

**TOWN OF ALEXANDRIA,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2021**

**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
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## ***INDEPENDENT AUDITOR'S REPORT***

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

### **Report on the Financial Statements**

#### ***Adverse and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Alexandria as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### **Summary of Opinions**

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

#### ***Adverse Opinion on Governmental Activities***

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities," paragraph, the accompanying financial statements do not present fairly the financial position of the governmental activities of the Town of Alexandria, as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Unmodified Opinions***

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Town of Alexandria as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the 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). 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 Alexandria 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.

#### ***Basis for Adverse Opinion on Governmental Activities***

As discussed in Note 1-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

*Town of Alexandria*  
*Independent Auditor's Report*

***Responsibilities of Management for the Financial Statements***

The Town of Alexandria's management is responsible for the preparation and fair presentation of these 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 Alexandria'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 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 Alexandria'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 Alexandria'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 the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits, and
- Notes to the Required Supplementary Information

Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Alexandria's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

***Town of Alexandria***  
***Independent Auditor's Report***

The combining and individual fund schedules are the responsibility of management and were derived from and relate 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

June 9, 2022

*Plodzik & Sanderson*  
*Professional Association*

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
*Statement of Net Position*  
*December 31, 2021*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,402,931
Investments	903,931
Taxes receivables	422,728
Account receivables	4,997
Tax dedeed property, subject to resale	19,199
Capital assets:	
Land	331,961
Other capital assets, net of depreciation	3,954,032
Total assets	<u>8,039,779</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	136,605
Amounts related to other postemployment benefits	2,030
Total deferred outflows of resources	<u>138,635</u>
<b>LIABILITIES</b>	
Accounts payable	130,917
Accrued interest payable	3,977
Intergovernmental payable	1,599,515
Long-term liabilities:	
Due within one year	121,722
Due in more than one year	616,490
Total liabilities	<u>2,472,621</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - grants and donations	84,694
Amounts related to pensions	230,584
Amounts related to other postemployment benefits	468
Total deferred inflows of resources	<u>315,746</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,063,858
Restricted	883,252
Unrestricted	442,937
Total net position	<u>\$ 5,390,047</u>

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

**EXHIBIT B**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
*Statement of Activities*  
*For the Fiscal Year Ended December 31, 2021*

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 465,984	\$ 33,356	\$ -	\$ (432,628)
Public safety	379,278	4,305	-	(374,973)
Highways and streets	1,170,592	389	83,175	(1,087,028)
Sanitation	205,396	31,453	-	(173,943)
Health	22,627	-	-	(22,627)
Welfare	2,748	-	-	(2,748)
Culture and recreation	28,887	-	-	(28,887)
Conservation	658	-	-	(658)
Total governmental activities	<u>\$ 2,276,155</u>	<u>\$ 69,503</u>	<u>\$ 83,175</u>	<u>(2,123,477)</u>
General revenues:				
Taxes:				
Property				1,600,378
Other				91,040
Motor vehicle permit fees				409,754
Licenses and other fees				19,552
Grants and contributions not restricted to specific programs				121,964
Unrestricted investment earnings				13,906
Miscellaneous				109,239
Total general revenues				<u>2,365,833</u>
Change in net position				242,356
Net position, beginning				5,147,691
Net position, ending				<u>\$ 5,390,047</u>

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



**EXHIBIT C-1**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2021**

	General	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,134,227	\$ 16,464	\$ 79,976	\$ 2,230,667
Investments	36,675	867,256	-	903,931
Receivables, net of allowance for uncollectible:				
Taxes	465,378	-	2,350	467,728
Accounts	4,437	-	560	4,997
Interfund receivable	1,606	-	187	1,793
Tax deeded property, subject to resale	19,199	-	-	19,199
Restricted assets:				
Cash and cash equivalents	172,264	-	-	172,264
Total assets	<u>\$ 2,833,786</u>	<u>\$ 883,720</u>	<u>\$ 83,073</u>	<u>\$ 3,800,579</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 130,917	\$ -	\$ -	\$ 130,917
Intergovernmental payable	1,599,515	-	-	1,599,515
Interfund payable	187	1,606	-	1,793
Total liabilities	<u>1,730,619</u>	<u>1,606</u>	<u>-</u>	<u>1,732,225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	97,851	-	-	97,851
Unavailable revenue - ARPA funds	84,694	-	-	84,694
Total deferred inflows of resources	<u>182,545</u>	<u>-</u>	<u>-</u>	<u>182,545</u>
<b>FUND BALANCES</b>				
Nonspendable	19,199	813,297	-	832,496
Restricted	1,138	68,817	-	69,955
Committed	172,264	-	83,073	255,337
Unassigned	728,021	-	-	728,021
Total fund balances	<u>920,622</u>	<u>882,114</u>	<u>83,073</u>	<u>1,885,809</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,833,786</u>	<u>\$ 883,720</u>	<u>\$ 83,073</u>	<u>\$ 3,800,579</u>

