

**TOWN OF WINDHAM,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023**

TOWN OF WINDHAM, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements		
A	Statement of Net Position	4
B	Statement of Activities	5
Fund Financial Statements		
<i>Governmental Funds</i>		
C-1	Balance Sheet	6
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	7
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances.....	8
C-4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	9
<i>Budgetary Comparison Information</i>		
D	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	10
<i>Fiduciary Funds</i>		
E-1	Statement of Fiduciary Net Position	11
E-2	Statement of Changes in Fiduciary Net Position	12
NOTES TO THE BASIC FINANCIAL STATEMENTS		13 - 38

REQUIRED SUPPLEMENTARY INFORMATION

F	Schedule of the Town's Proportionate Share of Net Pension Liability	39
G	Schedule of Town Contributions – Pensions	40

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION -
PENSION LIABILITY**

H	Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability	42
I	Schedule of Town Contributions – Other Postemployment Benefits	43
J	Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios.....	44

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -
OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

45

COMBINING AND INDIVIDUAL FUND SCHEDULES

Governmental Funds		
<i>Major General Fund</i>		
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	46
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	47 - 48
3	Schedule of Changes in Unassigned Fund Balance.....	49
<i>Nonmajor Governmental Funds</i>		
4	Combining Balance Sheet	50
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	51

TOWN OF WINDHAM, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

TABLE OF CONTENTS

		<u>PAGES</u>
Fiduciary Funds		
<i>Custodial Funds</i>		
6	Combining Schedule of Fiduciary Net Position	52
7	Combining Schedule of Changes in Fiduciary Net Position	53
 INDEPENDENT AUDITOR'S REPORTS AND SINGLE AUDIT ACT SCHEDULES		
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		
54 - 55		
 REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE		
56 - 57		
I	Schedule of Findings and Questioned Costs.....	58 - 59
II	Schedule of Expenditures of Federal Awards.....	60
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		
61		

APPENDIX

Corrective Action Plan – Town of Windham



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Windham, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Windham's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and aggregate remaining fund information of the Town of Windham, as of December 31, 2023, and the respective changes in financial position, and the respective budgetary comparison for the major general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Windham and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the year ending December 31, 2023, the Town adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Town of Windham's 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 Windham'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

Town of Windham, New Hampshire
Independent Auditor's Report

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Windham'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 Windham'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 following be presented to supplement the basic financial statements:

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

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Windham's basic financial statements. The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

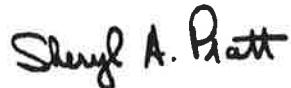
The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

***Town of Windham, New Hampshire
Independent Auditor's Report***

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 on our consideration of the Town of Windham's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Windham's internal control over financial reporting and compliance.



November 26, 2024
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF WINDHAM, NEW HAMPSHIRE
Statement of Net Position
December 31, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 31,767,329
Investments	314,980
Taxes receivables (net)	2,084,707
Account receivables (net)	666,234
Intergovernmental receivable	180,172
Prepaid items	1,804
Capital assets:	
Land and construction in progress	16,134,409
Other capital assets, net of depreciation	<u>18,343,737</u>
Total assets	<u>69,493,372</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	2,076,779
Amounts related to other postemployment benefits	<u>95,148</u>
Total deferred outflows of resources	<u>2,171,927</u>
LIABILITIES	
Accounts payable	469,412
Accrued salaries and benefits payable	133,594
Accrued interest payable	45,453
Intergovernmental payable	27,613,278
Long-term liabilities:	
Due within one year	649,761
Due in more than one year	<u>22,313,653</u>
Total liabilities	<u>51,225,151</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	22,909
Unavailable revenue - grants	919,456
Amounts related to pensions	784,653
Amounts related to other postemployment benefits	<u>195,800</u>
Total deferred inflows of resources	<u>1,922,818</u>
NET POSITION	
Net investment in capital assets	30,879,860
Restricted	690,033
Unrestricted	<u>(13,052,563)</u>
Total net position	<u>\$ 18,517,330</u>

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

EXHIBIT B
TOWN OF WINDHAM, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2023

	Program Revenues				Net (Expense) Revenue and Change In Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 4,115,289	\$ 280,946	\$ -	\$ -	\$ (3,834,343)
Public safety	8,954,380	650,166	37,500	827,840	(7,438,874)
Highways and streets	3,955,659	-	351,890	-	(3,603,769)
Sanitation	1,429,688	85,537	-	-	(1,344,151)
Water distribution and treatment	-	13,788	-	-	13,788
Health	40,392	-	-	-	(40,392)
Welfare	77,442	-	-	-	(77,442)
Culture and recreation	2,066,339	94,469	-	-	(1,971,870)
Conservation	103,593	-	-	-	(103,593)
Interest on long-term debt	81,441	-	-	-	(81,441)
Total governmental activities	<u>\$ 20,824,223</u>	<u>\$ 1,124,906</u>	<u>\$ 389,390</u>	<u>\$ 827,840</u>	<u>(18,482,087)</u>
General revenues:					
Taxes:					
Property					11,664,633
Other					167,668
Motor vehicle permit fees					4,533,058
Licenses and other fees					314,432
Grants and contributions not restricted to specific programs					1,698,034
Unrestricted investment earnings					221,707
Miscellaneous					281,049
Total general revenues					<u>18,880,581</u>
Change in net position					398,494
Net position, beginning					18,118,836
Net position, ending					<u>\$ 18,517,330</u>

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

EXHIBIT C-1
TOWN OF WINDHAM, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2023

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 29,191,207	\$ 2,576,122	\$ 31,767,329
Investments	-	314,980	314,980
Taxes receivable	2,209,707	-	2,209,707
Accounts receivable (net)	645,658	20,576	666,234
Intergovernmental receivable	180,172	-	180,172
Interfund receivable	-	18,094	18,094
Prepaid items	1,804	-	1,804
Total assets	<u><u>\$ 32,228,548</u></u>	<u><u>\$ 2,929,772</u></u>	<u><u>\$ 35,158,320</u></u>
LIABILITIES			
Accounts payable	\$ 469,412	\$ -	\$ 469,412
Accrued salaries and benefits payable	133,594	-	133,594
Intergovernmental payable	27,613,278	-	27,613,278
Interfund payable	18,094	-	18,094
Total liabilities	<u><u>28,234,378</u></u>	<u><u>-</u></u>	<u><u>28,234,378</u></u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	196,126	-	196,126
Unavailable revenue - grants	522,759	396,697	919,456
Total deferred inflows of resources	<u><u>718,885</u></u>	<u><u>396,697</u></u>	<u><u>1,115,582</u></u>
FUND BALANCES			
Nonspendable	1,804	481,544	483,348
Restricted	61,390	147,099	208,489
Committed	1,087,372	1,573,341	2,660,713
Assigned	78,415	331,091	409,506
Unassigned	2,046,304	-	2,046,304
Total fund balances	<u><u>3,275,285</u></u>	<u><u>2,533,075</u></u>	<u><u>5,808,360</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 32,228,548</u></u>	<u><u>\$ 2,929,772</u></u>	<u><u>\$ 35,158,320</u></u>

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

EXHIBIT C-2
TOWN OF WINDHAM, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2023

Total fund balances of governmental funds (Exhibit C-1)	\$ 5,808,360
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.	
Cost	\$ 87,060,845
Less accumulated depreciation	<u>(52,582,699)</u>
	34,478,146
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:	
Deferred outflows of resources related to pensions	\$ 2,076,779
Deferred inflows of resources related to pensions	(784,653)
Deferred outflows of resources related to OPEB	95,148
Deferred inflows of resources related to OPEB	<u>(195,800)</u>
	1,191,474
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.	
Receivables	\$ (18,094)
Payables	<u>18,094</u>
Property taxes are recognized on an accrual basis in the Statement of Net Position and on a modified accrual basis in the governmental funds.	
Deferred inflows of resources - property taxes	\$ 173,217
Allowance for uncollectible property taxes	<u>(125,000)</u>
	48,217
Interest on long-term debt is not accrued in governmental funds.	
Accrued interest payable	(45,453)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.	
Bonds	\$ 2,210,000
Notes	1,061,897
Unamortized bond premium	326,389
Compensated absences	1,626,354
Net pension liability	15,852,471
Other postemployment benefits	<u>1,886,303</u>
	(22,963,414)
Net position of governmental activities (Exhibit A)	<u><u>\$ 18,517,330</u></u>

