

**TOWN OF ALEXANDRIA,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

TOWN OF ALEXANDRIA, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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PLODZIK & SANDERSON

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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, 2022, 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 "Matters Giving Rise to Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities financial statements of the Town of Alexandria, as of December 31, 2022, or 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 on Each Major Funds and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Town of Alexandria as of December 31, 2022, and the respective changes in financial position and where applicable, cash flows thereof, 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 Adverse and Unmodified 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.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of 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.

Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in fiscal year 2022 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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,
- Notes to the Required Supplementary Information

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

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

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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.

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.

October 30, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF ALEXANDRIA, NEW HAMPSHIRE
Statement of Net Position
December 31, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,707,279
Investments	732,293
Taxes receivables (net)	545,633
Account receivables	5,073
Tax dedeed property, subject to resale	19,459
Land	331,961
Other capital assets, net of depreciation	4,011,985
Total assets	8,353,683
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	204,662
Amounts related to other postemployment benefits	2,404
Total deferred outflows of resources	207,066
LIABILITIES	
Accounts payable	73,353
Accrued interest payable	3,925
Intergovernmental payable	1,593,089
Long-term liabilities:	
Due within one year	59,528
Due in more than one year	1,017,119
Total liabilities	2,747,014
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants	284,008
Amounts related to pensions	71,191
Total deferred inflows of resources	355,199
NET POSITION	
Net investment in capital assets	4,018,532
Restricted	730,596
Unrestricted	709,408
Total net position	\$ 5,458,536

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, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 624,689	\$ 14,717	\$ -	\$ (609,972)
Public safety	478,332	6,441	49,063	(422,828)
Highways and streets	1,179,487	622	156,766	(1,022,099)
Sanitation	241,589	25,192	-	(216,397)
Health	23,566	-	-	(23,566)
Welfare	11,041	-	-	(11,041)
Culture and recreation	28,848	-	-	(28,848)
Conservation	4,041	-	-	(4,041)
Total governmental activities	<u>\$ 2,592,209</u>	<u>\$ 46,972</u>	<u>\$ 205,829</u>	<u>(2,339,408)</u>
General revenues:				
Taxes:				
Property				1,743,383
Other				58,437
Motor vehicle permit fees				386,228
Licenses and other fees				17,323
Grants and contributions not restricted to specific programs				159,331
Unrestricted investment earnings				26,766
Miscellaneous				16,429
Total general revenues				<u>2,407,897</u>
Change in net position				68,489
Net position, beginning				5,390,047
Net position, ending				<u>\$ 5,458,536</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, 2022

	General	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,392,501	\$ 38,951	\$ 73,929	\$ 2,505,381
Investments	37,287	695,006	-	732,293
Receivables:				
Taxes	590,633	-	-	590,633
Accounts	4,513	-	560	5,073
Interfund receivable	5,187	-	7	5,194
Tax deeded property, subject to resale	19,459	-	-	19,459
Restricted assets:				
Cash and cash equivalents	201,898	-	-	201,898
Total assets	<u>\$ 3,251,478</u>	<u>\$ 733,957</u>	<u>\$ 74,496</u>	<u>\$ 4,059,931</u>
LIABILITIES				
Accounts payable	\$ 73,353	\$ -	\$ -	\$ 73,353
Intergovernmental payable	1,593,089	-	-	1,593,089
Interfund payable	7	4,996	191	5,194
Total liabilities	<u>1,666,449</u>	<u>4,996</u>	<u>191</u>	<u>1,671,636</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	109,004	-	-	109,004
Unavailable revenue - grants	284,008	-	-	284,008
Total deferred inflows of resources	<u>393,012</u>	<u>-</u>	<u>-</u>	<u>393,012</u>
FUND BALANCES				
Nonspendable	19,459	662,650	-	682,109
Restricted	1,635	66,311	-	67,946
Committed	201,898	-	74,305	276,203
Unassigned	969,025	-	-	969,025
Total fund balances	<u>1,192,017</u>	<u>728,961</u>	<u>74,305</u>	<u>1,995,283</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,251,478</u>	<u>\$ 733,957</u>	<u>\$ 74,496</u>	<u>\$ 4,059,931</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, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:			
Total fund balances of governmental funds (Exhibit C-1)		\$	1,995,283
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.			
Cost	\$	7,724,921	
Less accumulated depreciation		<u>(3,380,975)</u>	
			4,343,946
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	\$	204,662	
Deferred inflows of resources related to pensions		(71,191)	
Deferred outflows of resources related to OPEB		<u>2,404</u>	
			135,875
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.			
Receivables	\$	(5,194)	
Payables		<u>5,194</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	\$	109,004	
Allowance for uncollectible taxes		<u>(45,000)</u>	
			64,004
Interest on long-term debt is not accrued in governmental funds.			
Accrued interest payable			(3,925)
Long-term liabilities that are not due and payable in the current period, therefore, are not reported in the governmental funds.			
Notes payable	\$	325,414	
Compensated absences		25,370	
Net pension liability		687,248	
Other postemployment benefits		<u>38,615</u>	
			<u>(1,076,647)</u>
Net position of governmental activities (Exhibit A)			<u><u>\$ 5,458,536</u></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, 2022

