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

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Contributions:		
Miscellaneous	<u> </u>	<u> </u>
Total Contributions	<u> \$ -</u>	<u> \$ 40,000</u>
Investment earnings:		
Investment income	<u> \$ 3,050</u>	<u> \$ 52,592</u>
Total Investment earnings	<u> \$ 3,050</u>	<u> \$ 52,592</u>
Property tax collections for other governments		28,327,975
Motor vehicle fee collections for other governments		586,162
Total Additions	<u> \$ 3,050</u>	<u> \$ 29,006,729</u>
DEDUCTIONS:		
Beneficiary payments to others	211	11,029
Payments of property tax to other governments		28,327,975
Payments of motor vehicle fees to other governments		586,162
Total Deductions	<u> \$ 211</u>	<u> \$ 28,925,166</u>
Change in net position	2,839	81,563
Net Position at the beginning of year	<u> \$ 25,421</u>	<u> \$ 978,625</u>
Net Position at the end of year	<u> \$ 28,260</u>	<u> \$ 1,060,188</u>

See accompanying notes to the basic financial statements

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The Town of Stratham, New Hampshire (the “Town”) was incorporated in 1716. The Town operates under the Town Meeting/Select Board form of government and performs local governmental functions as authorized by State law.

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

Basis of Presentation

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

1. Government-Wide Financial Statements:

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

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

2. Fund Financial Statements:

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

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Fund Accounting

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

1. Governmental Funds:

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

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

The *Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains several private-purpose trust funds which account for monies designated to benefit individuals within the Town. Custodial funds are held and administered by the Town for the benefit of others; therefore, custodial funds' assets are not available to support the Town. The Town's custodial funds consist of property taxes collected on behalf of the Stratham School District, Exeter Region Cooperative School District, and Rockingham County, motor vehicle fees collected on behalf of the State of New Hampshire, and the capital reserve funds of the Stratham School District, which are held by the Town as required by State law. Other custodial funds consist of developer's performance deposits.

Measurement Focus

1. Government-Wide Financial Statements:

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

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Basis of Accounting

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

1. Revenues – Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 11). Revenue from grants, entitlements, and donations, are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

2. Expenses/Expenditures:

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

Budgetary Data

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

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2024, the Town applied \$125,000 of its unappropriated fund balance to reduce taxes.

Investments

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

Accounts Receivable

Charges for services billed during the current fiscal year and prior and uncollected at December 31, 2024 are recorded as receivables net of reserves for estimated uncollectibles of \$27,292 in the EMS Ambulance Fund, a Nonmajor Governmental Fund.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets including infrastructure and intangible assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$5,000 and an estimated useful life in excess of three years. The Town's infrastructure consists of roads and similar items. The Town is not required to retroactively report its general infrastructure. Infrastructure records have been maintained effective January 1, 2003 and are included in these financial statements. Intangible assets of the Town consist of land easements and internally developed software. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and easements, construction in progress, and internally developed software are depreciated. Improvements are depreciated over the remaining useful lives of the

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	10-39
Infrastructure	20-50
Land improvements	8-25
Vehicles and equipment	5-30

Bond Premiums

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

Compensated Absences

Dependent upon length of service, regular employees earn vacation leave at the equivalent of ten to twenty-five days per year. Temporary and seasonal employees are not eligible for paid vacation leave. No more than ten days may be carried forward from one calendar year to the next. For unused vacation time in excess of the maximum of ten days to be carried over, 50% will be forfeited and 50% will be paid out to the employee in the first month of the subsequent year. Upon termination of employment, employees will be paid for any unused earned vacation leave at current rates of pay, up to a maximum of ten days.

All regular employees earn sick leave. Sick leave accrues at the equivalent of six hours per month for full-time employees, and at a pro-rata basis for part-time employees. Under the terms of the most recent Personnel Policy addendum, employees may accumulate unused sick leave days up to a maximum of 224 hours. Employees with balances in excess of 224 hours as of May 1, 2012, are allowed to carryover up to 360 hours of unused sick leave, however, these employee's accrual of sick leave will be suspended until their balance decreases to below 224 hours. Only upon death or eligible retirement under the terms of the New Hampshire Retirement System, will employees receive payment for any accumulated, unused sick leave at their current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures, as payments come due each period upon the occurrence of employee termination, death or retirement. The entire compensated absence liability is reported on the government-wide financial statements. The Town has established an 'Accrued Benefits Expendable Trust' to assist in funding future payments and to mitigate the total compensated absences liability.