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

**EXHIBIT C-2**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**December 31, 2021**

Amounts reported for governmental activities in the Statement of Net  
Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,885,809
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 7,400,204	
Less accumulated depreciation	<u>(3,114,211)</u>	
		4,285,993
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the post-retirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 136,605	
Deferred inflows of resources related to pensions	(230,584)	
Deferred outflows of resources related to OPEB	2,030	
Deferred inflows of resources related to OPEB	<u>(468)</u>	
		(92,417)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (1,793)	
Payables	<u>1,793</u>	
		-
Property taxes not collected within 60 days of fiscal year-end are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.		
Deferred property taxes	\$ 97,851	
Allowance for uncollectible taxes	<u>(45,000)</u>	
		52,851
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(3,977)
Long-term liabilities that are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bond	\$ 25,000	
Capital leases	197,135	
Compensated absences	25,046	
Net pension liability	462,431	
Other postemployment benefits	<u>28,600</u>	
		(738,212)
Net position of governmental activities (Exhibit A)		<u>\$ 5,390,047</u>

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

**EXHIBIT C-3**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2021**

	General	Permanent	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,704,627	\$ -	\$ 13,100	\$ 1,717,727
Licenses and permits	429,306	-	-	429,306
Intergovernmental	205,039	-	-	205,039
Charges for services	53,800	-	15,803	69,603
Miscellaneous	16,047	107,080	18	123,145
Total revenues	2,408,819	107,080	28,921	2,544,820
<b>EXPENDITURES</b>				
Current:				
General government	459,387	1,704	-	461,091
Public safety	358,494	-	3,122	361,616
Highways and streets	895,111	-	-	895,111
Sanitation	203,199	-	-	203,199
Health	22,627	-	-	22,627
Welfare	2,748	-	-	2,748
Culture and recreation	28,887	-	-	28,887
Conservation	658	-	-	658
Debt service:				
Principal	25,000	-	-	25,000
Interest	1,875	-	-	1,875
Capital outlay	172,634	-	-	172,634
Total expenditures	2,170,620	1,704	3,122	2,175,446
Excess of revenues over expenditures	238,199	105,376	25,799	369,374
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,606	-	-	1,606
Transfers out	-	(1,606)	-	(1,606)
Total other financing sources	1,606	(1,606)	-	-
Net change in fund balances	239,805	103,770	25,799	369,374
Fund balances, beginning	680,817	778,344	57,274	1,516,435
Fund balances, ending	\$ 920,622	\$ 882,114	\$ 83,073	\$ 1,885,809

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

*EXHIBIT C-4*  
**TOWN OF ALEXANDRIA, 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, 2021*

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances of governmental funds (Exhibit C-3)		\$ 369,374
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Depreciation expense		(277,379)
Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the governmental funds.		
Change in deferred tax revenue		(26,309)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net		
Repayment of bond principal	\$ 25,000	
Repayment of capital leases	<u>93,501</u>	
		118,501
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	\$ 1,993	
Increase in compensated absences payable	(1,760)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	43,258	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>14,678</u>	
		58,169
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 242,356</u></u>

**EXHIBIT D**  
**TOWN OF ALEXANDRIA, 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, 2021**

	Budgeted Amounts		Variance Positive (Negative)
	Original & Final	Actual	
<b>REVENUES</b>			
Taxes	\$ 1,633,328	\$ 1,678,318	\$ 44,990
Licenses and permits	412,300	429,306	17,006
Intergovernmental	205,060	205,039	(21)
Charges for services	49,813	53,800	3,987
Miscellaneous	6,400	16,031	9,631
Total revenues	2,306,901	2,382,494	75,593
<b>EXPENDITURES</b>			
Current:			
General government	460,998	455,387	5,611
Public safety	426,471	358,494	67,977
Highways and streets	1,013,611	895,111	118,500
Sanitation	218,199	203,199	15,000
Health	27,244	22,627	4,617
Welfare	14,300	2,748	11,552
Culture and recreation	36,175	28,887	7,288
Conservation	1,600	658	942
Debt service:			
Principal	25,000	25,000	-
Interest	4,400	1,875	2,525
Capital outlay	153,783	172,634	(18,851)
Total expenditures	2,381,781	2,166,620	215,161
Excess (deficiency) of revenues over (under) expenditures	(74,880)	215,874	290,754
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,000	1,606	(3,394)
Transfers out	(20,000)	(20,000)	-
Total other financing sources (uses)	(15,000)	(18,394)	(3,394)
Net change in fund balances	\$ (89,880)	197,480	\$ 287,360
Unassigned fund balance, beginning		583,392	
Unassigned fund balance, ending		\$ 780,872	