	General	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,790,667	\$ -	\$ -	\$ 1,790,667
Licenses and permits	403,551	-	-	403,551
Intergovernmental	365,160	-	-	365,160
Charges for services	33,493	-	13,479	46,972
Miscellaneous	26,267	16,905	23	43,195
Total revenues	<u>2,619,138</u>	<u>16,905</u>	<u>13,502</u>	<u>2,649,545</u>
EXPENDITURES				
Current:				
General government	444,236	165,062	-	609,298
Public safety	478,955	-	4,508	483,463
Highways and streets	1,138,380	-	-	1,138,380
Sanitation	225,296	-	15,000	240,296
Health	23,566	-	-	23,566
Welfare	11,041	-	-	11,041
Culture and recreation	28,848	-	-	28,848
Conservation	1,279	-	2,762	4,041
Debt service:				
Principal	25,000	-	-	25,000
Interest	668	-	-	668
Capital outlay	230,470	-	-	230,470
Total expenditures	<u>2,607,739</u>	<u>165,062</u>	<u>22,270</u>	<u>2,795,071</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,399</u>	<u>(148,157)</u>	<u>(8,768)</u>	<u>(145,526)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,996	-	-	4,996
Transfers out	-	(4,996)	-	(4,996)
Note proceeds	255,000	-	-	255,000
Total other financing sources (uses)	<u>259,996</u>	<u>(4,996)</u>	<u>-</u>	<u>255,000</u>
Net change in fund balances	271,395	(153,153)	(8,768)	109,474
Fund balances, beginning	920,622	882,114	83,073	1,885,809
Fund balances, ending	<u>\$ 1,192,017</u>	<u>\$ 728,961</u>	<u>\$ 74,305</u>	<u>\$ 1,995,283</u>

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, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:			
Net change in fund balances of governmental funds (Exhibit C-3)		\$	109,474
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.			
Capitalized capital outlay	\$	324,717	
Depreciation expense		<u>(266,764)</u>	57,953
Transfers in and out between governmental funds are eliminated on the Statement of Activities.			
Transfers in	\$	(4,996)	
Transfers out		<u>4,996</u>	-
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			11,153
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 Position.			
Inception of note proceeds	\$	(255,000)	
Repayment of bond principal		25,000	
Repayment of notes payable		<u>126,721</u>	(103,279)
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	\$	52	
Increase in compensated absences payable		(324)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions		2,633	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits		<u>(9,173)</u>	(6,812)
Change in net position of governmental activities (Exhibit B)		<u>\$</u>	<u>68,489</u>

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

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, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,698,036	\$ 1,801,820	\$ 103,784
Licenses and permits	412,300	403,551	(8,749)
Intergovernmental	242,249	365,160	122,911
Charges for services	49,813	33,493	(16,320)
Miscellaneous	3,400	26,233	22,833
Total revenues	<u>2,405,798</u>	<u>2,630,257</u>	<u>224,459</u>
EXPENDITURES			
Current:			
General government	455,843	444,236	11,607
Public safety	441,594	478,955	(37,361)
Highways and streets	921,447	883,380	38,067
Sanitation	249,783	225,296	24,487
Health	23,561	23,566	(5)
Welfare	14,300	11,041	3,259
Culture and recreation	31,375	28,848	2,527
Conservation	1,600	1,279	321
Debt service:			
Principal	25,000	25,000	-
Interest	2,300	668	1,632
Capital outlay	358,995	230,470	128,525
Total expenditures	<u>2,525,798</u>	<u>2,352,739</u>	<u>173,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(120,000)</u>	<u>277,518</u>	<u>397,518</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	10,396	5,396
Transfers out	(35,000)	(35,000)	-
Total other financing sources (uses)	<u>(30,000)</u>	<u>(24,604)</u>	<u>5,396</u>
Net change in fund balances	<u>\$ (150,000)</u>	252,914	<u>\$ 402,914</u>
Increase in nonspendable fund balance		(260)	
Increase in restricted fund balance		(497)	
Unassigned fund balance, beginning		780,872	
Unassigned fund balance, ending		<u>\$ 1,033,029</u>	