EXHIBIT C-3
TOWN OF WINDHAM, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2023

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 11,776,107	\$ 31,000	\$ 11,807,107
Licenses and permits	4,847,490	-	4,847,490
Intergovernmental	2,087,424	827,840	2,915,264
Charges for services	819,333	305,573	1,124,906
Miscellaneous	353,831	148,925	502,756
Total revenues	<u>19,884,185</u>	<u>1,313,338</u>	<u>21,197,523</u>
EXPENDITURES			
Current:			
General government	4,063,103	67,710	4,130,813
Public safety	9,748,553	98,520	9,847,073
Highways and streets	1,801,311	-	1,801,311
Sanitation	1,367,831	-	1,367,831
Health	40,392	-	40,392
Welfare	77,442	-	77,442
Culture and recreation	1,841,237	83,184	1,924,421
Conservation	6,375	272,218	278,593
Debt service:			
Principal	356,663	-	356,663
Interest	122,624	-	122,624
Capital outlay	489,839	907,568	1,397,407
Total expenditures	<u>19,915,370</u>	<u>1,429,200</u>	<u>21,344,570</u>
Deficiency of revenues under expenditures	<u>(31,185)</u>	<u>(115,862)</u>	<u>(147,047)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	260,010	-	260,010
Transfers out	-	(260,010)	(260,010)
Note proceeds	828,500	-	828,500
Total other financing sources (uses)	<u>1,088,510</u>	<u>(260,010)</u>	<u>828,500</u>
Net change in fund balances	1,057,325	(375,872)	681,453
Fund balances, beginning	2,217,960	2,908,947	5,126,907
Fund balances, ending	<u>\$ 3,275,285</u>	<u>\$ 2,533,075</u>	<u>\$ 5,808,360</u>

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

EXHIBIT C-4
TOWN OF WINDHAM, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2023

Net change in fund balances of governmental funds (Exhibit C-3)	\$ 681,453
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Depreciation expenses exceeded capital outlay expenditures in the current year as follows:	
Capitalized capital outlay	\$ 1,858,963
Depreciation expense	<u>(2,135,804)</u>
	(276,841)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.	
Transfers in	\$ (260,010)
Transfers out	<u>260,010</u>
	(260,010)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.	
Change in deferred inflows for tax revenue	25,194
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Note proceeds	\$ (828,500)
Repayment of bond principal	245,000
Repayment of note principal	377,387
Amortization of bond premium	<u>36,426</u>
	(169,687)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	
Decrease in accrued interest expense	\$ 4,757
Increase in compensated absences payable	<u>(137,904)</u>
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	278,205
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(6,683)</u>
	138,375
Changes in net position of governmental activities (Exhibit B)	<u><u>\$ 398,494</u></u>

EXHIBIT D
TOWN OF WINDHAM, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 11,730,781	\$ 11,801,301	\$ 70,520
Licenses and permits	4,394,000	4,847,490	453,490
Intergovernmental	2,360,801	2,087,424	(273,377)
Charges for services	889,375	819,333	(70,042)
Miscellaneous	122,500	322,587	200,087
Total revenues	<u>19,497,457</u>	<u>19,878,135</u>	<u>380,678</u>
EXPENDITURES			
Current:			
General government	3,963,211	3,885,437	77,774
Public safety	9,387,715	8,922,842	464,873
Highways and streets	1,788,351	1,801,311	(12,960)
Sanitation	1,506,544	1,357,831	148,713
Health	56,925	40,392	16,533
Welfare	45,540	77,442	(31,902)
Culture and recreation	1,886,179	1,813,025	73,154
Conservation	9,780	6,375	3,405
Debt service:			
Principal	356,658	356,663	(5)
Interest	123,128	122,624	504
Capital outlay	<u>787,006</u>	<u>785,320</u>	<u>1,686</u>
Total expenditures	<u>19,911,037</u>	<u>19,169,262</u>	<u>741,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(413,580)</u>	<u>708,873</u>	<u>1,122,453</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	188,580	260,010	71,430
Transfers out	(75,000)	(75,000)	-
Total other financing sources (uses)	<u>113,580</u>	<u>185,010</u>	<u>71,430</u>
Net change in fund balances	<u>\$ (300,000)</u>	<u>893,883</u>	<u>\$ 1,193,883</u>
Increase in nonspendable fund balance		(1,804)	
Decrease in restricted fund balance		21,392	
Unassigned fund balance, beginning		1,181,050	
Unassigned fund balance, ending	<u>\$ 2,094,521</u>		

EXHIBIT E-1
TOWN OF WINDHAM, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2023

	Private Purpose Trust Funds	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 9,638	\$ 2,330,224
Investments	25,307	-
Intergovernmental receivable	-	26,735,263
Total assets	<u>34,945</u>	<u>29,065,487</u>
LIABILITIES		
Intergovernmental payables:		
School	-	26,735,263
NET POSITION		
Restricted	<u>\$ 34,945</u>	<u>\$ 2,330,224</u>

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

EXHIBIT E-2
TOWN OF WINDHAM, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2023

	Private Purpose Trust Funds	All Custodial Funds
ADDITIONS		
Contributions	\$ -	\$ 1,358,935
Investment earnings	243	36,807
Change in fair market value	4,206	-
Tax collections for other governments	-	55,573,029
Motor vehicle permit fees	-	1,211,472
Total additions	<u>4,449</u>	<u>58,180,243</u>
DEDUCTIONS		
Payments of taxes to other governments	-	55,573,029
Payments to other governments	-	2,076,783
Payments for escrow purposes	-	192,285
Total deductions	<u>-</u>	<u>57,842,097</u>
Change in net position	4,449	338,146
Net position, beginning	<u>30,496</u>	<u>1,992,078</u>
Net position, ending	<u>\$ 34,945</u>	<u>\$ 2,330,224</u>

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

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents.....	3
Investments	4
Taxes Receivable	5
Other Receivables.....	6
Capital Assets.....	7
Interfund Balances and Transfers	8
Intergovernmental Payables.....	9
Deferred Outflows/Inflows of Resources.....	10
Long-term Liabilities	11
Defined Benefit Pension Plan	12
Supplemental Retirement Plan	13
Postemployment Benefits Other Than Pensions (OPEB)	14
New Hampshire Retirement System (NHRS).....	14-A
Town of Windham Retiree Health Benefit Program.....	14-B
Encumbrances	15
Governmental Activities and Fiduciary Funds Net Position	16
Governmental Fund Balances	17
Risk Management.....	18
Tax Abatements.....	19

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Contingent Liabilities	20
Performance Deposits	21
Health Insurance	22
Subsequent Events	23

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

The Town of Windham is a municipal corporation governed by an elected 5-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB Statement No. 14, *The Financial Reporting Entity* (as amended). The Town has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

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

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

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

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

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

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

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

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

Permanent Fund – is used to record activity of legal trusts for which the interest on the corpus provides funds for the permanent funds including the Town’s cemetery operations.

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

Fiduciary Fund Financial Statements – Includes a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, which are custodial in nature and do not involve measurement of results of operations. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

The Town reports the following fiduciary funds:

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

Custodial Fund – are custodial in nature and do not involve the measurement of operating results. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts.

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

1-D Investments

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

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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

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

Level 1 – Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price for an identical asset or liability in an active market (e.g. an equity security traded on a major exchange) provides the most reliable fair value measurement and, if available, should be used to measure the fair value in that particular market.