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

**EXHIBIT E-1**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
*Fiduciary Funds*  
**Statement of Fiduciary Net Position**  
**December 31, 2021**

	Private Purpose Trust Funds	All Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,026	\$ 4,875
Investments	896,900	-
Intergovernmental receivable	-	1,588,180
Total assets	<u>913,926</u>	<u>1,593,055</u>
<b>LIABILITIES</b>		
Intergovernmental payables:		
School	-	1,588,180
<b>NET POSITION</b>		
Restricted	<u>\$ 913,926</u>	<u>\$ 4,875</u>

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

**EXHIBIT E-2**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
*Fiduciary Funds*  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2021**

	Private Purpose Trust Funds	All Custodial Funds
<b>ADDITIONS</b>		
Investment earnings	\$ 15,135	\$ 1
Change in fair market value	99,945	-
Tax collections for other governments	-	3,767,118
Other	-	163,307
Total additions	115,080	3,930,426
<b>DEDUCTIONS</b>		
Scholarships	10,688	-
Administrative expenses	5,690	-
Payments of taxes to other governments	-	3,767,118
Payments of motor vehicle fees to State	-	163,307
Total deductions	16,378	3,930,425
Net increase in fiduciary net position	98,702	1
Net position, beginning	815,224	4,874
Net position, ending	\$ 913,926	\$ 4,875

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

**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Alexandria, 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 Alexandria is a municipal corporation governed by an elected 3-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. 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 accompanied by a total column. 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, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town's single employer plan have been omitted because the liability and expense have not been determined. 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. As in the Statement of Net Position the Town has not recorded other postemployment benefit expense of the Town's single employer plan in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating 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. An accompanying statement is 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current

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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.

The Town reports the following major governmental funds:

**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 expendable trust funds are consolidated in the general fund.

**Permanent Funds** – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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.

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 three nonmajor governmental funds.

**Fiduciary Fund Financial Statements** – Include 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. 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 belong to the primary government. 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 Restricted Assets***

Certain Town assets are classified as restricted assets because their use is restricted by statutory limitation, or they are earmarked for a specific purpose.

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***1-E 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.

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 reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

**Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the Town's holdings in New Hampshire Public Deposit Investment Pool (NHPDIP), U.S. government obligations, and corporate bonds would be examples of Level 2 investments.

**Level 3** – Inputs are significant unobservable inputs.

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.

**Investments in Certain External Investment Pools** – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

***1-F 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.

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***1-G Capital Assets***

Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (i.e., easements) which are reported in the applicable governmental activities column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

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 carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

	<u>Years</u>
<b>Capital Asset Classes:</b>	
Buildings and building improvements	50-126
Machinery, equipment, and vehicles	8-30
Land improvements	30
Infrastructure	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” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported 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 in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 3, 2021 and November 2, 2021, and due on July 5, 2021 and December 14, 2021. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2020 on May 26, 2021.

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 at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Newfound Area School District, and Grafton County, which are remitted to these entities as required by law.

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The Town net assessed valuation as of April 1, 2021 utilized in the setting of the tax rate was as follows:

Total assessment valuation without utilities	\$275,808,558
Total assessment valuation with utilities	\$288,719,358

The tax rates and amounts assessed for the year ended December 31, 2021 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.71	\$1,647,989
School portion:		
State of New Hampshire	\$1.44	397,898
Local	\$10.29	2,970,251
County portion	\$1.38	398,969
Total	<u>\$18.82</u>	<u>\$5,415,107</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, 2021.

***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. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town's reporting period.

*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. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

***1-L 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.

***1-M Compensated Absences***

General leave for the Town includes vacation 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.

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***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***

The Town maintains two separate other postemployment benefit plans (OPEB), 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*** – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board Statement No. 75.

***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 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.

***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.

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**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.

**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.

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 5-10% of the sum of the total of the General Fund annual operating budget and the property tax commitment for the school (both local and state) and the county.

***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 during the period reported. These estimates include assessing the collectability of taxes receivables, 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 general fund. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

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.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, \$89,880 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.



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Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D (budgetary basis)	\$ 2,384,100
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	16
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	26,309
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,410,425</u>
Expenditures:	
Per Exhibit D (budgetary basis)	\$ 2,186,620
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	4,000
To eliminate transfers between general and blended expendable trust funds	(20,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,170,620</u>

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$2,424,832 and the bank balances totaled \$2,464,978.89. Petty cash totaled \$650.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$2,402,931
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	21,901
Total cash and cash equivalents	<u>\$2,424,832</u>

**Repurchase Agreement** – Included in the Town's cash equivalents at December 31, 2021, is a short-term investment in a repurchase agreement issued by a local banking institution. Under this agreement, the Town will be repaid principal plus interest on a specified date which is subsequent to year-end. The agreement is guaranteed/collateralized with securities held by the banking institution which equal the amount of the agreement. To the extent that the banking institution may default on its commitment to this obligation, the Town is at risk of economic loss. Management considers this exposure to be minimal. At December 31, 2021, the Town held an investment in the following repurchase agreements:

Amount	Interest Rate %	Maturity Date	Collateral Pledged	
			Underlying Securities	Market Value
\$411,934	3.00%	2032	FGLM	\$582,559
\$ 53,520	2.24%	2041	FHVR	\$ 53,520
\$ 50,088	2.12%	2041	FHVR	\$ 50,088
\$101,797	4.50%	2026	FGLM	\$101,797
\$398,010	2.00%	2028	FGLM	\$398,010
\$372,974	2.50%	2031	FGLM	\$372,974
\$133,450	3.50%	2032	FGLM	\$357,673

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**Custodial Credit Risk** – The Town’s repurchase agreements are all with banking institutions; therefore, are subject to custodial credit risk. The custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be recovered.

**Interest Rate Risk** – The term repurchase agreements are also subject to interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of the Town’s investments.

**NOTE 4 – RESTRICTED ASSETS**

Cash and cash equivalents are classified as restricted in the general fund for the capital reserve funds totaling \$172,264 at year-end.

**NOTE 5 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Since 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 and maturities as of December 31, 2021:

	Valuation Measurement Method	Reported Balance
Investments type:		
Domestic equity mutual funds	Level 1	\$ 804,337
International equity mutual funds	Level 1	130,106
Fixed income mutual funds	Level 1	829,713
New Hampshire Public Deposit Investment Pool	Level 2	36,675
Total investments		<u>\$ 1,800,831</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 Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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 Town does not have custodial credit risk policies for investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 903,931
Investments per Statement of Fiduciary Net Position (Exhibit E-1)	896,900
Total investments	<u>\$ 1,800,831</u>

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**NOTE 6 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2021. The amount has been reduced by an allowance for an estimated uncollectible amount of \$45,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2021	\$ 337,610	\$ 337,610
Unredeemed (under tax lien):		
Levy of 2020	77,942	77,942
Levy of 2019	35,765	35,765
Levies of 2018 and prior	8,825	8,825
Yield	2,886	2,886
Land use change	4,700	4,700
Less: allowance for estimated uncollectible taxes	(45,000) *	-
Net taxes receivable	<u>\$ 422,728</u>	<u>\$ 467,728</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 accrual basis of accounting (Exhibits A and B).

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 331,961	\$ -	\$ -	\$ 331,961
Being depreciated:				
Land improvements	14,000	-	-	14,000
Buildings and building improvements	1,634,713	-	-	1,634,713
Machinery, equipment, and vehicles	2,296,166	-	(28,875)	2,267,291
Infrastructure	3,152,239	-	-	3,152,239
Total capital assets being depreciated	7,097,118	-	(28,875)	7,068,243
Total all capital assets	7,429,079	-	(28,875)	7,400,204
Less accumulated depreciation:				
Land improvements	(11,403)	(941)	-	(12,344)
Buildings and building improvements	(474,666)	(25,946)	-	(500,612)
Machinery, equipment, and vehicles	(1,191,441)	(144,915)	28,875	(1,307,481)
Infrastructure	(1,188,197)	(105,577)	-	(1,293,774)
Total accumulated depreciation	(2,865,707)	(277,379)	28,875	(3,114,211)
Net book value, capital assets being depreciated	4,231,411	(277,379)	-	3,954,032
Net book value, all governmental activities capital assets	<u>\$4,563,372</u>	<u>\$ (277,379)</u>	<u>\$ -</u>	<u>\$4,285,993</u>

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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	\$ 15,433
Public safety	38,111
Highways and streets	221,772
Sanitation	2,063
Total depreciation expense	<u>\$ 277,379</u>

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of December 31, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Permanent	\$ 1,606
Nonmajor	General	187
Total		<u>\$ 1,793</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.

**Interfund Transfers** - The composition of interfund transfers for the year ended December 31, 2021 is as follows:

	<u>Transfers In:</u>
	General
	<u>Fund</u>
Transfers out:	
Permanent fund	<u>\$ 1,606</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**

Amounts due to other governments at December 31, 2021 consist of:

	General	Fiduciary Funds
Balance due to the New Hampshire Retirement System	\$ 10,334	\$ -
Balance due to the New Hampshire for miscellaneous collections	1,001	-
Property taxes due to the custodial funds	1,588,180	1 -
Property taxes due to the Newfound Area School District	-	2 1,588,180
Total intergovernmental payables due	<u>\$1,599,515</u>	<u>\$1,588,180</u>

- Property taxes due to the custodial funds represent amounts collected by the Town on behalf of Newfound Area School District and are reported as a component of general fund cash at year-end.
- Property taxes due to the Newfound Area 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 of at December 31, 2021 consist of amounts related to pensions totaling \$136,605 and amounts related to OPEB totaling \$2,030. For further discussion on these amounts, see Note 13 and 14, respectively.