Accrued Liabilities and Long-Term Obligations

Except for the obligation for certain other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

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

Net Position

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

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

Fund Balance Policy

As of December 31, 2024, the Town has not adopted a formal fund balance policy under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

- Restricted Fund Balance: Amounts constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or by the enabling legislation.
- Committed Fund Balance: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned Fund Balance: Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

Spending Prioritizations

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

Interfund Activity

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

Estimates

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

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Postemployment Benefits

The Town did not implement the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as it pertains to its single employer OPEB plan. Statement 75 requires governments to account for certain other postemployment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The single employer provisions of GASB Statement 75 were required to be implemented by the Town during the year ended December 31, 2018. The Town has only implemented the provisions of GASB Statement 75 as it pertains to its cost-sharing multiple-employer defined benefit OPEB plan (see Note 6).

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Deficit Fund Balance

At December 31, 2024, the DARE Fund, a Nonmajor Governmental Fund, had a deficit fund balance of (\$1,983).

NOTE 3—DEPOSITS AND INVESTMENTS

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

Statement of Net Position:	
Cash and cash equivalents	\$ 7,269,176
Investments	3,171,991
Statement of Fiduciary Net Position:	
Cash and cash equivalents	12,859,292
Investments	<u>802,532</u>
	<u><u>\$ 24,102,991</u></u>

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

Cash on hand	\$ 650
Deposits with financial institutions	20,244,996
Investments	<u>3,857,345</u>
	<u><u>\$ 24,102,991</u></u>

The Town's investment policy for governmental funds requires deposits be made in federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State and federally insured banks outside the State, if such banks pledge and deliver collateral security to a third party custodial bank or the Federal Reserve Bank. The Town limits its investments for governmental funds to the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law and federally insured banks chartered under the laws of New Hampshire, or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements, all other types of interest bearing accounts, or obligations fully guaranteed as to principal and interest by the United States government.

Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the library funds are at the discretion of the Library Trustees.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy states that no investment will exceed one year in length. The Trustees of Trust Funds have no formal policy with respect to interest rate risk.

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (In Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
US Treasury notes	\$ 862,997	\$ 248,670	\$ 614,327	
Brokered certificates of deposit	1,226,056	1,226,056		
Bond mutual funds	50,556	33,823		\$ 16,733
Corporate bonds	202,367		172,090	30,277
	<u>\$ 2,341,976</u>	<u>\$ 1,508,549</u>	<u>\$ 786,417</u>	<u>\$ 47,010</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town's investment policy states that funds are to be invested using a 'Prudent Person' standard. Investments and management of the portfolio should be done with judgement and care, considering the probable safety of the capital and probable income to be derived. The Town does not have explicit policies regarding investment portfolio rating restrictions. The following are the actual ratings as of December 31, 2024, for each investment type:

<u>Investment Type</u>	<u>Rating as of Year End</u>					<u>Fair Value</u>
	<u>Aaa</u>	<u>Aa3</u>	<u>A1-A3</u>	<u>Baa1</u>	<u>Not Rated</u>	
State investment pool	\$ 58,022					\$ 58,022
Corporate bonds	46,208	\$ 34,879	\$ 91,003	\$ 30,277		202,367
Brokered certificates of deposit					\$ 1,226,056	1,226,056
Bond mutual funds					50,556	50,556
Money market mutual funds	<u>\$ 104,230</u>	<u>\$ 34,879</u>	<u>\$ 91,003</u>	<u>\$ 30,277</u>	<u>\$ 412,030</u>	<u>\$ 412,030</u>
					<u>\$ 1,688,642</u>	<u>\$ 1,949,031</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. For assurance against custodial credit risk, the Town's investment policy requires that all deposits with financial institutions be collateralized with pledged securities that shall be equal or in excess of the amount of the public funds deposited, less any portion thereof covered by federal depository insurance. Collateral may be held in the name of the Town with a third-party custodial bank, with the bank's trust department, or pledged in the form of an Irrevocable Letter of Credit.

Of the Town's deposits with financial institutions at year end, \$19,974,005 were collateralized by securities held by the bank in the Town's name and an Irrevocable Stand-by Letter of Credit issued by the Federal Home Loan Bank of Boston. As of December 31, 2024, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

<u>Investment Type</u>	<u>Amount</u>
US Treasury notes	\$ 862,997
Corporate bonds	202,367
Brokered certificates of deposit	1,226,056
Equity securities	1,045,317
Bond mutual funds	50,556
	<u><u>\$ 3,387,293</u></u>

Investment in NHPDIP

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

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares and have been measured at amortized cost.

