

**TOWN OF ALEXANDRIA,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2025**

TOWN OF ALEXANDRIA, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major governmental fund, and aggregate remaining fund information of the Town of Alexandria, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Alexandria's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major governmental fund, and aggregate remaining fund information of the Town of Alexandria, as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the major general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the year ending December 31, 2025, the Town adopted new accounting guidance, GASB Statement No. 102, *Certain Risk Disclosures*. Our opinion is 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 Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

September 23, 2026
Concord, New Hampshire

***PLODZIK & SANDERSON
Professional Association***

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF ALEXANDRIA, NEW HAMPSHIRE
Statement of Net Position
December 31, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,201,490
Investments	1,013,571
Taxes receivables (net)	2,756,623
Account receivables	13,540
Tax deeded property, subject to resale	8,227
Capital assets:	
Land	726,477
Other capital assets, net of depreciation	4,254,859
Total assets	9,974,787
DEFERRED OUTFLOWS OF RESOURCES	164,352
LIABILITIES	
Accounts payable	102,807
Accrued salaries and benefits	8,155
Accrued interest payable	11,981
Intergovernmental payable	2,399,943
Long-term liabilities:	
Due within one year	121,441
Due in more than one year	1,800,419
Total liabilities	4,444,746
DEFERRED INFLOWS OF RESOURCES	124,082
NET POSITION	
Net investment in capital assets	4,142,165
Restricted	1,116,567
Unrestricted	311,579
Total net position	\$ 5,570,311

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, 2025

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 561,250	\$ 6,053	\$ -	\$ (555,197)
Public safety	682,788	11,122	-	(671,666)
Highways and streets	1,194,775	1,128	114,312	(1,079,335)
Sanitation	361,271	40,070	-	(321,201)
Health	20,892	-	-	(20,892)
Welfare	11,153	-	-	(11,153)
Culture and recreation	48,234	-	-	(48,234)
Conservation	546	-	-	(546)
Interest on long-term debt	24,711	-	-	(24,711)
Total governmental activities	<u>\$ 2,905,620</u>	<u>\$ 58,373</u>	<u>\$ 114,312</u>	<u>(2,732,935)</u>
General revenues:				
Taxes:				
Property				1,911,762
Other				74,402
Motor vehicle permit fees				446,233
Licenses and other fees				19,912
Grants and contributions not restricted to specific programs				190,286
Unrestricted investment earnings				429,455
Miscellaneous				11,160
Total general revenues				<u>3,083,210</u>
Change in net position				350,275
Net position, beginning				5,220,036
Net position, ending				<u>\$ 5,570,311</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, 2025

	General	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 770,098	\$ 44,679	\$ 129,490	\$ 944,267
Investments	42,852	970,719	-	1,013,571
Receivables:				
Taxes	2,816,623	-	-	2,816,623
Accounts	12,910	-	630	13,540
Interfund receivable	7,974	-	5,707	13,681
Tax dedeed property, subject to resale	8,227	-	-	8,227
Restricted assets:				
Cash and cash equivalents	257,223	-	-	257,223
Total assets	<u>\$ 3,915,907</u>	<u>\$ 1,015,398</u>	<u>\$ 135,827</u>	<u>\$ 5,067,132</u>
LIABILITIES				
Accounts payable	\$ 102,807	\$ -	\$ -	\$ 102,807
Accrued salaries and benefits	8,155	-	-	8,155
Intergovernmental payable	2,399,943	-	-	2,399,943
Interfund payable	5,707	7,974	-	13,681
Total liabilities	<u>2,516,612</u>	<u>7,974</u>	<u>-</u>	<u>2,524,586</u>
DEFERRED INFLOWS OF RESOURCES	<u>201,884</u>	<u>-</u>	<u>-</u>	<u>201,884</u>
FUND BALANCES				
Nonspendable	8,227	907,093	-	915,320
Restricted	109,143	100,331	-	209,474
Committed	257,223	-	135,827	393,050
Assigned	40,000	-	-	40,000
Unassigned	782,818	-	-	782,818
Total fund balances	<u>1,197,411</u>	<u>1,007,424</u>	<u>135,827</u>	<u>2,340,662</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,915,907</u>	<u>\$ 1,015,398</u>	<u>\$ 135,827</u>	<u>\$ 5,067,132</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, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 2,340,662
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 9,350,251	
Less accumulated depreciation	<u>(4,368,915)</u>	
		4,981,336
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	\$ 152,669	
Deferred inflows of resources related to pensions	(43,777)	
Deferred outflows of resources related to OPEB	11,683	
Deferred inflows of resources related to OPEB	<u>(4,878)</u>	
		115,697
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (13,681)	
Payables	<u>13,681</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	\$ 126,457	
Allowance for uncollectible taxes	<u>(60,000)</u>	
		66,457
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(11,981)
Long-term liabilities that are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bond payable	\$ 363,448	
Notes payable	475,723	
Compensated absences	39,905	
Net pension liability	667,581	
Other postemployment benefits	<u>375,203</u>	
		(1,921,860)
Net position of governmental activities (Exhibit A)		<u>\$ 5,570,311</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, 2025