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, 2022

	Private Purpose Trust Funds	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 40,601	\$ 4,875
Investments	724,441	-
Intergovernmental receivable	-	1,592,149
Total assets	765,042	1,597,024
LIABILITIES		
Intergovernmental payables:		
School	-	1,592,149
NET POSITION		
Restricted	\$ 765,042	\$ 4,875

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, 2022

	Private Purpose Trust Funds	All Custodial Funds
ADDITIONS		
Investment earnings	\$ 18,561	\$ -
Change in fair market value	(149,606)	-
Tax collections for other governments	-	3,639,568
Other	-	157,198
Total additions	<u>(131,045)</u>	<u>3,796,766</u>
DEDUCTIONS		
Scholarships	12,493	-
Administrative expenses	5,346	-
Payments of taxes to other governments	-	3,639,568
Payments of motor vehicle fees to State	-	157,198
Total deductions	<u>17,839</u>	<u>3,796,766</u>
Net increase in fiduciary net position	(148,884)	-
Net position, beginning	913,926	4,875
Net position, ending	<u>\$ 765,042</u>	<u>\$ 4,875</u>

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, 2022

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TOWN OF ALEXANDRIA, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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, long-term costs of retirement healthcare and obligations for other postemployment benefits have also 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 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

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assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current 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.

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 Funds – 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 Funds – 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.

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.

Level 3 – Inputs are significant unobservable inputs, using assumptions in determining the fair value of investments and derivative instruments.

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). 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 police details, and other user fees.

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1-G Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The Town has established a threshold of \$5,000 or more and an estimate useful life in excess of one year for capitalization of depreciable assets.

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

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

	<u>Years</u>
Capital Asset Classes:	
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. Warrants for the year were issued on May 17, 2022 and November 8, 2022, and due on July 1, 2022 and December 22, 2022. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at December 31, 2022 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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.

The Town net assessed valuation as of April 1, 2022 utilized in the setting of the tax rate was as follows:

Total assessment valuation without utilities	\$ 278,244,325
Total assessment valuation with utilities	\$ 296,116,725

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The tax rates and amounts assessed for the year ended December 31, 2022 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.01	\$ 1,780,973
School portion:		
State of New Hampshire	\$1.07	296,982
Local	\$9.98	2,954,996
County portion	\$1.31	387,590
Total	\$18.37	\$ 5,420,541

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, 2022.

1-K Deferred Outflows/Inflows of Resources

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

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The Town has two types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, grant funds have been received in advance of the related expenditures being made.

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.

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

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inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

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

1-O Postemployment Benefits Other Than Pensions (OPEB)

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

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

Single Employer Plan – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows or 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 or notes 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.

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.

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

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

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

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 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/expenditures during the period reported. These estimates include assessing the collectability of receivables, and the useful lives of tangible and intangible 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 US generally accepted accounting principles.

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2022, \$100,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$50,000 was voted from unassigned fund balance as a transfer to the capital reserve funds.