Level 2 – The categorization of an asset/liability as Level 1 requires that it is traded in an active market. If an instrument is not traded in an active market, it may fall to Level 2. Level 2 inputs are inputs that are observable, either directly or indirectly, but do not qualify as Level 1.

Level 3 – Reporting entities may use unobservable inputs to measure fair value if relevant observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at the measurement date. These unobservable inputs are considered Level 3.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

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

1-E Receivables

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

1-F Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

1-G Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated (except for land and construction on progress which are not depreciated) using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Capital Asset Classes:	
Land improvements	12 - 15
Buildings and building improvements	15 - 40
Vehicles and equipment	5 - 20
Infrastructure	20 - 50

1-H Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

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

1-I Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 18, 2023 and November 20, 2023, and due on July 3, 2023 and December 22, 2023. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable taxes at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Windham School District, Breezy Gale Village District, Cobbetts Pond Village District, Moechel Pond Village District, and Rockingham County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2023 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 3,127,337,390
For all other taxes	\$ 3,160,525,990

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

The tax rates and amounts assessed for the year ended December 31, 2023 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 3.82	\$ 12,044,157
School portion:		
State of New Hampshire	1.83	5,723,502
Local	14.87	47,011,761
County portion	0.88	2,795,100
Precinct portions:		
Breezy Gale Village	1.80	37,600
Cobbetts Pond Village	-	-
Moeckel Pond Village	0.52	5,066
Total	<u><u>\$ 23.72</u></u>	<u><u>\$ 67,617,186</u></u>

1-J Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2023.

1-K Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. The Town has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The Town has four types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. Property taxes not collected within 60-days of the fiscal year end are reported as deferred inflows of resources. In addition, unavailable revenues from grants arises when the related eligible expenditures will not be made until the subsequent period.

1-L Compensated Absences

General leave for the Town includes vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the Town's personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

1-M Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the Town utilizes the following classifications to categorize the financial transactions:

Direct Borrowings – financial transactions for a note or a loan where the Town negotiates certain terms with a single lender and are not offered for public sale.

Direct Placements – financial transactions for the sale of bonds where the Town engages with a single buyer or limited number of buyers without a public offering.

1-N Defined Benefit Pension Plan

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

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

1-O Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

1-P Net Position/Fund Balances

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

Unrestricted net position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

The minimum level of unassigned fund balance in the general fund shall be maintained at \$300,000. The Board of Selectmen will review this each year in order to determine the appropriate amount of unassigned fund balance to be used to reduce the property tax rate.

1-Q Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2023, \$300,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 20,138,145
Adjustments:	
Basis differences:	
Note inception	828,500
GASB Statement No. 54:	
To record revenue of the blended funds	31,244
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(25,194)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 20,972,695</u></u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 19,244,262
Adjustments:	
Basis differences:	
Note inception	828,500
Encumbrances, beginning	370,510
Encumbrances, ending	(632,785)
GASB Statement No. 54:	
To record expenditures of the blended funds	179,883
To eliminate transfers between general and blended funds	(75,000)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 19,915,370</u></u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented during fiscal year 2023. The objective of this Statement is to better meet information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirement for subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets (an intangible asset), and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards of SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. The Town has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 96 and have determined that none of the agreements have met the requirements of the pronouncement.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2023 the reported amount of the Town's deposits was \$34,107,191 and the bank balance was \$34,206,797. Of the bank balance \$34,199,225 was covered by federal depository insurance or by collateral held by the pledging bank in the Town's name, and \$7,572 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 31,767,329
Cash per Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit E-1)	2,339,862
Total cash and cash equivalents	<u>\$ 34,107,191</u>

NOTE 4 – INVESTMENTS

Note 1-D describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of December 31, 2023:

	Valuation Measurement Method	Reported Balance	Exempt from Disclosure
Investments type:			
Common stock	Level 1	\$ 194,539	\$ 194,539
Equity exchange traded funds	Level 1	110,249	110,249
Fixed income exchange traded funds	Level 2	35,499	35,499
Total fair value		<u>\$ 340,287</u>	<u>\$ 340,287</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Treasurer and Board of Selectmen's investment policy states that 100% of the portfolio must have maturities of one year or less and 50% of that must have minimum maturities of 90 days or less. The Trustees of Trust funds investment policy does not directly address this risk.

Credit Risk – The Treasurer and Board of Selectman's investment policy states that investments in bonds must have an investment grade rating issued by Moody's and S&P at minimums of Aa2 and AA, respectively. The Trustees of Trust funds investment policy does not directly address this risk. The Town's investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure
Common stock	\$ 194,539	\$ 194,539
Equity exchange traded funds	110,249	110,249
Fixed income exchange traded funds	35,499	35,499
Total	<u>\$ 340,287</u>	<u>\$ 340,287</u>

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Treasurer and Board of Selectman's investment policy require that federally insured banks shall have such fund, at the time of deposit of investment, secured by collateral having market value at least equal to 102% of the amount deposited or invested. The Trustees of Trust funds investment policy does not directly address this risk.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. More than 5% of the Town's investments are in Allied Signal, which are 55.7% of the Town's total investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 314,980
Investments per Statement of Fiduciary Net Position (Exhibit E-1)	25,307
Total investments	<u><u>\$ 340,287</u></u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2023. The amount has been reduced by an allowance for an estimated uncollectible amount of \$125,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2023	\$ 1,877,100	\$ 1,877,100
Unredeemed (under tax lien):		
Levy of 2022	176,429	176,429
Levy of 2021	93,895	93,895
Levies of 2020 and prior	59,811	59,811
Yield	254	254
Other	2,218	2,218
Less: allowance for estimated uncollectible taxes	<u>(125,000) *</u>	<u>-</u>
Net taxes receivable	<u><u>\$ 2,084,707</u></u>	<u><u>\$ 2,209,707</u></u>

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

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2023, consisted of accounts (billings for police details, ambulance, and other user charges). Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2023 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	General Fund	Nonmajor Funds	Total	Fiduciary Funds
Receivables:				
Accounts	\$ 704,598	\$ 20,576	\$ 725,174	\$ -
Intergovernmental	-	-	-	26,735,263 ¹
Gross receivables	704,598	20,576	725,174	26,735,263
Less: allowance for uncollectibles	(58,940)	-	(58,940)	-
Net total receivables	<u><u>\$ 645,658</u></u>	<u><u>\$ 20,576</u></u>	<u><u>\$ 666,234</u></u>	<u><u>\$ 26,735,263</u></u>

¹ Fiduciary Funds - intergovernmental receivables represent property taxes collected on behalf of the Windham School District. These amounts are collected and are part of the Town's general fund cash at year-end. The general fund reports an offsetting intergovernmental payable for this amount at year-end, see Note 9.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 15,678,260	\$ 175,000	\$ -	\$ 15,853,260
Construction in progress	942,596	79,728	(741,175)	281,149
Total capital assets not being depreciated	<u>16,620,856</u>	<u>254,728</u>	<u>(741,175)</u>	<u>16,134,409</u>
Being depreciated:				
Land improvements	1,969,612	-	-	1,969,612
Buildings and building improvements	9,227,810	160,825	-	9,388,635
Vehicles and equipment	9,476,953	2,184,585	(1,027,473)	10,634,065
Infrastructure	48,934,124	-	-	48,934,124
Total capital assets being depreciated	<u>69,608,499</u>	<u>2,345,410</u>	<u>(1,027,473)</u>	<u>70,926,436</u>
Total all capital assets	<u>86,229,355</u>	<u>2,600,138</u>	<u>(1,768,648)</u>	<u>87,060,845</u>
Less accumulated depreciation:				
Land improvements	(1,703,431)	(49,002)	-	(1,752,433)
Buildings and building improvements	(5,864,083)	(232,049)	-	(6,096,132)
Vehicles and equipment	(6,509,259)	(824,602)	1,027,473	(6,306,388)
Infrastructure	(37,397,595)	(1,030,151)	-	(38,427,746)
Total accumulated depreciation	<u>(51,474,368)</u>	<u>(2,135,804)</u>	<u>1,027,473</u>	<u>(52,582,699)</u>
Net book value, capital assets being depreciated	<u>18,134,131</u>	<u>209,606</u>	<u>-</u>	<u>18,343,737</u>
Net book value, all governmental activities capital assets	<u>\$ 34,754,987</u>	<u>\$ 464,334</u>	<u>\$ (741,175)</u>	<u>\$ 34,478,146</u>