Fair Value Measurement of Investments

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

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

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

<u>Investment Type</u>	Fair Value Measurements Using:			
	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
US Treasury notes		\$ 862,997		\$ 862,997
Corporate bonds		202,367		202,367
Brokered certificates of deposit		1,226,056		1,226,056
Equity securities	\$ 1,045,317			1,045,317
Bond mutual funds	50,556			50,556
	<u><u>\$ 1,095,873</u></u>	<u><u>\$ 2,291,420</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,387,293</u></u>

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Equity securities and bond mutual funds classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities. US Treasury notes, corporate bonds, and brokered certificates of deposit classified as 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 securities relationship to bench-mark quoted prices.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

NOTE 4—CAPITAL ASSETS

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

	<u>Balance</u> <u>1/1/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2024</u>
Governmental activities:				
Capital assets not depreciated:				
Land and easements	\$ 12,484,208			\$ 12,484,208
Construction in progress		\$ 160,798		160,798
Other intangibles	54,525			54,525
Total capital assets not being depreciated	<u>12,538,733</u>	<u>160,798</u>	<u>\$ -</u>	<u>12,699,531</u>
Other capital assets:				
Buildings and improvements	11,365,803	412,692		11,778,495
Infrastructure	10,849,649			10,849,649
Land improvements	618,929			618,929
Vehicles and equipment	4,004,959	701,995	(21,505)	4,685,449
Total other capital assets at historical cost	<u>26,839,340</u>	<u>1,114,687</u>	<u>(21,505)</u>	<u>27,932,522</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,912,064)	(324,145)		(5,236,209)
Construction in progress		(1,340)		(1,340)
Infrastructure	(3,619,676)	(265,908)		(3,885,584)
Land improvements	(353,127)	(35,117)		(388,244)
Vehicles and equipment	(2,878,064)	(223,367)	21,505	(3,079,926)
Total accumulated depreciation	<u>(11,762,931)</u>	<u>(849,877)</u>	<u>21,505</u>	<u>(12,591,303)</u>
Total other capital assets, net	<u>15,076,409</u>	<u>264,810</u>	<u>-</u>	<u>15,341,219</u>
Total capital assets, net	<u>\$ 27,615,142</u>	<u>\$ 425,608</u>	<u>\$ -</u>	<u>\$ 28,040,750</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 96,216
Public safety	297,812
Highways and streets	357,711
Sanitation	40,760
Conservation	1,683
Culture and recreation	55,695
Total governmental activities depreciation expense	<u>\$ 849,877</u>

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

NOTE 5—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

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

	(As restated)				
	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Governmental activities:					
Bonds payable	\$ 2,445,000		\$ (570,000)	\$ 1,875,000	\$ 570,000
Unamortized bond premiums	100,816		(28,444)	72,372	-
Total Bonds payable	2,545,816	\$ -	(598,444)	1,947,372	570,000
Financed purchase obligation payable	31,533		(31,533)	-	-
Compensated absences payable	219,260	48,939	(54,788)	213,411	-
Total governmental activities	<u>\$ 2,796,609</u>	<u>\$ 48,939</u>	<u>\$ (684,765)</u>	<u>\$ 2,160,783</u>	<u>\$ 570,000</u>

Payments on the bonds payable and financed purchase obligation are paid out of the General Fund. Amortization of bond premiums is recognized as a component of interest expense on the Statement of Activities (Exhibit B). Compensated absences will be paid from the fund where the employee's salary is paid.

General Obligation Bonds

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

	Interest Rate	Maturity Date	Final Balance at 12/31/2024
2018 Series B Refunding Bond	2.74%	August 2028	\$ 820,000
2012 Conservation Bond	2.38%	February 2033	1,055,000
		Sub-total Bonds payable	1,875,000
Add: <i>Unamortized bond premiums</i>			72,372
		Total Bonds payable	<u>\$ 1,947,372</u>

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

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 325,000	\$ 66,478	\$ 391,478
2026	325,000	53,428	378,428
2027	325,000	40,303	365,303
2028	325,000	27,113	352,113
2029	115,000	13,886	128,886
2030-2033	460,000	25,932	485,932
Sub-total Bonds payable	1,875,000	227,140	2,102,140
Add: <i>Unamortized bond premiums</i>	72,372		72,372
Total Bonds payable	<u>\$ 1,947,372</u>	<u>\$ 227,140</u>	<u>\$ 2,174,512</u>

NOTE 6—OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Funding Policy

Per RSA-100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of general employees and public safety employees were 0.26% and 2.60%, respectively, for the year ended December 31, 2024. Contributions to the OPEB plan for the Town were \$31,587 for the year ended December 31, 2024. Employees are not required to contribute to the OPEB plan.