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 and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 2,640,653
Adjustments:	
Basis differences:	
Inception of note proceeds	255,000
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	34
To eliminate transfers between blended funds	(5,400)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	<u>(11,153)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,879,134</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 2,387,739
Adjustments:	
Basis differences:	
Inception note proceeds	255,000
GASB Statement No. 54:	
To eliminate transfers between general and blended expendable trust funds	<u>(35,000)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,607,739</u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As a result of implementation of this Statement, prior year capital leases were reclassified to notes payable, see Note 11, Long Term Liabilities, for further information.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by Federal Depository Insurance Corporation (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 \$2,752,755 and the bank balances totaled \$2,799,183 . Petty cash totaled \$650.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 2,707,279
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	<u>45,476</u>
Total cash and cash equivalents	<u>\$ 2,752,755</u>

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Repurchase Agreement – Included in the Town’s cash equivalents at December 31, 2022, 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, 2022, the Town held an investment in the following repurchase agreement:

Amount	Interest Rate %	Maturity Date	Collateral Pledged	
			Underlying Securities	Market Value
\$ 35,554	1.30%	2030	FHLB	\$ 768,924
\$ 759,346	1.20%	2031	FHLB	\$ 759,346
\$ 137,208	2.09%	2043	FHVR	\$ 137,208
\$ 903,625	3.48%	2027	FGLM	\$ 903,625
\$ 4,613	1.12%	2028	FFCB	\$ 841,920

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 is classified as restricted in the general fund for the capital reserve funds totaling \$201,898.

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. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2022:

Investments type:	Valuation	Reported
	Measurement Method	Balance
Domestic equity mutual funds	Level 1	\$ 672,454
International equity mutual funds	Level 1	43,639
Fixed income mutual funds	Level 1	703,354
New Hampshire Public Deposit Investment Pool	Level 2	37,287
Total investments		<u>\$ 1,456,734</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. All the Town’s investments are held by third parties in the Town’s name. The Town does not have custodial credit risk policies for investments.

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Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 732,293
Investments per Statement of Fiduciary Net Position (Exhibit E-1)	724,441
Total investments	\$ 1,456,734

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2022. 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 2022	\$ 458,562	\$ 458,562
Unredeemed (under tax lien):		
Levy of 2021	75,113	75,113
Levy of 2020	44,092	44,092
Levies of 2019 and prior	12,852	12,852
Land use change	14	14
Less: allowance for estimated uncollectible taxes	(45,000) *	-
Net taxes receivable	\$ 545,633	\$ 590,633

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

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 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	2,267,291	324,717	-	2,592,008
Infrastructure	3,152,239	-	-	3,152,239
Total capital assets being depreciated	7,068,243	324,717	-	7,392,960
Total all capital assets	7,400,204	324,717	-	7,724,921
Less accumulated depreciation:				
Land improvements	(12,344)	(941)	-	(13,285)
Buildings and building improvements	(500,612)	(25,946)	-	(526,558)
Machinery, equipment, and vehicles	(1,307,481)	(134,300)	-	(1,441,781)
Infrastructure	(1,293,774)	(105,577)	-	(1,399,351)
Total accumulated depreciation	(3,114,211)	(266,764)	-	(3,380,975)
Net book value, capital assets being depreciated	3,954,032	57,953	-	4,011,985
Net book value, all governmental activities capital assets	\$ 4,285,993	\$ 57,953	\$ -	\$ 4,343,946

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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	\$	14,847
Public safety		36,665
Highways and streets		213,267
Sanitation		1,985
Total depreciation expense		\$ 266,764

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General	Permanent	\$ 4,996
General	Nonmajor	191
Nonmajor	General	7
Total		\$ 5,194

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, 2022 is as follows:

	Transfers In:
	General
	Fund
Transfers out:	
Permanent fund	\$ 4,996

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, 2022 consist of:

	General Fund	Fidciary Funds
Balance due to the State of New Hampshire for miscellaneous fees	\$ 940	\$ -
Property taxes due to the custodial funds	1,592,149 ¹	-
Property taxes due to the Newfound Area School District	-	1,592,149 ²
Total intergovernmental payables due	\$ 1,593,089	\$ 1,592,149

¹ Property taxes due to the custodial fund 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.

² 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.

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NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2022 consist of amounts related to pensions totaling \$204,662 and amounts related to OPEB totaling \$2,404. For further discussion on these amounts, see Note 12 and 13, respectively.