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

General government	\$ 39,282
Public safety	154,996
Highways and streets	1,746,418
Sanitation	65,213
Culture and recreation	129,895
Total depreciation expense	<u>\$ 2,135,804</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor	General	<u>\$ 18,094</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2023 is as follows:

Transfers In:	
General	Fund
Transfers out:	
Nonmajor funds	<u><u>\$ 260,010</u></u>

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

NOTE 9 – INTERGOVERNMENTAL PAYABLES

	Governmental	Fiduciary
	Fund	
	General	Funds
Balance due to the New Hampshire Retirement System	\$ 854,727	\$ -
Other	23,288	-
Property taxes due to the custodial funds	26,735,263	² -
Property taxes due to the Windham School District	- ³	26,735,263
Total intergovernmental payables due	<u><u>\$ 27,613,278</u></u>	<u><u>\$ 26,735,263</u></u>

² Property taxes due to the custodial fund represent amounts collected by the Town on behalf of Windham School District and are reported as a component of general fund cash at year-end.

³ Property taxes due to the Windham School District represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next calendar year.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Government-wide
Amounts related to pensions, see Note 12	\$ 2,076,779
Amounts related to OPEB, see Note 14	95,148
Total deferred outflows of resources	<u><u>\$ 2,171,927</u></u>

Deferred inflows of resources are as follows:

	Government-wide	General Fund	Nonmajor Governmental Funds
Property taxes not collected within 60 days of the fiscal year-end	\$ -	\$ 173,217	\$ -
Property taxes collected in advance of commitment	22,909	22,909	-
Additional Highway block grant money received and not yet expended	522,759	522,759	-
ARPA grant monies received in advance of eligible expenditures	396,697	- ³	396,697
Amounts related to pensions, see Note 12	784,653	- ³	-
Amounts related to OPEB, see Note 14	195,800	- ³	-
Total deferred inflows of resources	<u><u>\$ 1,922,818</u></u>	<u><u>\$ 718,885</u></u>	<u><u>\$ 396,697</u></u>

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

NOTE 11 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2023:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year	Due in More Than One Year
Direct placements:						
General obligation bonds	\$ 2,455,000	\$ -	\$ (245,000)	\$ 2,210,000	\$ 245,000	\$ 1,965,000
Premium	362,815	-	(36,426)	326,389	36,426	289,963
Total bonds payable	<u>2,817,815</u>	<u>-</u>	<u>(281,426)</u>	<u>2,536,389</u>	<u>281,426</u>	<u>2,254,963</u>
Direct borrowings:						
Notes payable	610,784	828,500	(377,387)	1,061,897	368,335	693,562
Compensated absences	1,488,450	137,904	-	1,626,354	-	1,626,354
Net pension liability	17,100,459	-	(1,247,988)	15,852,471	-	15,852,471
Net other postemployment benefits	<u>2,089,810</u>	<u>-</u>	<u>(203,507)</u>	<u>1,886,303</u>	<u>-</u>	<u>1,886,303</u>
Total long-term liabilities	<u>\$ 24,107,318</u>	<u>\$ 966,404</u>	<u>\$ (2,110,308)</u>	<u>\$ 22,963,414</u>	<u>\$ 649,761</u>	<u>\$ 22,313,653</u>

Long-term bonds/notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2023
Direct placements - bonds payable:					
Land /Water-line /Truck	\$ 2,481,500	2019	2034	2.13	\$ 1,735,000
Fire Engine	\$ 631,125	2021	2029	0.81	<u>475,000</u>
					<u>2,210,000</u>
Direct placements - notes payable:					
Aerial Truck	\$ 850,000	2017	2027	2.45	232,757
Searles Building Renovation	\$ 300,000	2020	2032	2.30	231,504
Fire Department Vehicle	\$ 53,000	2022	2024	4.39	17,822
Police Vehicles and Ambulance	\$ 578,500	2023	2025	4.50	379,814
Body Cameras	\$ 250,000	2023	2027	2.00	<u>200,000</u>
					<u>1,061,897</u>
Bond premium					<u>326,389</u>
Total					<u>\$ 3,598,286</u>

The annual requirements to amortize all general obligation bonds/notes outstanding as of December 31, 2023, including interest payments, are as follows:

Fiscal Year Ending December 31,	Bonds-Direct Placements			Notes-Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 245,000	\$ 96,435	\$ 341,435	\$ 368,335	\$ 16,282	\$ 384,617
2025	245,000	83,940	328,940	360,726	12,733	373,459
2026	240,000	71,445	311,445	123,300	8,758	132,058
2027	240,000	59,205	299,205	75,101	8,141	83,242
2028	235,000	46,965	281,965	25,678	3,092	28,770
2029-2033	850,000	96,632	946,632	108,757	6,324	115,081
2034	155,000	4,416	159,416	-	-	-
Totals	<u>\$ 2,210,000</u>	<u>\$ 459,038</u>	<u>\$ 2,669,038</u>	<u>\$ 1,061,897</u>	<u>\$ 55,330</u>	<u>\$ 1,117,227</u>

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2023 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 10, 2015	Fire Engine/Tanker Truck	\$ 9,714
March 12, 2019	MSDC from Southern NH Regional Water Line	35,000
March 12, 2019	Tractor Truck for Transfer Station	6,500
March 8, 2022	Purchase Conservation Land and Easements	6,200,000
		<u><u>\$ 6,251,214</u></u>

NOTE 12 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRs or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers with in the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

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

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

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

Contributions - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For the period of January 1, 2023 to June 30, 2023, the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. For the period of July 1, 2023 to December 31, 2023, the Town contributed 28.68% for police, 27.75% for fire and 13.27% for other employees. The contribution requirement for the fiscal year 2023 was \$1,746,372, which was paid in full.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2023 the Town reported a liability of \$15,852,471 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2023, the Town's proportion was 0.28% which was an decrease of 0.02% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized pension expense of \$1,989,361. At December 31, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 94,330	\$ 778,282
Changes in assumptions	417,229	-
Net difference between projected and actual investment		
earnings on pension plan investments	229,254	-
Differences between expected and actual experience	405,066	6,371
Contributions subsequent to the measurement date	930,900	-
Total	<u><u>\$ 2,076,779</u></u>	<u><u>\$ 784,653</u></u>

The \$930,900 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	
December 31,	
2024	\$ 399,265
2025	(529,985)
2026	638,361
2027	(146,415)
Thereafter	-
Totals	<u><u>\$ 361,226</u></u>

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions which, accordingly apply to 2023 measurements:

Inflation:	2.0%
Salary increases:	5.4% average, including inflation
Wage inflation:	2.75% (2.25% for teachers)
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

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

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Following is a table presenting target allocations and long-term rates of return for 2023:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	5.40%
Global Ex-US Equity (2)	20.00%	5.65%
Total public equity	50.00%	
Real Estate Equity	10.00%	4.00%
Private Equity	10.00%	6.65%
Total private market equity	20.00%	
Private Debt	5.00%	5.05%
Core U.S. Fixed Income (3)	25.00%	2.15%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease	Current Single Rate Assumption	1% Increase
	5.75%	6.75%	7.75%
June 30, 2023	\$ 21,509,884	\$ 15,852,471	\$ 11,018,558

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

NOTE 13 – SUPPLEMENTAL RETIREMENT PLAN

The Town has a defined contribution supplemental retirement plan that covers full time employees except for police and fire department employees. The plan was adopted on October 1, 1987. Employees are eligible for normal retirement after age 68. If a participant terminates their employment prior to the age of 65, they will be entitled to 100% of their contributions made and a percentage of the contributions made by the town based on completed years of service.