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

At December 31, 2024, the Town reported a liability of \$277,955 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2023. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2024, the Town's proportion was approximately 0.0894 percent, which was a decrease of approximately 0.0047 percentage points from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Town recognized negative OPEB expense of (\$11,619). At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 66	
Town contributions subsequent to the measurement date	\$ 16,038	
Totals	<u>\$ 16,038</u>	<u>\$ 66</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$15,972. The Town reported \$16,038 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

<u>June 30,</u>	
2025	\$ (587)
2026	869
2027	(24)
2028	<u>(124)</u>
	<u><u>\$ 134</u></u>

Actuarial Assumptions

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

Inflation	2.25%
Wage inflation	3.00% (2.50% for teachers)
Salary increases	6.00%, average, including inflation
Investment rate of return	6.75%, per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

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

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

The following assumptions were changed in the current year:

- Increased wage inflation from 2.75% to 3.00% (2.25% for Teachers)
- Increased price inflation from 2.00% to 2.25%
- Updated demographic assumptions in mortality tables
- Updated mortality tables (specifically the projected fully generational mortality improvements using scale MP-2021 from scale MP-2019)

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

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public Equity	40%	5.40-5.65%
Private Market Equity	20%	4.00-6.65%
Private Debt	10%	5.05%
Fixed Income	25%	2.15%
Infrastructure	5%	4.35%
Total	<u>100%</u>	

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

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 304,708	\$ 277,955	\$ 259,906

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

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

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Benefits Provided

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

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

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Funding Policy

Covered police officers are required to contribute 11.55% of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, and general employees were 28.68% and 13.27%, respectively, for the year ended December 31, 2024. The Town contributed 100% of the employer cost for police officers and general employees of the Town.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the year ended December 31, 2024 were \$502,296.

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 \$4,266,860 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2023. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2024, the Town's proportion was approximately 0.0822 percent, which was a decrease of approximately 0.0088 percentage points from its proportion measured as of June 30, 2023.

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

For the year ended December 31, 2024, the Town recognized pension expense of \$390,688. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 94,987	\$ 858
Change in assumptions		49,938
Net difference between projected and actual investment earnings on pension plan investments		59,563
Changes in proportion and differences between Town contributions and proportionate share of contributions	131,751	451,323
Town contributions subsequent to the measurement date	<u>251,883</u>	<u> </u>
Totals	<u>\$ 478,621</u>	<u>\$ 561,682</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as a decrease to unrestricted net position in the amount of \$83,061. The Town reported \$251,883 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

Year Ending <u>June 30.</u>	
2025	\$ (216,109)
2026	152,668
2027	(155,318)
2028	<u>(119,185)</u>
	<u>\$ (337,944)</u>

Actuarial Assumptions

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

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

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

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

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

The following assumptions were changed in the current year:

- Increased wage inflation from 2.75% to 3.00% (2.25% for Teachers)
- Increased price inflation from 2.00% to 2.25%
- Updated demographic assumptions in mortality tables
- Updated mortality tables (specifically the projected fully generational mortality improvements using scale MP-2021 from scale MP-2019)

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

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

Discount Rate

The discount rate used to measure the collective pension liability as of June 30, 2024 was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the Town's proportionate share of the net pension liability

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net pension liability	\$ 5,965,554	\$ 4,266,860	\$ 2,851,796

NOTE 8—INTERFUND BALANCES AND TRANSFERS

The Town maintains separate cash accounts for its governmental funds; however, most cash transactions flow through the General Fund. For accounting and reporting purposes, the portion of cash applicable to a particular fund is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2024 are as follows:

Due to	Due from		
	Nonmajor		
	General	Governmental	
	<u>Fund</u>	<u>Funds</u>	<u>Totals</u>
General Fund		\$ 66,988	\$ 66,988
Nonmajor Governmental Funds	\$ 216,864		216,864
	<u>\$ 216,864</u>	<u>\$ 66,988</u>	<u>\$ 283,852</u>

During the year, interfund transactions occurred between funds. The Permanent Funds transferred \$4,349 to the General Fund to distribute income earned on investments to support the Town's programs.

NOTE 9—RESTRICTED NET POSITION

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

Permanent Funds - Principal	\$ 1,416,426
Permanent Funds - Income	261,254
Library	177,888
Lindt Offsite Improvements	1,268
Volunteer Fire Department Trusts	61,799
Stratham Fair Trusts	<u>99,502</u>
	<u>\$ 2,018,137</u>

NOTE 10—COMPONENTS OF FUND BALANCE

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

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

<u>Fund Balances</u>	<u>General Fund</u>	<u>Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>				
Permanent Funds - Principal		\$ 1,416,426		\$ 1,416,426
<i>Restricted for:</i>				
Library Funds	\$ 177,888			177,888
Permanent Funds - Income		261,254		261,254
Lindt Offsite Improvements			\$ 1,268	1,268
Volunteer Fire Department Trusts			61,799	61,799
Stratham Fair Trusts			99,502	99,502
<i>Committed for:</i>				
Expendable Trust Funds	1,100,374			1,100,374
Carryforward appropriations	1,177,432			1,177,432
Recreation Fund		51,452		51,452
Police Details Fund		95,319		95,319
Heritage Commission Fund		7,518		7,518
Land Conservation Fund		929,554		929,554
Cemetery Land Fund		10,803		10,803
Fire Protection Fund		47,599		47,599
Stratham Hill Park Revolving Fund		61,492		61,492
Municipal Transportation Fund		56,845		56,845
EMS Ambulance Fund		832,079		832,079
<i>Assigned for:</i>				
Subsequent year appropriation	775,000			775,000
Encumbrances	56,930			56,930
Police donations	78,340			78,340
<i>Unassigned:</i>				
DARE (Deficit)			(1,983)	(1,983)
Unassigned - General operations	3,059,782			3,059,782
	<u>\$ 6,425,746</u>	<u>\$ 1,677,680</u>	<u>\$ 2,253,247</u>	<u>\$ 10,356,673</u>