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Deferred inflows of resources are as follows:

	Government- wide	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 97,851
Amounts related to pensions, see Note 13	230,584	-
Amounts related to OPEB, see Note 14	468	-
Unavailable revenue - ARPA funds	84,694	84,694
Total deferred inflows of resources	<u>\$ 315,746</u>	<u>\$ 182,545</u>

**NOTE 11 – CAPITAL LEASE OBLIGATIONS**

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2021
Capital lease obligations:		
Freightliner truck	3.33%	\$ 27,394
Backhoe loader	2.33%	19,394
Highway truck	4.75%	12,077
Backhoe loader	3.99%	57,802
International dump truck	2.51%	80,468
Total capital lease obligations		<u>\$ 197,135</u>

Leased equipment under the capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Freightliner truck	\$ 180,000
Backhoe loader	127,800
Highway truck	67,802
Backhoe loader	92,735
International dump truck	120,000
Total equipment	<u>588,337</u>
Less: accumulated depreciation	229,960
Total capital lease equipment	<u>\$ 358,377</u>

The annual requirements to amortize the capital leases payable as of December 31, 2021, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2022	\$ 103,239
2023	42,287
2024	42,286
2025	21,462
Total requirements	<u>209,274</u>
Less: interest	12,139
Present value of remaining payments	<u>\$ 197,135</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

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**NOTE 12 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2021:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year	Due In More Than One Year
General obligation bond direct placement	\$ 50,000	\$ -	\$ (25,000)	\$ 25,000	\$ 25,000	\$ -
Capital leases	290,636	-	(93,501)	197,135	96,722	100,413
Compensated absences	23,286	1,760	-	25,046	-	25,046
Net pension liability	808,859	-	(346,428)	462,431	-	462,431
Net other postemployment benefits	43,802	-	(15,202)	28,600	-	28,600
Total long-term liabilities	<u>\$ 1,216,583</u>	<u>\$ 1,760</u>	<u>\$ (480,131)</u>	<u>\$ 738,212</u>	<u>\$ 121,722</u>	<u>\$ 616,490</u>

The long-term bond is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2021	Current Portion
General obligation bond payable:						
Direct placement						
Town Shed	\$ 500,000	2002	2022	3.0-5.0%	<u>\$ 25,000</u>	<u>\$ 25,000</u>

The annual requirements to amortize the general obligation bond outstanding as of December 31, 2021, including interest payments, are as follows:

Fiscal Year Ending	Direct Placement		
December 31,	Principal	Interest	Total
2022	<u>\$ 25,000</u>	<u>\$ 1,250</u>	<u>\$ 26,250</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

**NOTE 13 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a 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 within 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.

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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 (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For the period of January 1, 2021 to June 30, 2021, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. For the period of July 1, 2021 to December 31, 2021 the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2021 was \$54,178, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2021 the Town reported a liability of \$462,431 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Town's proportion was 0.01% which was the same as its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$18,720. At December 31, 2021 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	\$ 35,414	\$ 96,412
Changes in assumptions	48,298	-
Net difference between projected and actual investment earnings on pension plan investments	-	129,331
Differences between expected and actual experience	12,949	4,841
Contributions subsequent to the measurement date	39,944	-
Total	<u>\$ 136,605</u>	<u>\$ 230,584</u>

The \$39,944 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, 2022.

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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,	
2022	\$ (24,905)
2023	(19,584)
2024	(26,705)
2025	(62,729)
Thereafter	-
Totals	<u>\$ (133,923)</u>

**Actuarial Assumptions** – The collective total pension liability was based on the following assumptions:

Inflation:	2.0%
Salary increases:	5.6% 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 Healthy 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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – 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. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total fixed income	25.00%	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	



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**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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	\$ 661,329	\$ 462,431	\$ 296,517

**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 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**14-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2021 Annual Comprehensive Financial Report, which can be found on the system's website at [www.nhrs.org](http://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 2021 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.

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**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 2018, 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, 2021 to June 30, 2021, the Town contributed 3.66% for police and fire, and 0.29% for other employees. For the period of July 1, 2021 to December 31, 2021, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2021 was \$3,543, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At December 31, 2021, the Town reported a liability of \$28,600 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the Town's proportion was 0.01% which was the same as its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized OPEB expense of \$11,157. At December 31, 2021, 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 proportion	\$ -	\$ 105
Net difference between projected and actual investment earnings on OPEB plan investments	-	357
Differences between expected and actual experience	-	6
Contributions subsequent to the measurement date	2,030	-
Total	<u>\$ 2,030</u>	<u>\$ 468</u>

The \$2,030 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, 2022. 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,	
2022	\$(193)
2023	(75)
2024	(84)
2025	(116)
Thereafter	-
Totals	<u><u>\$(468)</u></u>

**Actuarial Assumptions** – The collective total OPEB liability was based on the following actuarial assumptions:

Inflation:	2.0%
Salary increases:	5.6 % average, including inflation
Wage inflation:	2.75% (2.25% for Teachers)
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation for determining solvency contributions

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

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The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 - 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. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total fixed income	25.00%	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2021 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the Town's Proportionate Share of the 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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	\$ 31,090	\$ 28,600	\$ 26,433

**Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption** – GASB No.75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

**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.

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**14-B Town of Alexandria Retiree Health Benefit Program**

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town's contractual agreements.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2021 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town's single employer plan are unknown.