Deferred inflows of resources are as follows:

	Governmental Activities	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 109,004
Amounts related to pensions, see Note 12	71,191	-
Unavailable revenue - ARPA funds	169,388	169,388
Unavailable revenue - State bridge aid	114,620	114,620
Total deferred inflows of resources	<u>\$ 355,199</u>	<u>\$ 393,012</u>

NOTE 11 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2022:

	Balance January 1, 2022			Balance December 31, 2022			Due Within One Year	Due In More Than One Year
	Additions	Reductions		Due Within One Year	Due In More Than One Year			
General obligation bond direct placement	\$ -	\$ (25,000)	\$ 25,000	\$ -	\$ -	\$ -	\$ -	
Notes payable - direct borrowings	255,000	(126,721)	197,135	59,528	265,886	325,414	265,886	
Total bond/notes payable	255,000	(151,721)	222,135	59,528	265,886	325,414	265,886	
Compensated absences	324	-	25,046	-	25,370	25,370	25,370	
Net pension liability	224,817	-	462,431	-	687,248	687,248	687,248	
Net other postemployment benefits	10,015	-	28,600	-	38,615	38,615	38,615	
Total long-term liabilities	<u>\$ 490,156</u>	<u>\$ (151,721)</u>	<u>\$ 738,212</u>	<u>\$ 59,528</u>	<u>\$ 1,017,119</u>	<u>\$ 1,076,647</u>	<u>\$ 1,017,119</u>	

The long-term notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2022	Current Portion
Notes payable - direct borrowings:						
Backhoe loader	\$ 92,735	2019	2024	3.99%	\$ 39,283	\$ 19,258
International dump truck	\$ 120,000	2020	2025	2.51%	61,130	19,848
Grader	\$ 255,000	2022	2031	4.98%	225,000	20,422
Total					<u>\$ 325,413</u>	<u>\$ 59,528</u>

The annual requirements to amortize the notes payable as of December 31, 2022, including interest payments are as follows:

Fiscal Year Ending December 31,	Notes- Direct Borrowings		
	Principal	Interest	Total
2023	\$ 59,528	\$ 23,603	\$ 83,131
2024	61,836	23,329	85,165
2025	43,417	23,059	66,476
2026	23,628	23,628	47,256
2027-2031	24,804	24,804	49,608
2032-2036	112,201	112,200	224,401
Totals	<u>\$ 325,414</u>	<u>\$ 230,623</u>	<u>\$ 556,037</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.

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NOTE 12 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

Contributions – The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2022, the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$73,270, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2022 the Town reported a liability of \$687,248 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the Town’s proportion was 0.01% which was the same as its proportion measured as of June 30, 2021.

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For the year ended December 31, 2022, the Town recognized pension expense of \$71,560. At December 31, 2022 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	\$ 84,397	\$ 68,553
Changes in assumptions	36,556	-
Net difference between projected and actual investment earnings on pension plan investments	26,046	-
Differences between expected and actual experience	12,898	2,638
Contributions subsequent to the measurement date	44,765	-
Total	\$ 204,662	\$ 71,191

The \$44,765 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, 2023. 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,	
2023	\$ 31,515
2024	24,025
2025	(16,581)
2026	49,747
Thereafter	-
Totals	\$ 88,706

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions which, accordingly, apply to 2022 measurements:

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

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

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Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	<u>50.00%</u>	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	<u>20.00%</u>	
Private Debt	5.00%	7.25
Core US Fixed Income (3)	25.00%	2.25%
Inflation	0.00%	7.30%
Total	<u>100.00%</u>	

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 922,114	\$ 687,248	\$ 491,979

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

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

13-A New Hampshire Retirement System (NHRS)

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

Benefits Provided – Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers, and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being

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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 2022 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, 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 fiscal year 2022, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$4,571, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2022, the Town reported a liability of \$38,615 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022, the Town’s proportion was 0.01% which was same as its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$13,744. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 106	\$ -
Contributions subsequent to the measurement date	2,298	-
Total	\$ 2,404	\$ -

The \$2,298 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, 2023. 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,	
2023	\$ 18
2024	5
2025	(42)
2026	125
Thereafter	-
Totals	\$ 106

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Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% (2.25% for teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	<u>50.00%</u>	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	<u>20.00%</u>	
Private Debt	5.00%	7.25
Core US Fixed Income (3)	25.00%	2.25%
Inflation	0.00%	7.30%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 41,923	\$ 38,615	\$ 35,734

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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.

13-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. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

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, 2022, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town. The amounts that should be recorded as the net OPEB liability and the OPEB expense is unknown.