In order to participate in the plan an employee must contribute an amount equal to 3% of their earnings. A participant may then make voluntary contributions up to an additional 10% of their earnings. The Town contributes 5% of participant's total earning to the plan. Covered wages paid under this plan during 2023 were \$2,759,043 or 31.6% of total wages of \$8,722,330. Employee contributions included additional voluntary contributions to the plan were \$109,080 or 4.0% of covered wages.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

14-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the system's website at www.nhrs.org.

Benefits Provided - Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by 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. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2023 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2023, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For the period of January 1, 2023 to June 30, 2023, the Town contributed 3.21% for police and fire, and 0.31% for other employees. For the period of July 1, 2023 to December 31, 2023, the Town contributed 2.60% for police and fire, and 0.26% for other employees. The contribution requirement for the fiscal year 2023 was \$140,920, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2023, the Town reported a liability of \$1,156,892 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2023, the Town's proportion was 0.34% which was a decrease of 0.02% from its proportion measured as of June 30, 2022.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

For the year ended December 31, 2023, the Town recognized OPEB benefit of \$48,866. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 1,391
Contributions subsequent to the measurement date	71,149
Total	<u>\$ 72,540</u>

The \$71,149 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Fiscal Year Ending
	December 31,
2024	\$ (230)
2025	(1,757)
2026	3,758
2027	(380)
Thereafter	-
Totals	<u>\$ 1,391</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2022 and a measurement date of June 30, 2023. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% (2.25% for teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

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

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Following is a table presenting target allocations and long-term rates of return for 2023:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	5.40%
Global Ex-US Equity (2)	20.00%	5.65%
Total public equity	50.00%	
Real Estate Equity	10.00%	4.00%
Private Equity	10.00%	6.65%
Total private market equity	20.00%	
Private Debt	5.00%	5.05%
Core U.S. Fixed Income (3)	25.00%	2.15%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2023 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the Town’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the Town’s proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the Town’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease	Current Single Rate Assumption	1% Increase
	5.75%	6.75%	7.75%
June 30, 2023	\$ 1,256,499	\$ 1,156,892	\$ 1,069,989

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

14-B Town of Windham Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided – The Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees.

Employees Covered by Benefit Terms – At January 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	27
Active employees	81
Total participants covered by OPEB plan	<u>108</u>

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Total OPEB Liability – The Town's total OPEB liability of \$729,411 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2023.

Actuarial Assumptions and Other Inputs – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.88%
Healthcare Cost Trend Rates:	
Current Year Trend	7.00%
Second Year Trend	6.75%
Decrement	0.25%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2034
Salary Increases:	3.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2023.

Mortality rates were based on the RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

Changes in the Total OPEB Liability

	December 31,	
	2022	2023
OPEB liability beginning of year	\$ 788,730	\$ 733,565
Changes for the year:		
Service cost	20,567	22,304
Interest	31,616	27,165
Assumption changes and difference between actual and expected experience	(42,601)	13,267
Benefit payments	(64,747)	(66,890)
OPEB liability end of year	<u>\$ 733,565</u>	<u>\$ 729,411</u>

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The January 1, 2023 actuarial valuation was prepared using a discount rate of 3.88%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$689,666 or by 5.44%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$772,540 or by 5.91%.

	Discount Rate		
	1% Decrease	Baseline 3.88%	1% Increase
Total OPEB Liability	<u>\$ 772,540</u>	<u>\$ 729,411</u>	<u>\$ 689,666</u>

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The January 1, 2023 actuarial valuation was prepared using an initial trend rate of 7.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$797,123 or by 9.28%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$670,715 or by 8.05%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.00%	1% Increase
Total OPEB Liability	<u>\$ 670,715</u>	<u>\$ 729,411</u>	<u>\$ 797,123</u>

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2023, the Town recognized OPEB benefit of \$20,996. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	<u>\$ 22,608</u>	<u>\$ 195,800</u>

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

Fiscal Year Ending December 31,	
2024	\$ (70,465)
2025	(70,465)
2026	(23,692)
2027	(2,646)
2028	(3,672)
Thereafter	(2,252)
Totals	<u><u>\$ (173,192)</u></u>

NOTE 15 - ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2023 are as follows:

General fund:	
General government	\$ 8,000
Public safety	2,789
Culture and recreation	14,015
Conservation	7,500
Capital outlay	<u>600,481</u>
Total encumbrances	<u><u>\$ 632,785</u></u>

NOTE 16 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Governmental activities and fiduciary fund net position reported on the Statements of Net Position at December 31, 2023 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all governmental activities capital assets	\$ 34,478,146	\$ -
Less:		
General obligation bonds payable	(2,210,000)	-
Unamortized bond premium	(326,389)	-
Notes payable	<u>(1,061,897)</u>	<u>-</u>
Total net investment in capital assets	<u><u>30,879,860</u></u>	<u><u>-</u></u>

(Continued)

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Governmental activities and fiduciary funds net position continued:

	Governmental Activities	Fiduciary Funds
Restricted net position:		
Nonexpendable permanent funds	481,544	-
Expendable permanent funds	82,246	-
Searles building	18,851	-
MSDC fund	46,002	-
Library	51,591	-
Searles donation	974	-
Unspent bond proceeds	8,825	-
Individuals, organizations, and other governments	-	2,365,169
Total restricted net position	<u>690,033</u>	<u>2,365,169</u>
Unrestricted	<u>(13,052,563)</u>	<u>-</u>
Total net position	<u><u>\$ 18,517,330</u></u>	<u><u>\$ 2,365,169</u></u>

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2023 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 1,804	\$ -	\$ 1,804
Permanent funds - principal balance	-	481,544	481,544
Total nonspendable fund balance	<u>1,804</u>	<u>481,544</u>	<u>483,348</u>
Restricted:			
Library	51,591	-	51,591
Searles donation	974	-	974
Unspent bond proceeds	8,825	-	8,825
MSDC fund	-	46,002	46,002
Capital projects	-	18,851	18,851
Permanent funds - income balance	-	82,246	82,246
Total restricted fund balance	<u>61,390</u>	<u>147,099</u>	<u>208,489</u>
Committed:			
Expendable trust	470,391	-	470,391
Non-lapsing appropriations	616,981	-	616,981
Public safety details	-	57,827	57,827
Recreation revolving	-	28,217	28,217
Land purchase conservation	-	861,157	861,157
Cable and health expendable trust	-	8,388	8,388
Public safety impact fees	-	437,537	437,537
Searles fund	-	30,167	30,167
Fire cistern	-	2,023	2,023
Forest maintenance	-	47,958	47,958
Ambulance	-	100,067	100,067
Total committed fund balance	<u>1,087,372</u>	<u>1,573,341</u>	<u>2,660,713</u>

(Continued)

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

Governmental fund balances continued:

	General Fund	Nonmajor Funds	Total Governmental Funds
Assigned:			
Encumbrances	15,804	-	15,804
Abatement contingency	50,000	-	50,000
Law enforcement	992	-	992
Exaction fees	11,619	-	11,619
Cable and health expendable trust	-	331,091	331,091
Total assigned fund balance	<u>78,415</u>	<u>331,091</u>	<u>409,506</u>
Unassigned			
Total governmental fund balances	<u><u>\$ 3,275,285</u></u>	<u><u>\$ 2,533,075</u></u>	<u><u>\$ 5,808,360</u></u>

NOTE 18 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2023, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2023 to December 31, 2023 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2023 the Town paid \$145,562 and \$244,435 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 19 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. No such tax abatement programs were identified.