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1st (\$2,569,061,486 as of April 1, 2024) and are due in two installments on July 1, 2024 and December 1, 2024. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue on the modified accrual basis of accounting when received in cash or if available to finance current period operations (within sixty days of year-end).

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

In accordance with State law, the Town collects taxes for the Stratham School District, Exeter Region Cooperative School District, and Rockingham County, all independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes,

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

which are remitted directly to the school districts. Total taxes appropriated during the year were \$13,259,088, \$13,672,405, and \$1,396,482 for the Stratham School District, Exeter Region Cooperative School District, and Rockingham County, respectively. These taxes are recognized in the financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

NOTE 12—TAX ABATEMENTS

The Town provides property tax abatements in accordance with the provisions of RSA 79-E, Community Revitalization Tax Relief Incentive. It is declared a public benefit to enhance downtowns and town centers with respect to economic activity, cultural and historic character, sense of community, and in-town residential uses that contribute to economic and social vitality. This program seeks to encourage rehabilitation of structures within the town to encourage growth. An owner of a qualifying structure who intends to substantially rehabilitate or replace such structure may apply to the governing body of the Town. The Town may grant the tax relief and establish the tax relief period, identify the public benefit, and determine the terms and duration of the covenant; or deny the application accompanied with a written explanation.

As of December 31, 2024, the Town has provided one tax abatement through this program. For the year ending December 31, 2024, there was no effect on the prior year April 1st assessment.

NOTE 13—RISK MANAGEMENT

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

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

Property and Liability Insurance

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

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

Worker's Compensation

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

NOTE 14—CONTINGENCIES

Litigation

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

Federal Grants

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

NOTE 15—POLLUTION REMEDIATION OBLIGATION

The Town was named by the State of New Hampshire as the party responsible for remediation of per-and polyfluoroalkyl substances (PFAS) in ground and drinking water in the area of the Stratham Fire Department. The remedial action plan approved by the State of New Hampshire requires the Town to install point-of-entry systems at 20 private drinking water supply wells located on 18 properties. In addition, the Town is required to perform semi-annual monitoring on 8 monitoring wells, quarterly monitoring on 4 public water system wells, and monitoring 3 times a year on 24 private wells and 2 irrigation wells.

The Town has completed and paid for the point-of-entry systems. Management estimates the annual costs related to well sampling and maintenance of the point-of-entry systems to be between \$156,000 and \$165,000. The estimate has the potential to change due to factors such as price increases, changes in technology, or changes in applicable laws or regulations. Town management is unable to reasonably estimate the length of time for which the Town must perform the sampling and maintenance of the point-of-entry systems.

NOTE 16—RELATED PARTY TRANSACTION

During the year, the Town entered into a contract with a company for the replacement and upgrading of HVAC systems to the police department, library and municipal center building in the amount of \$160,798. In addition, the company was utilized for various maintenance and repairs during the year. The company is owned by a member of the board of selectmen. Transactions between the Town and the company totaled \$183,547 for the year ended December 31, 2024.

TOWN OF STRATHAM, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2024

NOTE 17—CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 100 – Accounting Changes and Error Corrections

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

GASB Statement No. 101 – Compensated Absences

During the year ended December 31, 2024, the Town implemented GASB Statement No. 101, *Compensated Absences*. Under GASB Statement No. 101, a liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash. However, salary-related payments related to defined benefit pensions or defined benefit OPEB should not be included in the measurement of liabilities for compensated absences. Management has determined that the effect of implementing GASB Statement No. 101 is immaterial to its financial statements.

NOTE 18—RESTATEMENT OF EQUITY

During the year ended December 31, 2024, it was determined that compensated absences were understated as previously reported.

Net position as of December 31, 2023, has been restated as follows:

	12/31/2023		12/31/2023
	As Previously Reported	Error Correction	As Restated
Government-Wide:			
Governmental Activities	\$ 30,653,942	\$ (137,851)	\$ 30,516,091
Total Primary Government	<u>\$ 30,653,942</u>	<u>\$ (137,851)</u>	<u>\$ 30,516,091</u>

The above error correction decreased the change in net position by \$137,851 for the prior year and had no impact on the current year change in net position.