	General	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,964,267	\$ -	\$ 15,420	\$ 1,979,687
Licenses and permits	466,145	-	-	466,145
Intergovernmental	304,598	-	-	304,598
Charges for services	35,816	-	22,558	58,374
Miscellaneous	48,713	386,116	5,785	440,614
Total revenues	2,819,539	386,116	43,763	3,249,418
EXPENDITURES				
Current:				
General government	507,684	8,955	-	516,639
Public safety	657,923	-	8,427	666,350
Highways and streets	1,219,168	-	-	1,219,168
Sanitation	237,023	-	-	237,023
Health	20,892	-	-	20,892
Welfare	11,153	-	-	11,153
Culture and recreation	48,234	-	-	48,234
Conservation	546	-	-	546
Debt service:				
Principal	18,784	-	-	18,784
Interest	21,199	-	-	21,199
Capital outlay	464,762	-	-	464,762
Total expenditures	3,207,368	8,955	8,427	3,224,750
Excess (deficiency) of revenues over (under) expenditures	(387,829)	377,161	35,336	24,668
OTHER FINANCING SOURCES (USES)				
Transfers in	7,974	-	-	7,974
Transfers out	-	(7,974)	-	(7,974)
Total other financing sources (uses)	7,974	(7,974)	-	-
Net change in fund balances	(379,855)	369,187	35,336	24,668
Fund balances, beginning	1,577,266	638,237	100,491	2,315,994
Fund balances, ending	\$ 1,197,411	\$ 1,007,424	\$ 135,827	\$ 2,340,662

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, 2025

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 24,668
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year as follows:		
Capital outlay expenditures	\$ 553,868	
Depreciation expense	<u>(356,278)</u>	
		197,590
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (7,974)	
Transfers out	<u>7,974</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		6,477
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.		
Repayment of bond principal	\$ 18,783	
Repayment of notes payable	<u>137,167</u>	
		155,950
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.		
Increase in accrued interest expense	\$ (3,512)	
Increase in compensated absences payable	(4,483)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(3,072)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(23,343)</u>	
		<u>(34,410)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 350,275</u></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, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,947,991	\$ 1,970,744	\$ 22,753
Licenses and permits	437,500	466,145	28,645
Intergovernmental	270,240	304,598	34,358
Charges for services	40,000	35,816	(4,184)
Miscellaneous	41,825	46,432	4,607
Total revenues	<u>2,737,556</u>	<u>2,823,735</u>	<u>86,179</u>
EXPENDITURES			
Current:			
General government	566,532	507,684	58,848
Public safety	675,652	657,923	17,729
Highways and streets	1,284,613	1,219,168	65,445
Sanitation	229,252	237,023	(7,771)
Health	22,520	20,892	1,628
Welfare	15,300	11,153	4,147
Culture and recreation	57,655	48,234	9,421
Conservation	1,571	546	1,025
Debt service:			
Principal	18,784	18,784	-
Interest	21,350	21,199	151
Capital outlay	122,310	122,307	3
Total expenditures	<u>3,015,539</u>	<u>2,864,913</u>	<u>150,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(277,983)</u>	<u>(41,178)</u>	<u>236,805</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	7,983	7,974	(9)
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,017)</u>	<u>(22,026)</u>	<u>(9)</u>
Net change in fund balances	<u>\$ (300,000)</u>	<u>(63,204)</u>	<u>\$ 236,796</u>
Increase in restricted fund balance		(2,219)	
Increase in assigned (non-encumbrance) fund balance		(40,000)	
Unassigned fund balance, beginning		954,698	
Unassigned fund balance, ending		<u>\$ 849,275</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, 2025

	Private	Custodial Funds			
	Purpose		Planning	State	
	Trust Funds	Taxes	Board	MV Fees	Total
			Escrows		
ASSETS					
Cash and cash equivalents	\$ 46,249	\$ -	\$ 4,881	\$ -	\$ 51,130
Investments	1,004,820	-	-	-	1,004,820
Intergovernmental receivable	-	2,220,066	-	-	2,220,066
Total assets	1,051,069	2,220,066	4,881	-	3,276,016
LIABILITIES					
Intergovernmental payables:					
School	-	2,220,066	-	-	2,220,066
NET POSITION					
Restricted	\$ 1,051,069	\$ -	\$ 4,881	\$ -	\$ 1,055,950