**NOTE 15 – GOVERNMENTAL AND FIDUCIARY FUNDS NET POSITION**

Net position reported on the governmental activities and fiduciary funds Statements of Net Position at December 31, 2021 include the following:

	Government-wide Financial Statements	
	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 4,285,993	\$ -
Less:		
General obligation bonds payable	(25,000)	-
Capital leases payable	(197,135)	-
Total net investment in capital assets	<u>4,063,858</u>	<u>-</u>
Restricted net position:		
Donations	1,138	-
Perpetual care - nonexpendable	813,297	-
Perpetual care - expendable	68,817	-
Other	-	918,801
Total restricted net position	<u>883,252</u>	<u>918,801</u>
Unrestricted	442,937	-
Total net position	<u>\$ 5,390,047</u>	<u>\$ 918,801</u>

**NOTE 16 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

	General Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Tax deeded property	\$ 19,199	\$ -	\$ -	\$ 19,199
Permanent fund - principal balance	-	813,297	-	813,297
Total nonspendable fund balance	<u>19,199</u>	<u>813,297</u>	<u>-</u>	<u>832,496</u>

(Continued)

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*Governmental fund balances continued:*

	General Fund	Permanent Fund	Nonmajor Funds	Governmental Funds
<b>Restricted:</b>				
Permanent - income balance	-	68,817	-	68,817
Donations	1,138	-	-	1,138
Total restricted fund balance	1,138	68,817	-	69,955
<b>Committed:</b>				
Expendable trusts	172,264	-	-	172,264
Conservation commission	-	-	29,792	29,792
Police detail	-	-	2,300	2,300
Transfer station	-	-	50,981	50,981
Total committed fund balance	172,264	-	83,073	255,337
<b>Unassigned</b>	728,021	-	-	728,021
Total governmental fund balances	\$ 920,622	\$ 882,114	\$ 83,073	\$ 1,885,809

**NOTE 17 – 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 2021, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2021 to December 31, 2021 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. 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 Primex<sup>3</sup> 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 2021 the Town paid \$18,856 and \$12,754 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex<sup>3</sup> 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 18 – CONTINGENCIES**

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 Town'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 Town anticipates such amounts, if any, will be immaterial.

The Town is a defendant in various claims and suits. Although the outcome of these claims and suits is not presently determinable, in the opinion of the Town's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town of Alexandria.

**NOTE 19 – COVID-19**

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

The Town was allotted a total of \$169,388 in federal funding from the American Rescue Plan Act (ARPA) in 2021. A total of \$84,694 or 50% of the funding was received in 2021. The remainder is expected to be received in 2022. Eligible uses of these funds include pandemic response or its negative impacts, workforce/personnel, including payroll and hazard/premium pay, provision of government services to the extent of reduced revenue and necessary water, sewer, and broadband investment. For the year ended December 31, 2021 the Town spent none of the funds received. The remaining funds are included in deferred inflows of resources until eligible expenditures have been made.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

**NOTE 20 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, 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.

The Town of Alexandria did not have any such tax abatements for the year ended December 31, 2021.

**NOTE 21 – 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 June 9, 2022, the date the December 31, 2021 financial statements were available to be issued, and the following occurred that requires recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT G**  
**TOWN OF ALEXANDRIA, 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, 2021*  
*Unaudited*

Fiscal year-end	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Town's:									
Proportion of the net pension liability	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Proportionate share of the net pension liability	\$ 494,440	\$ 441,376	\$ 418,383	\$ 630,248	\$ 576,611	\$ 538,725	\$ 563,669	\$ 808,859	\$ 462,431
Covered payroll	\$ 421,950	\$ 354,051	\$ 282,069	\$ 292,288	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 348,906
Proportionate share of the net pension liability as a percentage of its covered payroll	117.18%	124.66%	148.33%	215.63%	191.15%	172.35%	168.54%	211.57%	132.54%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%