SCHEDULE 1**TOWN OF STRATHAM, NEW HAMPSHIRE****Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual (Budgetary Basis) - General Fund**

For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 5,044,824	\$ 5,044,824	\$ 5,086,709	\$ 41,885
Licenses and permits	2,374,652	2,374,652	2,436,416	61,764
Intergovernmental	950,959	1,321,869	1,365,972	44,103
Charges for services	176,775	176,775	151,094	(25,681)
Interest income	320,000	320,000	339,914	19,914
Miscellaneous	237,950	273,911	339,639	65,728
Total Revenues	<u>9,105,160</u>	<u>9,512,031</u>	<u>9,719,744</u>	<u>207,713</u>
Expenditures:				
Current operations:				
General government	2,996,983	3,366,843	3,265,281	101,562
Public safety	2,019,522	1,977,143	1,914,612	62,531
Highways and streets	769,112	769,112	737,210	31,902
Sanitation	1,061,200	1,061,200	1,103,928	(42,728)
Health and welfare	99,300	99,300	91,844	7,456
Culture and recreation	822,160	822,160	848,617	(26,457)
Conservation	11,900	11,900	9,546	2,354
Capital outlay	2,125,622	699,240	668,846	30,394
Debt service:				
Principal retirement	570,000	570,000	570,000	-
Interest and fiscal charges	84,510	84,510	84,510	-
Total Expenditures	<u>10,560,309</u>	<u>9,461,408</u>	<u>9,294,394</u>	<u>167,014</u>
Excess revenues over (under) expenditures	<u>(1,455,149)</u>	<u>50,623</u>	<u>425,350</u>	<u>374,727</u>
Other financing sources (uses):				
Transfers in	280,000	30,000	-	(30,000)
Transfers out	(364,130)	(364,130)	(364,130)	-
Total Other financing sources (uses)	<u>(84,130)</u>	<u>(334,130)</u>	<u>(364,130)</u>	<u>(30,000)</u>
Net change in fund balance	(1,539,279)	(283,507)	61,220	344,727
Fund Balance at beginning of year				
- Budgetary Basis	<u>5,178,972</u>	<u>5,178,972</u>	<u>5,178,972</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 3,639,693</u>	<u>\$ 4,895,465</u>	<u>\$ 5,240,192</u>	<u>\$ 344,727</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF STRATHAM, NEW HAMPSHIRE

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

For the Year Ended December 31, 2024

Cost-Sharing Multiple Employer Plan Information Only					
<u>Measurement Period Ended</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2024	0.08941495%	\$ 277,955	\$ 2,484,351	11.19%	14.01%
June 30, 2023	0.09415670%	\$ 321,752	\$ 2,573,738	12.50%	12.80%
June 30, 2022	0.09659215%	\$ 365,010	\$ 2,489,813	14.66%	10.64%
June 30, 2021	0.08350203%	\$ 334,390	\$ 2,354,598	14.20%	11.06%
June 30, 2020	0.08606076%	\$ 376,696	\$ 2,468,353	15.26%	7.74%
June 30, 2019	0.09356001%	\$ 410,177	\$ 2,304,807	17.80%	7.75%
June 30, 2018	0.09455389%	\$ 432,911	\$ 2,221,676	19.49%	7.53%
June 30, 2017	0.06085195%	\$ 278,236	\$ 2,064,916	13.47%	7.91%
June 30, 2016	0.05800251%	\$ 280,793	\$ 1,952,047	14.38%	5.21%
June 30, 2015	*	*	*	*	*

* 10 Year schedule, historical information not available

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

See accompanying notes to the required supplementary information

SCHEDULE 3

TOWN OF STRATHAM, NEW HAMPSHIRE

Schedule of Town OPEB Contributions

For the Year Ended December 31, 2024

Cost-Sharing Multiple Employer Plan Information Only

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2024	\$ 31,587	\$ (31,587)	\$ -	\$ 2,546,152	1.24%
December 31, 2023	\$ 35,587	\$ (35,587)	\$ -	\$ 2,409,617	1.48%
December 31, 2022	\$ 40,498	\$ (40,498)	\$ -	\$ 2,500,316	1.62%
December 31, 2021	\$ 41,438	\$ (41,438)	\$ -	\$ 2,452,973	1.69%
December 31, 2020	\$ 39,846	\$ (39,846)	\$ -	\$ 2,444,079	1.63%
December 31, 2019	\$ 40,409	\$ (40,409)	\$ -	\$ 2,349,811	1.72%
December 31, 2018	\$ 43,298	\$ (43,298)	\$ -	\$ 2,297,576	1.88%
December 31, 2017	\$ 39,246	\$ (39,246)	\$ -	\$ 2,165,876	1.81%
December 31, 2016	\$ 35,087	\$ (35,087)	\$ -	\$ 2,002,151	1.75%
December 31, 2015	*	*	*	*	*