NOTE 14 – GOVERNMENTAL AND FIDUCIARY FUNDS NET POSITION

Net position reported on the governmental activities and fiduciary funds Statement of Net Position at December 31 ,2022 include the following:

	Government-wide	
	Financial Statements	
	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 4,343,946	\$ -
Less:		
Notes payable	(325,414)	-
Total net investment in capital assets	<u>4,018,532</u>	<u>-</u>
Restricted net position:		
Donations	1,635	-
Perpetual care - nonexpendable	662,650	-
Perpetual care - expendable	66,311	-
Other	-	769,917
Total restricted net position	<u>730,596</u>	<u>769,917</u>
Unrestricted	<u>709,408</u>	<u>-</u>
Total net position	<u>\$ 5,458,536</u>	<u>\$ 769,917</u>

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

	General Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Tax deeded property	\$ 19,459	\$ -	\$ -	\$ 19,459
Permanent fund - principal balance	-	662,650	-	662,650
Total nonspendable fund balance	<u>19,459</u>	<u>662,650</u>	<u>-</u>	<u>682,109</u>

(Continued)

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Governmental fund balances continued:

	General Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Restricted:				
Permanent - income balance	-	66,311	-	66,311
Donations	1,635	-	-	1,635
Total restricted fund balance	1,635	66,311	-	67,946
Committed:				
Expendable trusts	201,898	-	-	201,898
Conservation commission	-	-	27,038	27,038
Police detail	-	-	3,655	3,655
Transfer station	-	-	43,612	43,612
Total committed fund balance	201,898	-	74,305	276,203
Unassigned	969,025	-	-	969,025
Total governmental fund balances	<u>\$ 1,192,017</u>	<u>\$ 728,961</u>	<u>\$ 74,305</u>	<u>\$ 1,995,283</u>

NOTE 16 – 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 2022, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2022 to December 31, 2022 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2022 the Town paid \$21,439 and \$13,825 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 17 – CONTINGENT LIABILITIES

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

NOTE 18 – TAX ABATEMENTS

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

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The Town of Alexandria did not have any such tax abatements for the year ended December 31, 2022.

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.

The Town was allotted a total of \$169,388 in federal funding from the American Rescue Plan Act (ARPA), which was received in two equal payments. The first payment of \$84,694 was received in 2021 and the second payment of \$84,694, was received in 2022. Eligible uses of these funds include pandemic response or its negative impacts, workforce/personnel, including payroll and hazard/premium pay, provisions of government services to the extent of reduced revenue and necessary water, sewer, and broadband investment. For the year ended December 31, 2022 the Town did not spend any of the ARPA funds. The remaining \$169,388 is included as a deferred inflow of resources and will be recognized at a future date as eligible expenditures are incurred.

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

NOTE 20 – 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 October 30, 2023, the date the December 31, 2022 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
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, 2022
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	December 31, 2022
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	June 30, 2022
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%	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	\$ 687,248
Covered payroll	\$ 421,950	\$ 354,051	\$ 282,069	\$ 292,288	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 348,906	\$ 360,624
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%	190.57%
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%	65.12%

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

EXHIBIT G
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, 2022
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	December 31, 2022
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	June 30, 2022
Contractually required contribution	\$ 28,567	\$ 38,148	\$ 35,431	\$ 42,440	\$ 42,952	\$ 47,287	\$ 50,980	\$ 56,179	\$ 54,178	\$ 73,270
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)	(73,270)
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	\$ 381,329
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%	-19.21%

TOWN OF ALEXANDRIA, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

***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 – Salary increases changed to 5.4% from 5.6% in the current period.

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at December 31, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EXHIBIT H
TOWN OF 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, 2022
Unaudited

Fiscal year-end	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net OPEB liability	0.01%	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	\$ 38,615
Town's covered payroll	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 348,906	\$ 360,624
Town's proportionate share if the net OPEB Liability (asset) as a percentage of its covered payroll	10.47%	14.83%	13.54%	11.46%	8.20%	10.71%
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

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

EXHIBIT I
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, 2022
Unaudited

Fiscal year-end	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 4,094	\$ 4,479	\$ 4,713	\$ 4,645	\$ 3,543	\$ 4,571
Contributions in relation to the contractually required contribution	(4,094)	(4,479)	(4,713)	(4,645)	(3,543)	(4,571)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 339,675	\$ 381,329
Contributions as a percentage of covered payroll	-1.36%	-1.43%	-1.41%	-1.21%	-1.04%	-1.20%

The Note 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, 2022

***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 – Salary increases changed to 5.4% from 5.6% in the current period.