**EXHIBIT H**  
**TOWN OF ALEXANDRIA, 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, 2021*  
**Unaudited**

Fiscal year-end	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 28,567	\$ 38,148	\$ 35,431	\$ 42,440	\$ 42,952	\$ 47,287	\$ 50,980	\$ 56,179	\$ 54,178
Contributions in relation to the contractually required contributions	28,567	38,148	35,431	42,440	42,952	47,287	50,980	56,179	54,178
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 421,950	\$ 354,051	\$ 282,069	\$ 292,288	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 339,675
Contributions as a percentage of covered payroll	6.77%	10.77%	12.56%	14.52%	14.24%	15.13%	15.24%	14.69%	15.95%

**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

***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](http://www.nhrs.org).

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at December 31, 2021. 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 I**  
**TOWN OF ALEXANDRIA, 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, 2021*  
*Unaudited*

Fiscal year-end	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Town's proportion of the net OPEB liability	0.01%	0.01%	0.01%	0.01%	0.01%
Town's proportionate share of the net OPEB liability (asset)	\$ 31,583	\$ 46,361	\$ 45,276	\$ 43,802	\$ 28,600
Town's covered payroll	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 348,906
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.47%	14.83%	13.54%	11.46%	8.20%
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.53%	7.75%	7.74%	11.06%

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

**EXHIBIT J**  
**TOWN OF ALEXANDRIA, 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, 2021*  
**Unaudited**

Fiscal year-end	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 4,094	\$ 4,479	\$ 4,713	\$ 4,645	\$ 3,543
Contributions in relation to the contractually required contribution	4,094	4,479	4,713	4,645	3,543
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 339,675
Contributions as a percentage of covered pay roll	1.36%	1.43%	1.41%	1.21%	1.04%

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

**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

***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](http://www.nhrs.org).

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2021. 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.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2021*

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,565,150	\$ 1,600,378	\$ 35,228
Land use change	9,850	13,100	3,250
Yield	19,000	24,197	5,197
Payment in lieu of taxes	5,328	4,436	(892)
Interest and penalties on taxes	34,000	36,207	2,207
Total from taxes	1,633,328	1,678,318	44,990
Licenses, permits, and fees:			
Motor vehicle permit fees	395,000	409,754	14,754
Other	17,300	19,552	2,252
Total from licenses, permits, and fees	412,300	429,306	17,006
Intergovernmental:			
State:			
Meals and rooms distribution	121,042	121,042	-
Highway block grant	83,196	83,175	(21)
State and federal forest land reimbursement	822	822	-
Total from intergovernmental	205,060	205,039	(21)
Charges for services:			
Income from departments	49,813	53,800	3,987
Miscellaneous:			
Sale of municipal property	2,400	3,127	727
Interest on investments	-	733	733
Other	4,000	12,171	8,171
Total from miscellaneous	6,400	16,031	9,631
Other financing sources:			
Transfers in	5,000	1,606	(3,394)
Total revenues and other financing sources	2,311,901	\$ 2,384,100	\$ 72,199
Unassigned fund balance used to reduce tax rate	89,880		
Total revenues, other financing sources, and use of fund balance	\$ 2,401,781		

**SCHEDULE 2**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2021*

	Appropriations	Expenditures	Variance Positive (Negative)
Current:			
General government:			
Executive	\$ 126,347	\$ 133,055	\$ (6,708)
Election and registration	12,495	13,967	(1,472)
Financial administration	114,124	108,434	5,690
Revaluation of property	62,092	65,600	(3,508)
Legal	28,350	19,507	8,843
Planning and zoning	7,155	5,936	1,219
General government buildings	45,830	48,487	(2,657)
Cemeteries	16,597	9,351	7,246
Insurance, not otherwise allocated	18,856	14,294	4,562
Advertising and regional associations	23,652	24,397	(745)
Other	5,500	12,359	(6,859)
Total general government	460,998	455,387	5,611
Public safety:			
Police	279,000	216,664	62,336
Ambulance	81,383	81,740	(357)
Fire	54,250	50,669	3,581
Emergency management	11,838	9,421	2,417
Total public safety	426,471	358,494	67,977
Highways and streets:			
Administration	201,400	155,960	45,440
Highways and streets	779,111	728,546	50,565
Bridges	30,000	7,490	22,510
Street lighting	3,100	3,115	(15)
Total highways and streets	1,013,611	895,111	118,500
Sanitation:			
Solid waste disposal	218,199	203,199	15,000
Health:			
Administration	4,035	918	3,117
Health agencies	23,209	21,709	1,500
Total health	27,244	22,627	4,617
Welfare:			
Administration and direct assistance	14,300	2,748	11,552
Culture and recreation:			
Parks and recreation	35,575	28,480	7,095
Patriotic purposes	600	407	193
Total culture and recreation	36,175	28,887	7,288
Conservation	1,600	658	942
Debt service:			
Principal of long-term debt	25,000	25,000	-
Interest on long-term debt	3,400	1,875	1,525
Interest on tax anticipation notes	1,000	-	1,000
Total debt service	29,400	26,875	2,525

(Continued)

See Independent Auditor's Report.