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, 2025

	Private Purpose Trust Funds	Custodial Funds			Total
		Taxes	Planning Board Escrows	State MV Fees	
ADDITIONS					
Investment earnings	\$ 31,273	\$ -	\$ 2	\$ -	\$ 31,275
Tax collections for other governments	-	4,052,591	-	-	4,052,591
Change in fair market value	375,326	-	-	-	375,326
Other	-	-	-	177,633	177,633
Total additions	406,599	4,052,591	2	177,633	4,636,825
DEDUCTIONS					
Scholarships	16,503	-	-	-	16,503
Administrative expenses	6,339	-	-	-	6,339
Payments of taxes to other governments	-	4,052,591	-	-	4,052,591
Payments of motor vehicle fees to State	-	-	-	177,633	177,633
Total deductions	22,842	4,052,591	-	177,633	4,253,066
Net increase in fiduciary net position	383,757	-	2	-	383,759
Net position, beginning	667,312	-	4,879	-	672,191
Net position, ending	\$ 1,051,069	\$ -	\$ 4,881	\$ -	\$ 1,055,950

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, 2025

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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, 2025

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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, 2025

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 accounting principles generally accepted in the United States of America as applied to government units, hereafter referred to as generally accepted accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Town of Alexandria's significant 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 GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*. The Town has no component units to include in its reporting entity.

1-B Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. These statements present summaries of governmental for the Town accompanied by a total column. Governmental activities normally are supported through property taxes and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the Town at year-end. This Statement includes all of the Town's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, with the difference being reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) operating grants and contributions. Property taxes and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and are presented in the other governmental column of the fund financial statements.

The effect of interfund activity has been eliminated from the government-wide financial statements.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Financial Statement Presentation – A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

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 Fund – are held in the custody of the Trustees of Trust Funds and are used to record activity of legal trusts for which the interest on the corpus provides funds for the permanent funds purposes including the Town’s cemetery operations.

Additionally, the Town reports the following fund types:

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

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

Nonmajor Funds – The Town also 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 and do not involve measurement of results of operations. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

The Town reports the following fiduciary funds:

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

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

1-D 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.

New Hampshire statutes require that the Town treasurer have custody of all money belonging to the Town and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all such monies in participation units in the public deposit investment pool established pursuant to NH RSA 383:22 or in solvent banks in the State. Funds may be deposited in banks outside 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 of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Restricted Assets

Restricted assets occur when statutory limitation is placed on the use of the assets as they are earmarked for a specific purpose and are unavailable for general use.

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1-F 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; and
- 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 monies 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 Measurement of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using the 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 – Quoted prices for identical investments in active markets;

Level 2 – Observable inputs other than those in Level 1; and

Level 3 – Unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level of the fair value hierarchy is 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 as Level 1. Corporate fixed income securities and certain government securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair value for shares in registered mutual funds and exchange traded funds are based on published share prices and classified in Level 1.

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-G Receivables

Receivables in the government-wide, governmental and fiduciary funds financial statements represent amounts due to the Town at December 31, and are recorded as revenue, which will be collected in the future and consist primarily of accounts and intergovernmental receivables.

1-H Capital Assets

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

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 assets lives are not capitalized.

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The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. Capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized as assets in the government-wide Statement of Net Position.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

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

Capital Asset Classes:	<u>Years</u>
Land improvements	30
Buildings and building improvements	50-126
Machinery, equipment, and vehicles	8-30
Infrastructure	50

1-I Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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-J 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 14, 2025, and December 16, 2025 and due on July 10, 2025 and January 20, 2026. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable taxes at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, 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, 2025 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 289,808,138
For all other taxes	\$ 302,996,738

The tax rates and amounts assessed for the year ended December 31, 2025 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.43	\$ 1,948,303
School portion:		
State of New Hampshire	\$1.49	432,105
Local	\$10.44	3,162,961
County portion	\$1.51	457,525
Total	<u>\$19.87</u>	<u>\$ 6,000,894</u>

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

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.

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

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

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

1-M Compensated Absences

The Town employees are granted vacation, sick leave, and other forms of paid time off (PTO) in varying amounts based on length of service and employee classification. It is the Town's policy to recognize a liability for compensated absences that have been earned but not yet used, provided the following criteria are met:

- The leave is attributable to services already rendered by the employee.
- The leave accumulates and can be carried forward to a future reporting period.
- The leave is more likely than not, this threshold means the likelihood is greater than 50%, to be used for time off, paid in cash upon separation, or settled through other noncash means.