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. 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, 2022

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
Taxes:			
Property	\$ 1,641,036	\$ 1,743,383	\$ 102,347
Land use change	3,000	7	(2,993)
Yield	15,000	16,016	1,016
Excavation	-	247	247
Payment in lieu of taxes	5,000	4,513	(487)
Interest and penalties on taxes	34,000	37,654	3,654
Total from taxes	<u>1,698,036</u>	<u>1,801,820</u>	<u>103,784</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	395,000	386,228	(8,772)
Other	17,300	17,323	23
Total from licenses, permits, and fees	<u>412,300</u>	<u>403,551</u>	<u>(8,749)</u>
Intergovernmental:			
State:			
Meals and rooms distribution	156,662	156,662	-
Highway block grant	84,886	156,766	71,880
State and federal forest land reimbursement	701	701	-
Other	-	1,968	1,968
Federal:			
Other	-	49,063	49,063
Total from intergovernmental	<u>242,249</u>	<u>365,160</u>	<u>122,911</u>
Charges for services:			
Income from departments	49,813	33,493	(16,320)
Miscellaneous:			
Sale of municipal property	2,400	2,302	(98)
Interest on investments	-	10,496	10,496
Other	1,000	13,435	12,435
Total from miscellaneous	<u>3,400</u>	<u>26,233</u>	<u>22,833</u>
Other financing sources:			
Transfers in	5,000	10,396	5,396
Total revenues and other financing sources	2,410,798	<u>\$ 2,640,653</u>	<u>\$ 229,855</u>
Unassigned fund balance used to reduce tax rate	100,000		
Amounts voted from fund balance	50,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 2,560,798</u>		

See Independent Auditor's Report.

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, 2022

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Positive (Negative)
Current:			
General government:			
Executive	\$ 126,915	\$ 124,193	\$ 2,722
Election and registration	14,545	21,204	(6,659)
Financial administration	124,578	120,269	4,309
Revaluation of property	33,156	44,708	(11,552)
Legal	28,350	13,076	15,274
Planning and zoning	7,155	5,971	1,184
General government buildings	54,870	53,235	1,635
Cemeteries	16,597	5,266	11,331
Insurance, not otherwise allocated	18,856	20,071	(1,215)
Advertising and regional associations	25,321	24,433	888
Other	5,500	11,810	(6,310)
Total general government	<u>455,843</u>	<u>444,236</u>	<u>11,607</u>
Public safety:			
Police	289,515	279,817	9,698
Ambulance	70,500	70,479	21
Fire	69,666	75,112	(5,446)
Emergency management	11,913	7,680	4,233
Other	-	45,867	(45,867)
Total public safety	<u>441,594</u>	<u>478,955</u>	<u>(37,361)</u>
Highways and streets:			
Administration	196,600	251,127	(54,527)
Highways and streets	691,647	616,260	75,387
Bridges	30,000	12,797	17,203
Street lighting	3,200	3,196	4
Total highways and streets	<u>921,447</u>	<u>883,380</u>	<u>38,067</u>
Sanitation:			
Solid waste disposal	249,783	225,296	24,487
Health:			
Administration	4,035	1,540	2,495
Health agencies	19,526	22,026	(2,500)
Total health	<u>23,561</u>	<u>23,566</u>	<u>(5)</u>
Welfare:			
Administration and direct assistance	14,300	11,041	3,259
Culture and recreation:			
Parks and recreation	30,575	28,848	1,727
Patriotic purposes	800	-	800
Total culture and recreation	<u>31,375</u>	<u>28,848</u>	<u>2,527</u>
Conservation	1,600	1,279	321
Debt service:			
Principal of long-term debt	25,000	25,000	-
Interest on long-term debt	1,300	625	675
Interest on tax anticipation notes	1,000	43	957
Total debt service	<u>27,300</u>	<u>25,668</u>	<u>1,632</u>

(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, 2022

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Positive (Negative)
Capital outlay	<u>358,995</u>	<u>230,470</u>	<u>128,525</u>
Other financing uses:			
Transfers out	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total appropriations, expenditures, and other financing uses	<u>\$ 2,560,798</u>	<u>\$ 2,387,739</u>	<u>\$ 173,059</u>

See Independent Auditor's Report.