NOTE 20 – CONTINGENT LIABILITIES

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

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

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

NOTE 21 – PERFORMANCE DEPOSITS

The Town holds letters of credit and surety bonds from developers until projects have been completed to Town standards. Due to the nature of these letters and surety bonds they are not included as part of the financial statements. As of December 31, 2023, the Town held performance deposits totaling \$1,541,510.

NOTE 22 – HEALTH INSURANCE

Effective January 1, 1994, the Town provided employee medical/surgical benefits through a reduced premium plan, which is a modified self-insurance plan. The Town established a health insurance expendable trust fund, under RSA 31:19a to account for and finance its periodic insurance premiums and uninsured risk (the difference between prior coverage and current coverage levels). Effective January 1, 2003, the Town began augmenting the health insurance expendable trust with the general fund operating budget to fund health insurance costs. Employees are required to pay between 20-25% of the monthly premium.

Expenditures during 2023 were \$253,285 for health insurance premiums and \$18,117 in administrative expenses. Claims are reviewed by an outside claims administrator and then paid by the Town. At December 31, 2023, the unexpended balance of the health insurance expendable trust is \$8,388. No outstanding claims were reported at December 31, 2023

NOTE 23 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through November 26, 2024, the date the December 31, 2023 financial statements were available to be issued, and the following events occurred that requires recognition or disclosure:

At the 2024 Annual Town Meeting, held on March 12, 2024, the residents of the Town approved Warrant Articles No. 3 and No. 4 that allow the Town to enter into lease-purchase agreements for a transfer station loader (\$155,000) and a transfer station trash trailer (\$135,000). Additionally, the residents approved Warrant Articles No. 16 and No. 21, authorizing the use of surplus fund balance for town hall renovation projects (\$200,000) and a PFAS soil cap (\$127,000).

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF WINDHAM, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2023
Unaudited

Fiscal year-end	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Town's proportion of the net pension liability	0.32%	0.32%	0.32%	0.32%	0.30%	0.29%	0.30%	0.30%	0.30%	0.28%
Town's proportionate share of the net pension liability	\$ 11,947,160	\$ 12,566,541	\$ 17,016,632	\$ 15,609,215	\$ 14,652,315	\$ 14,157,985	\$ 19,490,607	\$ 13,391,944	\$ 17,100,459	\$ 15,852,471
Town's covered payroll (as of measurement date)	\$ 5,972,552	\$ 6,054,805	\$ 6,045,748	\$ 6,201,605	\$ 6,151,550	\$ 6,580,040	\$ 6,580,040	\$ 9,805,413	\$ 8,121,400	\$ 7,256,718
Town's proportionate share of the net pension liability as a percentage of its covered payroll	200.03%	207.55%	281.46%	251.70%	238.19%	215.17%	296.21%	136.58%	210.56%	218.45%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%	67.18%

EXHIBIT G
TOWN OF WINDHAM, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2023
Unaudited

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

Fiscal year-end	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Contractually required contribution	\$ 1,032,595	\$ 1,064,217	\$ 1,145,875	\$ 1,162,737	\$ 1,286,117	\$ 1,280,494	\$ 1,356,011	\$ 1,576,592	\$ 1,698,131	\$ 1,746,372
Contributions in relation to the contractually required contributions	(1,032,595)	(1,064,217)	(1,145,875)	(1,162,737)	(1,286,117)	(1,280,494)	(1,356,011)	(1,576,592)	(1,698,131)	(1,746,372)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of fiscal year)	\$ 5,972,552	\$ 6,054,805	\$ 6,045,748	\$ 6,201,615	\$ 6,151,550	\$ 6,580,040	\$ 8,063,846	\$ 10,075,101	\$ 7,267,150	\$ 7,593,692
Contributions as a percentage of covered payroll	17.29%	17.58%	18.95%	18.75%	20.91%	19.46%	16.82%	15.65%	23.37%	23.00%

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at December 31, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EXHIBIT H
TOWN OF WINDHAM, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2023
Unaudited

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Town's proportion of the net OPEB liability	0.26%	0.26%	0.37%	0.36%	0.34%	0.34%	0.36%	0.34%
Town's proportionate share of the net OPEB liability (asset)	\$ 1,247,119	\$ 1,184,325	\$ 1,708,696	\$ 1,571,955	\$ 1,501,059	\$ 1,368,458	\$ 1,356,245	\$ 1,156,892
Town's covered payroll (as of measurement date)	\$ 6,045,748	\$ 6,201,615	\$ 6,151,550	\$ 6,580,040	\$ 6,580,040	\$ 9,805,413	\$ 8,121,400	\$ 7,256,718
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	20.63%	19.10%	27.78%	23.89%	22.81%	13.96%	16.70%	15.94%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%	12.80%

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

EXHIBIT I
TOWN OF WINDHAM, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2023
Unaudited

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Contractually required contribution	\$ 149,689	\$ 153,521	\$ 165,079	\$ 163,631	\$ 159,697	\$ 158,782	\$ 147,080	\$ 140,920
Contributions in relation to the contractually required contribution	<u>(149,689)</u>	<u>(153,521)</u>	<u>(165,079)</u>	<u>(163,631)</u>	<u>(159,697)</u>	<u>(158,782)</u>	<u>(147,080)</u>	<u>(140,920)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of fiscal year)	<u>\$ 6,045,748</u>	<u>\$ 6,201,615</u>	<u>\$ 6,151,550</u>	<u>\$ 6,580,040</u>	<u>\$ 8,063,846</u>	<u>\$ 10,075,101</u>	<u>\$ 7,267,150</u>	<u>\$ 7,593,692</u>
Contributions as a percentage of covered payroll	2.48%	2.48%	2.68%	2.49%	1.98%	1.58%	2.02%	1.86%

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

EXHIBIT J
TOWN OF WINDHAM, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended December 31, 2023
Unaudited

	December 31,					
	2018	2019	2020	2021	2022	2023
OPEB liability, beginning of year	\$ 1,288,962	\$ 1,240,057	\$ 689,846	\$ 757,167	\$ 788,730	\$ 733,565
Changes for the year:						
Service cost	27,681	47,470	54,139	55,582	20,567	22,304
Interest	42,054	34,475	14,169	15,129	31,616	27,165
Assumption changes and difference between actual and expected experience	-	(513,371)	24,169	(801)	(42,601)	13,267
Benefit payments	(118,640)	(118,785)	(25,156)	(38,347)	(64,747)	(66,890)
OPEB liability, end of year	<u>\$ 1,240,057</u>	<u>\$ 689,846</u>	<u>\$ 757,167</u>	<u>\$ 788,730</u>	<u>\$ 733,565</u>	<u>\$ 729,411</u>
Covered payroll	<u>\$ 5,118,564</u>	<u>\$ 6,299,911</u>	<u>\$ 6,299,911</u>	<u>\$ 6,299,911</u>	<u>\$ 5,745,810</u>	<u>\$ 5,745,810</u>
Total OPEB liability as a percentage of covered payroll	24.23%	10.95%	12.02%	12.52%	12.77%	12.69%

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

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2023. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF WINDHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2023

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 11,599,909	\$ 11,664,633	\$ 64,724
Yield	3,600	4,660	1,060
Boat	17,000	20,282	3,282
Payment in lieu of taxes	10,272	11,478	1,206
Interest and penalties on taxes	100,000	100,248	248
Total from taxes	<u>11,730,781</u>	<u>11,801,301</u>	<u>70,520</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	4,150,000	4,533,058	383,058
Building permits	150,000	185,382	35,382
Other	94,000	129,050	35,050
Total from licenses, permits, and fees	<u>4,394,000</u>	<u>4,847,490</u>	<u>453,490</u>
Intergovernmental:			
State:			
Meals and rooms distribution	1,514,238	1,514,238	-
Highway block grant	351,933	351,890	(43)
Other	95,125	183,796	88,671
Federal:			
Other	399,505	37,500	(362,005)
Total from intergovernmental	<u>2,360,801</u>	<u>2,087,424</u>	<u>(273,377)</u>
Charges for services:			
Income from departments	<u>889,375</u>	<u>819,333</u>	<u>(70,042)</u>
Miscellaneous:			
Sale of municipal property	1,000	13,200	12,200
Interest on investments	14,000	221,609	207,609
Other	107,500	87,778	(19,722)
Total from miscellaneous	<u>122,500</u>	<u>322,587</u>	<u>200,087</u>
Other financing sources:			
Transfers in	<u>188,580</u>	<u>260,010</u>	<u>71,430</u>
Total revenues and other financing sources	<u>19,686,037</u>	<u>\$ 20,138,145</u>	<u>\$ 452,108</u>
Unassigned fund balance used to reduce tax rate	<u>300,000</u>		
Total revenues, other financing sources, and use of fund balance	<u><u>\$ 19,986,037</u></u>		

See Independent Auditor's Report.