* 10 Year schedule, historical information not available

SCHEDULE 4

TOWN OF STRATHAM, NEW HAMPSHIRE

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

For the Year Ended December 31, 2024

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2024	0.08228390%	\$ 4,266,860	\$ 2,484,351	171.75%	70.33%
June 30, 2023	0.09109064%	\$ 5,099,509	\$ 2,573,738	198.14%	67.18%
June 30, 2022	0.09237152%	\$ 5,298,552	\$ 2,489,813	212.81%	65.12%
June 30, 2021	0.08563419%	\$ 3,795,238	\$ 2,354,598	161.18%	72.22%
June 30, 2020	0.09087411%	\$ 5,812,445	\$ 2,468,353	235.48%	58.72%
June 30, 2019	0.08969359%	\$ 4,315,746	\$ 2,304,807	187.25%	65.59%
June 30, 2018	0.08947193%	\$ 4,308,255	\$ 2,221,676	193.92%	64.73%
June 30, 2017	0.08803272%	\$ 4,329,443	\$ 2,064,916	209.67%	62.66%
June 30, 2016	0.08517197%	\$ 4,529,101	\$ 1,952,047	232.02%	58.30%
June 30, 2015	0.08401995%	\$ 3,328,473	\$ 1,923,619	173.03%	65.47%

Significant Actuarial Assumptions

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

See accompanying notes to the required supplementary information

SCHEDULE 5
TOWN OF STRATHAM, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended December 31, 2024

<u>Year Ended</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2024	\$ 502,296	\$ (502,296)	\$ -	\$ 2,546,152	19.73%
December 31, 2023	\$ 507,454	\$ (507,454)	\$ -	\$ 2,409,617	21.06%
December 31, 2022	\$ 534,866	\$ (534,866)	\$ -	\$ 2,500,316	21.39%
December 31, 2021	\$ 475,706	\$ (475,706)	\$ -	\$ 2,452,973	19.39%
December 31, 2020	\$ 400,932	\$ (400,932)	\$ -	\$ 2,444,079	16.40%
December 31, 2019	\$ 389,812	\$ (389,812)	\$ -	\$ 2,349,811	16.59%
December 31, 2018	\$ 391,003	\$ (391,003)	\$ -	\$ 2,297,576	17.02%
December 31, 2017	\$ 353,722	\$ (353,722)	\$ -	\$ 2,165,876	16.33%
December 31, 2016	\$ 313,004	\$ (313,004)	\$ -	\$ 2,002,151	15.63%
December 31, 2015	\$ 278,780	\$ (278,780)	\$ -	\$ 1,825,831	15.27%
December 31, 2014	\$ 280,165	\$ (280,165)	\$ -	\$ 1,944,399	14.41%

See accompanying notes to the required supplementary information

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

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

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

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 9,832,770	\$ 9,772,813
Difference in property taxes meeting susceptible to accrual criteria	(17,237)	
Encumbrances - December 31, 2023		(50,616)
Encumbrances - December 31, 2024		56,930
Non-budgetary revenues and expenditures	(91,440)	(484,733)
Non-budgetary transfers in	(4,349)	
Budgetary transfers out		364,130
Per Schedule 1	<u>\$ 9,719,744</u>	<u>\$ 9,658,524</u>

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

	Special Revenue Funds						
	Recreation Fund	Police Details Fund	Heritage Commission Fund	Land Conservation Fund	Cemetery Land Fund	Fire Protection Fund	Stratham Hill Park Revolving Fund
ASSETS							
Cash and cash equivalents	\$ 122,048				\$ 927,554		
Investments							
Accounts receivable, net		\$ 13,032					
Due from other funds	1,498	83,452	\$ 7,518	2,000	\$ 10,803	\$ 47,599	\$ 61,492
Total Assets	<u>123,546</u>	<u>96,484</u>	<u>7,518</u>	<u>929,554</u>	<u>10,803</u>	<u>47,599</u>	<u>61,492</u>
DEFERRED OUTFLOWS OF RESOURCES							
Total Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 123,546</u>	<u>\$ 96,484</u>	<u>\$ 7,518</u>	<u>\$ 929,554</u>	<u>\$ 10,803</u>	<u>\$ 47,599</u>	<u>\$ 61,492</u>
LIABILITIES							
Accounts payable	\$ 7,089						
Accrued liabilities		\$ 1,165					
Due to other funds	65,005						
Total Liabilities	<u>72,094</u>	<u>1,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Restricted							
Committed	51,452	95,319	7,518	929,554	10,803	47,599	61,492
Unassigned (deficit)							
Total Fund Balances	<u>51,452</u>	<u>95,319</u>	<u>7,518</u>	<u>929,554</u>	<u>10,803</u>	<u>47,599</u>	<u>61,492</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 123,546</u>	<u>\$ 96,484</u>	<u>\$ 7,518</u>	<u>\$ 929,554</u>	<u>\$ 10,803</u>	<u>\$ 47,599</u>	<u>\$ 61,492</u>