SCHEDULE 3
TOWN OF ALEXANDRIA, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2022

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 780,872
Changes:		
Unassigned fund balance used to reduce 2022 tax rate		(100,000)
Amounts voted from fund balance		(50,000)
2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 229,855	
Unexpended balance of appropriations (Schedule 2)	<u>173,059</u>	
2022 Budget surplus		402,914
Increase in nonspendable fund balance		(260)
Increase in restricted fund balance		<u>(497)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,033,029
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(109,004)
Elimination of the allowance for uncollectible taxes		<u>45,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 969,025</u></u>

SCHEDULE 4
TOWN OF ALEXANDRIA, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2022

	Special Revenue Funds			Total
	Conservation Commission	Police Details	Transfer Station	
ASSETS				
Cash and cash equivalents	\$ 27,031	\$ 3,286	\$ 43,612	\$ 73,929
Accounts receivable	-	560	-	560
Interfund receivable	7	-	-	7
Total assets	<u>\$ 27,038</u>	<u>\$ 3,846</u>	<u>\$ 43,612</u>	<u>\$ 74,496</u>
LIABILITIES				
Interfund payable	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ -</u>	<u>\$ 191</u>
FUND BALANCES				
Committed	<u>27,038</u>	<u>3,655</u>	<u>43,612</u>	<u>74,305</u>
Total liabilities and fund balances	<u>\$ 27,038</u>	<u>\$ 3,846</u>	<u>\$ 43,612</u>	<u>\$ 74,496</u>

See Independent Auditor's Report.

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, 2022

	Special Revenue Funds			Total
	Conservation Commission	Police Details	Transfer Station	
Revenues:				
Charges for services	\$ -	\$ 5,863	\$ 7,616	\$ 13,479
Miscellaneous	8	-	15	23
Total revenues	<u>8</u>	<u>5,863</u>	<u>7,631</u>	<u>13,502</u>
Expenditures:				
Current:				
Public safety	-	4,508	-	4,508
Sanitation	-	-	15,000	15,000
Conservation	2,762	-	-	2,762
Total expenditures	<u>2,762</u>	<u>4,508</u>	<u>15,000</u>	<u>22,270</u>
Net change in fund balances	(2,754)	1,355	(7,369)	(8,768)
Fund balances, beginning	29,792	2,300	50,981	83,073
Fund balances, ending	<u>\$ 27,038</u>	<u>\$ 3,655</u>	<u>\$ 43,612</u>	<u>\$ 74,305</u>

See Independent Auditor's Report.

SCHEDULE 6
TOWN OF ALEXANDRIA, NEW HAMPSHIRE
Combining Schedule of Custodial Funds Fiduciary Net Position
December 31, 2022

	Custodial Funds			Total
	Taxes	Planning Board Escrows	State MV Fees	
ASSETS				
Cash and cash equivalents	\$ -	\$ 4,875	\$ -	\$ 4,875
Intergovernmental receivables	1,592,149	-	-	1,592,149
Total assets	<u>1,592,149</u>	<u>4,875</u>	<u>-</u>	<u>1,597,024</u>
LIABILITIES				
Intergovernmental payables:				
School	1,592,149	-	-	1,592,149
NET POSITION				
Restricted	<u>\$ -</u>	<u>\$ 4,875</u>	<u>\$ -</u>	<u>\$ 4,875</u>

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, 2022

	Custodial Funds			Total
	Taxes	Planning Board Escrows	State MV Fees	
Additions:				
Tax collections for other governments	\$ 3,639,568	\$ -	\$ -	\$ 3,639,568
Other	-	-	157,198	157,198
Total additions	<u>3,639,568</u>	<u>-</u>	<u>157,198</u>	<u>3,796,766</u>
Deductions:				
Payments of taxes to other governments	3,639,568	-	-	3,639,568
Payments of motor vehicle fees to State	-	-	157,198	157,198
Total deductions	<u>3,639,568</u>	<u>-</u>	<u>157,198</u>	<u>3,796,766</u>
Net increase in fiduciary net position	-	-	-	-
Net position, beginning	-	4,875	-	4,875
Net position, ending	<u>\$ -</u>	<u>\$ 4,875</u>	<u>\$ -</u>	<u>\$ 4,875</u>

See Independent Auditor's Report.



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCY

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, 2022, 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 opens 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.

October 30, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*