SCHEDULE 2
TOWN OF WINDHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2023

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 3,330	\$ 40,028	\$ -	\$ (36,698)
Election and registration	- -	31,360	16,941	- -	14,419
Financial administration	19,500	1,916,476	1,883,779	- -	52,197
Revaluation of property	- -	211,434	206,237	- -	5,197
Legal	- -	133,500	137,147	- -	(3,647)
Planning and zoning	- -	737,236	684,987	- -	52,249
General government buildings	- -	489,070	486,677	- -	2,393
Cemeteries	6,200	43,470	32,818	8,000	8,852
Insurance, not otherwise allocated	- -	393,335	410,507	- -	(17,172)
Other	- -	4,000	4,016	- -	(16)
Total general government	25,700	3,963,211	3,903,137	8,000	77,774
Public safety:					
Police	- -	4,297,801	3,857,528	- -	440,273
Fire	- -	4,507,982	4,502,291	2,789	2,902
Emergency management	- -	4,590	3,481	- -	1,109
Other	- -	577,342	556,753	- -	20,589
Total public safety	- -	9,387,715	8,920,053	2,789	464,873
Highways and streets:					
Highways and streets	- -	1,765,781	1,781,625	- -	(15,844)
Street lighting	- -	22,570	19,686	- -	2,884
Total highways and streets	- -	1,788,351	1,801,311	- -	(12,960)
Sanitation:					
Administration	- -	- -	5,228	- -	(5,228)
Solid waste disposal	10,000	1,506,544	1,362,603	- -	153,941
Total sanitation	10,000	1,506,544	1,367,831	- -	148,713
Health:					
Health agencies	- -	56,925	40,392	- -	16,533
Welfare:					
Administration and direct assistance	- -	45,540	77,442	- -	(31,902)
Culture and recreation:					
Parks and recreation	- -	310,335	290,143	9,000	11,192
Library	20,000	1,426,021	1,390,873	- -	55,148
Other	2,310	149,823	140,304	5,015	6,814
Total culture and recreation	22,310	1,886,179	1,821,320	14,015	73,154

(Continued)

SCHEDULE 2 (Continued)
TOWN OF WINDHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2023

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Conservation	<u>7,500</u>	<u>9,780</u>	<u>6,375</u>	<u>7,500</u>	<u>3,405</u>
Debt service:					
Principal on long-term debt	-	356,658	356,663	-	(5)
Interest on long-term debt	-	122,628	122,624	-	4
Interest on tax anticipation notes	-	500	-	-	500
Total debt service	<u>-</u>	<u>479,786</u>	<u>479,287</u>	<u>-</u>	<u>499</u>
Capital outlay	<u>305,000</u>	<u>787,006</u>	<u>489,839</u>	<u>600,481</u>	<u>1,686</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 370,510</u>	<u>\$ 19,986,037</u>	<u>\$ 18,981,987</u>	<u>\$ 632,785</u>	<u>\$ 741,775</u>

SCHEDULE 3
TOWN OF WINDHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2023

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)	\$ 1,181,050
Changes:	
Unassigned fund balance used to reduce 2023 tax rate	(300,000)
2023 Budget summary:	
Revenue surplus (Schedule 1)	\$ 452,108
Unexpended balance of appropriations (Schedule 2)	<u>741,775</u>
2023 Budget surplus	1,193,883
Increase in nonspendable fund balance	(1,804)
Decrease in restricted fund balance	<u>21,392</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)	<u>2,094,521</u>
<i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i>	
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis	(173,217)
Elimination of the allowance for uncollectible taxes	<u>125,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)	<u><u>\$ 2,046,304</u></u>

SCHEDULE 4
TOWN OF WINDHAM, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
For the Fiscal Year Ended December 31, 2023

	Special Revenue Funds							
	Public Safety Detail	Recreation Revolving	Land Purchase Conservation	Cable and Health Expendable Trust	Public Safety Impact Fees	Searles Fund	Fire Cistern	
ASSETS								
Cash and cash equivalents	\$ 38,008	\$ 28,217	\$ 861,157	\$ 339,479	\$ 437,537	\$ 30,167	\$ 2,023	
Investments	-	-	-	-	-	-	-	
Accounts receivable	1,725	-	-	-	-	-	-	
Interfund receivable	18,094	-	-	-	-	-	-	
Total assets	<u>\$ 57,827</u>	<u>\$ 28,217</u>	<u>\$ 861,157</u>	<u>\$ 339,479</u>	<u>\$ 437,537</u>	<u>\$ 30,167</u>	<u>\$ 2,023</u>	
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - grants	-	-	-	-	-	-	-	
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	
Restricted	-	-	-	-	-	-	-	
Committed	57,827	28,217	861,157	8,388	437,537	30,167	2,023	
Assigned	-	-	-	331,091	-	-	-	
Total fund balances	<u>57,827</u>	<u>28,217</u>	<u>861,157</u>	<u>339,479</u>	<u>437,537</u>	<u>30,167</u>	<u>2,023</u>	
Total deferred inflows of resources and fund balances	<u>\$ 57,827</u>	<u>\$ 28,217</u>	<u>\$ 861,157</u>	<u>\$ 339,479</u>	<u>\$ 437,537</u>	<u>\$ 30,167</u>	<u>\$ 2,023</u>	

Special Revenue Funds

Forest Maintenance	MSDC Fund	Ambulance Fund	Capital Project Funds			Permanent Fund	Total
			Searles Building	ARPA Projects			
\$ 47,958	\$ 46,002	\$ 100,067	\$ -	\$ 396,697	\$ 248,810	\$ 2,576,122	
-	-	-	-	-	314,980	314,980	
-	-	-	18,851	-	-	20,576	
-	-	-	-	-	-	18,094	
\$ 47,958	\$ 46,002	\$ 100,067	\$ 18,851	\$ 396,697	\$ 563,790	\$ 2,929,772	
				396,697		396,697	
-	-	-	-	-	-	481,544	481,544
-	46,002	-	18,851	-	82,246	147,099	
47,958	-	100,067	-	-	-	1,573,341	
-	-	-	-	-	-	331,091	
47,958	46,002	100,067	18,851	-	563,790	2,533,075	
\$ 47,958	\$ 46,002	\$ 100,067	\$ 18,851	\$ 396,697	\$ 563,790	\$ 2,929,772	

SCHEDULE 5
TOWN OF WINDHAM, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2023