SCHEDULE A
TOWN OF STRATHAM, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds (Continued)
December 31, 2024

Special Revenue Funds							
	Lindt Offsite Improvement Fund	Stratham Volunteer Fire Department Trust Funds	Stratham Fair Trust Fund	DARE Fund	EMS Ambulance Fund	Municipal Transportation Fund	Total Special Revenue Funds
ASSETS							
Cash and cash equivalents					\$ 633,887		\$ 1,683,489
Investments		\$ 61,799	\$ 99,502		58,022	\$ 55,611	274,934
Accounts receivable, net					143,639		156,671
Due from other funds	\$ 1,268						216,864
Total Assets	<u>1,268</u>	<u>61,799</u>	<u>99,502</u>	<u>\$ -</u>	<u>835,548</u>	<u>56,845</u>	<u>2,331,958</u>
DEFERRED OUTFLOWS OF RESOURCES							
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,268</u>	<u>\$ 61,799</u>	<u>\$ 99,502</u>	<u>\$ -</u>	<u>\$ 835,548</u>	<u>\$ 56,845</u>	<u>\$ 2,331,958</u>
LIABILITIES							
Accounts payable					\$ 3,469		\$ 10,558
Accrued liabilities							1,165
Due to other funds				\$ 1,983			66,988
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,983</u>	<u>3,469</u>	<u>\$ -</u>	<u>78,711</u>
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted	1,268	61,799	99,502				162,569
Committed					832,079	56,845	2,092,661
Unassigned (deficit)				(1,983)			(1,983)
Total Fund Balances	<u>1,268</u>	<u>61,799</u>	<u>99,502</u>	<u>(1,983)</u>	<u>832,079</u>	<u>56,845</u>	<u>2,253,247</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,268</u>	<u>\$ 61,799</u>	<u>\$ 99,502</u>	<u>\$ -</u>	<u>\$ 835,548</u>	<u>\$ 56,845</u>	<u>\$ 2,331,958</u>

SCHEDULE B**TOWN OF STRATHAM, NEW HAMPSHIRE****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds - All Nonmajor Funds**

For the Year Ended December 31, 2024

	Special Revenue Funds						Stratham Hill Park Revolving Fund
	Recreation Fund	Police Details Fund	Heritage Commission Fund	Land Conservation Fund	Cemetery Land Fund	Fire Protection Fund	
Revenues:							
Licenses and permits							
Intergovernmental	\$ 4,763			\$ 90,975			
Charges for services	260,592	\$ 178,590					\$ 7,808
Interest and investment income	2,439	3,576	\$ 230	39,501	\$ 330		1,489
Miscellaneous	24,258						
Total Revenues	292,052	182,166	230	130,476	330	\$ -	9,297
Expenditures:							
Current operations:							
Public safety			150,460				
Highways and streets							
Culture and recreation	331,852						19,837
Conservation				18,289			
Capital outlay				150,000			
Total Expenditures	331,852	150,460	-	168,289	-	-	19,837
Net change in fund balances	(39,800)	31,706	230	(37,813)	330	-	(10,540)
Fund Balances at beginning of year	91,252	63,613	7,288	967,367	10,473	47,599	72,032
Fund Balances at end of year	\$ 51,452	\$ 95,319	\$ 7,518	\$ 929,554	\$ 10,803	\$ 47,599	\$ 61,492

SCHEDULE B

TOWN OF STRATHAM, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Funds (Continued)

For the Year Ended December 31, 2024

	Special Revenue Funds						Total Special Revenue Funds
	Lindt Offsite Improvement Fund	Stratham Volunteer Fire Department Trust Funds	Stratham Fair Trust Fund	DARE Fund	EMS Ambulance Fund	Municipal Transportation Fund	
Revenues:							
Licenses and permits							\$ 42,223
Intergovernmental							95,738
Charges for services					\$ 202,551		649,541
Interest and investment income	\$ 3,479	\$ 5,649	\$ 74		\$ 14,902	1,148	72,817
Miscellaneous							24,258
Total Revenues	\$ -	3,479	5,649	74	217,453	43,371	884,577
Expenditures:							
Current operations:							
Public safety		218		2,229	384,260		537,167
Highways and streets						85	85
Culture and recreation			352				352,041
Conservation							18,289
Capital outlay							150,000
Total Expenditures	\$ -	218	352	2,229	384,260	85	1,057,582
Net change in fund balances	-	3,261	5,297	(2,155)	(166,807)	43,286	(173,005)
Fund Balances at beginning of year	1,268	58,538	94,205	172	998,886	13,559	2,426,252
Fund Balances (deficit) at end of year	\$ 1,268	\$ 61,799	\$ 99,502	\$ (1,983)	\$ 832,079	\$ 56,845	\$ 2,253,247