*SCHEDULE 2 (Continued)*  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
*Major General Fund*  
*Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2021*

	Appropriations	Expenditures	Variance Positive (Negative)
Capital outlay	153,783	172,634	(18,851)
Other financing uses:			
Transfers out	20,000	20,000	-
Total appropriations, expenditures, and other financing uses	\$ 2,401,781	\$ 2,186,620	\$ 215,161

**SCHEDULE 3**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2021**

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 583,392
Changes:		
Unassigned fund balance used to reduce 2021 tax rate		(89,880)
2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ 72,199	
Unexpended balance of appropriations (Schedule 2)	<u>215,161</u>	
2021 Budget surplus		<u>287,360</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		780,872
<b>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(97,851)
Elimination of the allowance for uncollectible taxes		<u>45,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 728,021</u></u>

**SCHEDULE 4**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2021**

	Special Revenue Funds			Total
	Conservation Commission	Police Details	Transfer Station	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 27,442	\$ 1,553	\$ 50,981	\$ 79,976
Receivables:				
Taxes	2,350	-	-	2,350
Accounts	-	560	-	560
Interfund receivable	-	187	-	187
Total assets	<u>\$ 29,792</u>	<u>\$ 2,300</u>	<u>\$ 50,981</u>	<u>\$ 83,073</u>
<b>FUND BALANCES</b>				
Committed	<u>\$ 29,792</u>	<u>\$ 2,300</u>	<u>\$ 50,981</u>	<u>\$ 83,073</u>

**SCHEDULE 5**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2021**

	Special Revenue Funds			Total
	Conservation Commission	Police Details	Transfer Station	
<b>Revenues:</b>				
Taxes	\$ 13,100	\$ -	\$ -	\$ 13,100
Charges for services	-	4,060	11,743	15,803
Miscellaneous	5	-	13	18
Total revenues	13,105	4,060	11,756	28,921
<b>Expenditures:</b>				
Current:				
Public safety	-	3,122	-	3,122
Net change in fund balances	13,105	938	11,756	25,799
Fund balances, beginning	16,687	1,362	39,225	57,274
Fund balances, ending	\$ 29,792	\$ 2,300	\$ 50,981	\$ 83,073

**SCHEDULE 6**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
*Combining Schedule of Custodial Funds Fiduciary Net Position*  
**December 31, 2021**

	Custodial Funds			Total
	Taxes	Planning Board Escrows	State MV Fees	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 4,875	\$ -	\$ 4,875
Intergovernmental receivables	1,588,180		-	1,588,180
Total assets	1,588,180	4,875	-	1,593,055
<b>LIABILITIES</b>				
Intergovernmental payables:				
School	1,588,180	-	-	1,588,180
<b>NET POSITION</b>				
Restricted	\$ -	\$ 4,875		\$ 4,875

See Independent Auditor's Report.

**SCHEDULE 7**  
**TOWN OF ALEXANDRIA, NEW HAMPSHIRE**  
*Combining Schedule of Custodial Funds Changes in Fiduciary Net Position*  
*For the Fiscal Year Ended December 31, 2021*

	Custodial Funds			Total
	Taxes	Planning Board Escrows	State MV Fees	
<b>Additions:</b>				
Investment earnings	\$ -	\$ 1	\$ -	\$ 1
Tax collections for other governments	3,767,118	-	-	3,767,118
Other	-	-	163,307	163,307
Total additions	3,767,118	1	163,307	3,930,426
<b>Deductions:</b>				
Payments of taxes to other governments	3,767,118	-	-	3,767,118
Payments of motor vehicle fees to State	-	-	163,307	163,307
Total deductions	3,767,118	-	163,307	3,930,425
Net increase in fiduciary net position	-	1	-	1
Net position, beginning	-	4,874	-	4,874
Net position, ending	\$ -	\$ 4,875	\$ -	\$ 4,875

See Independent Auditor's Report.



## PLODZIK & SANDERSON

*Professional Association/Certified Public Accountants*

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### ***INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICENCY***

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

In planning and performing our audit of the basic financial statements of the Town of Alexandria as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Alexandria'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Alexandria's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the entity's internal control to be a significant deficiency:

#### ***Transfer Station Cash Receipts (Repeat Comment)***

During our review of the internal controls over the Transfer Station receipts, it was noted that cash receipts were not kept in a secure location prior to deposit. The Transfer Station attendants will take funds home with them to avoid leaving funds at the Transfer Station. This practice continues to open the Town up to the threat of a loss or theft of cash while it is in the attendant's possession. We recommend that all receipts be kept in a secure location (at Town Hall or secured at the Transfer Station) prior to deposit to the Town's bank account.

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

June 9, 2022

*Plodzik & Sanderson*  
*Professional Association*