	Special Revenue Funds						
	Public Safety Detail	Recreation Revolving	Land Purchase Conservation	Cable and Health Expendable Trusts	Public Safety Impact Fees	Searles Fund	Fire Cistern
REVENUES							
Taxes	\$ -	\$ -	\$ 31,000	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	100,214	91,571	-	-	-	-	-
Miscellaneous	29	-	2,696	22,470	53,054	39,640	2
Total revenues	<u>100,243</u>	<u>91,571</u>	<u>33,696</u>	<u>22,470</u>	<u>53,054</u>	<u>39,640</u>	<u>2</u>
EXPENDITURES							
Current:							
General government	-	-	-	50,464	-	16,646	-
Public safety	98,520	-	-	-	-	-	-
Culture and recreation	-	83,184	-	-	-	-	-
Conservation	-	-	272,218	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>98,520</u>	<u>83,184</u>	<u>272,218</u>	<u>50,464</u>	<u>-</u>	<u>16,646</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,723</u>	<u>8,387</u>	<u>(238,522)</u>	<u>(27,994)</u>	<u>53,054</u>	<u>22,994</u>	<u>2</u>
OTHER FINANCING USES							
Transfers out	-	-	(179,580)	-	-	(14,385)	-
Net change in fund balances	1,723	8,387	(418,102)	(27,994)	53,054	8,609	2
Fund balances, beginning	<u>56,104</u>	<u>19,830</u>	<u>1,279,259</u>	<u>367,473</u>	<u>384,483</u>	<u>21,558</u>	<u>2,021</u>
Fund balances, ending	<u>\$ 57,827</u>	<u>\$ 28,217</u>	<u>\$ 861,157</u>	<u>\$ 339,479</u>	<u>\$ 437,537</u>	<u>\$ 30,167</u>	<u>\$ 2,023</u>

Special Revenue Funds

Forest Maintenance	MSDC Fund	Ambulance Fund	Capital Project Funds			Permanent Fund	Total
			Searles Building	ARPA Projects			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,000
-	-	-	-	827,840	-	-	827,840
-	13,788	100,000	-	-	-	-	305,573
48	70	67	-	-	30,849	30,849	148,925
48	13,858	100,067	-	827,840	30,849	30,849	1,313,338
-	-	-	-	-	600	600	67,710
-	-	-	-	-	-	-	98,520
-	-	-	-	-	-	-	83,184
-	-	-	-	-	-	-	272,218
-	-	-	79,728	827,840	-	-	907,568
			79,728	827,840	-	600	1,429,200
48	13,858	100,067	(79,728)	-	30,249	30,249	(115,862)
-	(66,045)	-	-	-	-	-	(260,010)
48	(52,187)	100,067	(79,728)	-	30,249	30,249	(375,872)
47,910	98,189	-	98,579	-	533,541	533,541	2,908,947
\$ 47,958	\$ 46,002	\$ 100,067	\$ 18,851	\$ -	\$ 563,790	\$ 563,790	\$ 2,533,075

SCHEDULE 6
TOWN OF WINDHAM, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2023

	Custodial Funds							
	School Trust		School		Subdivision			
	Taxes	Funds	Impact Fees	Fees	Road Bonds and Escrows	State Fees		
ASSETS								
Cash and cash equivalents	\$ -	\$ 1,410,984	\$ 156,531	\$ 71,186	\$ 691,523	\$ -	\$ 2,330,224	
Intergovernmental receivable	<u>26,735,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,735,263</u>	
Total assets	<u>26,735,263</u>	<u>1,410,984</u>	<u>156,531</u>	<u>71,186</u>	<u>691,523</u>	<u>-</u>	<u>29,065,487</u>	
LIABILITIES								
Intergovernmental payables:								
School	<u>26,735,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,735,263</u>	
NET POSITION								
Restricted	\$ -	\$ 1,410,984	\$ 156,531	\$ 71,186	\$ 691,523	\$ -	\$ 2,330,224	

SCHEDULE 7
TOWN OF WINDHAM, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2023

	Custodial Funds						Total
	Taxes	School Trust Funds	School Impact Fees	Subdivision Fees	Road Bonds and Escrows	State Fees	
ADDITIONS							
Contributions	\$ -	\$ 683,746	\$ 232,781	\$ 76,291	\$ 366,117	\$ -	\$ 1,358,935
Investment earnings	- -	36,162	67	22	556	- -	36,807
Tax collections for other governments	55,573,029	- -	- -	- -	- -	- -	55,573,029
Motor vehicle permit fees	- -	- -	- -	- -	- -	1,211,472	1,211,472
Total additions	55,573,029	719,908	232,848	76,313	366,673	1,211,472	58,180,243
DEDUCTIONS							
Payments of taxes to other governments	55,573,029	- -	- -	- -	- -	- -	55,573,029
Payments to other governments	- -	707,105	158,206	- -	- -	1,211,472	2,076,783
Payments for escrow purposes	- -	- -	- -	87,814	104,471	- -	192,285
Total deductions	55,573,029	707,105	158,206	87,814	104,471	1,211,472	57,842,097
Change in net position	- -	12,803	74,642	(11,501)	262,202	- -	338,146
Net position, beginning	- -	1,398,181	81,889	82,687	429,321	- -	1,992,078
Net position, ending	\$ - -	\$ 1,410,984	\$ 156,531	\$ 71,186	\$ 691,523	\$ - -	\$ 2,330,224

See Independent Auditor's Report.

***INDEPENDENT AUDITOR'S REPORTS AND
SINGLE AUDIT ACT SCHEDULES***



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Windham as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Windham's basic financial statements, and have issued our report thereon dated November 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Windham's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Windham's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Windham's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Windham's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

Town of Windham

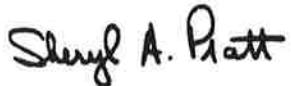
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Town of Windham's Response to Findings

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

Purpose of This Report

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



PLODZIK & SANDERSON
Professional Association

November 26, 2024
Concord, New Hampshire



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Windham's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Windham's major federal programs for the year ended December 31, 2023. The Town of Windham's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Windham complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Windham and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Windham's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Windham's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Windham's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect

Town of Windham

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Required by the Uniform Guidance

material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Windham's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Windham's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Windham's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Windham's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

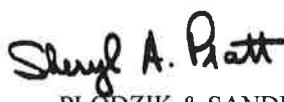
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

November 26, 2024
Concord, New Hampshire


Sheryl A. Pratt
PLODZIK & SANDERSON
Professional Association

SCHEDULE I
TOWN OF WINDHAM, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified opinions on governmental activities, the major fund and aggregate remaining fund information.

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

SCHEDULE I (Continued)
TOWN OF WINDHAM, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

2023-001 Stock Certificates (Significant Deficiency)

Criteria: Investments in common stock should be held in book form, rather than physical stock certificates.

Condition: The Town Trustees of Trust Funds are holding physical stock certificates related to certain investments held in the permanent funds. At year-end, the fair market value of these securities was \$194,539.

Cause: Unknown.

Effect: Physical certificates are at an increased risk of loss or theft as compared to securities held in book form. In addition, the related stock dividends are paid via check and must be deposited into the permanent fund investment accounts, which creates an additional concern that all dividends are being deposited and credited to the appropriate permanent fund accounts.

Recommendation: We recommend that the Trustees of Trust Funds take the necessary steps to convert the stock certificates into book form and deposit them on account with the current permanent trust custodian.

Views of Responsible Officials: Management's views and corrective action plan is included at the end of this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
TOWN OF WINDHAM, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
DIRECT FUNDING				
U.S. DEPARTMENT OF TREASURY				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	NA	\$ _____ -	\$ 827,840
<i>Total Expenditures of Federal Awards</i>			<u>\$ _____ -</u>	<u>\$ 827,840</u>

The accompanying notes are an integral part of this schedule.

TOWN OF WINDHAM, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Town of Windham under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Windham, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Windham.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Town of Windham has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

APPENDIX



TOWN OF WINDHAM, NEW HAMPSHIRE

3 NORTH LOWELL ROAD, WINDHAM NH 03087

CORRECTIVE ACTION PLAN

December 31, 2023

Audit Finding Reference:

2023-001

Planned Corrective Action:

The Town will work with the Trustees of the Trust Funds to convert the stock certificates into book form and deposit them on account with the current permanent trust custodian.

Name of Contact Person and Completion Date:

Name 1: Deborah Padykula

Name 2: Alberto Chang

Anticipated Completion Date – 12/31/25