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

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

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1-O Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

1-P Net Position/Fund Balances

In the Government-wide Financial Statements, net position is reported in the following categories:

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

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

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 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; or (b) are legally or contractually required to be maintained intact.

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

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

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

Unassigned – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

The unassigned classification also includes negative residual fund balance of any other governmental fund balance that cannot be eliminated by the offsetting assigned fund balance amounts.

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When multiple net position/fund balance classifications are available for use, it is the Town'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 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 preparation of the accompanying basic financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

1-R Certain Risk Disclosures

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability or revenue debt vulnerable to the risk of a substantial impact. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority.

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 United States 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.

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2025, \$300,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

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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)	\$ 2,831,709
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	2,281
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(6,477)
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,827,513</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 2,894,913
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To eliminate transfers between general and blended expendable trust funds	(30,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,207,368</u>

2-C Change in Accounting Principle

The Town adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. This Statement will provide the users of the financial statements with information about risks related to the Town's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement aims to provide the users with essential timely information to better understand and anticipate these specific vulnerabilities. The Town has no concentrations or constraints for the period ending December 31, 2025.

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 collateral. As of year-end, the carrying amount of the Town's deposits was \$1,252,620 and the bank balances totaled \$1,103,186. Petty cash totaled \$650.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,201,490
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	51,130
Total cash and cash equivalents	<u>\$ 1,252,620</u>

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 \$257,223.

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NOTE 5 – INVESTMENTS

Note 1-F 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 and cost measurements as of December 31, 2025:

	Valuation Measurement Method	Reported Balance
Investments type:		
Domestic equity mutual funds	Level 1	\$ 189,369
International equity mutual funds	Level 1	189,369
Fixed income mutual funds	Level 1	1,596,801
Total fair value		<u>1,975,539</u>
Investments carried at amortized cost:		
New Hampshire Public Deposit Investment Pool		42,852
Total investments		<u>\$ 2,018,391</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. The Town has the following remaining maturities as of December 31, 2025:

Investments Type	Reported Balance	Exempt from Disclosure
Equity mutual funds	\$ 378,738	\$ 378,738
Fixed income mutual funds	1,596,801	1,596,801
New Hampshire Public Deposit Investment Pool	42,852	42,852
Total	<u>\$ 2,018,391</u>	<u>\$ 2,018,391</u>

Credit Risk - The Town has no formal policy on managing credit risk; however, state law limits investments as explained in Note 1-F. As of December 31, 2025, the Town's investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure
Equity mutual funds	\$ 378,738	\$ 378,738
Fixed income mutual funds	1,596,801	1,596,801
New Hampshire Public Deposit Investment Pool	42,852	42,852
Total	<u>\$ 2,018,391</u>	<u>\$ 2,018,391</u>

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. More than 5% of the Town's investments are in American Funds Bond Fund of America F2, Blackrock Strategic Income Opportunities Portfolio, Doubleline Total Return Bond, Fidelity US Bond Index INSTL Prem, and PIMCO FDS INCOM FD INSTL. These investments are 6.2%, 9.8%, 6.9%, 8.1%, and 8.2% respectively, of the Town's total investments.

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Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,013,571
Investments per Statement of Fiduciary Net Position (Exhibit E-1)	1,004,820
Total investments	<u>\$ 2,018,391</u>

NOTE 6 – TAXES RECEIVABLE

Taxes receivables represent the amount of current and prior year taxes which have not been collected as of December 31, 2025. The amount has been reduced by an allowance for an estimated uncollectible amount of \$60,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2025	\$ 2,667,186	\$ 2,667,186
Unredeemed (under tax lien):		
Levy of 2024	89,808	89,808
Levy of 2023	55,032	55,032
Levies of 2022 and prior	4,597	4,597
Less: allowance for estimated uncollectible taxes	(60,000)	-
Net taxes receivable	<u>\$ 2,756,623</u>	<u>\$ 2,816,623</u>

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 consisted of the following:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 331,961	\$ -	\$ 331,961
Construction in progress	52,061	342,455	394,516
Total capital assets not being depreciated	<u>384,022</u>	<u>342,455</u>	<u>726,477</u>
Being depreciated:			
Land improvements	64,000	-	64,000
Buildings and building improvements	1,634,713	-	1,634,713
Machinery, equipment, and vehicles	3,187,185	31,501	3,218,686
Infrastructure	3,526,463	179,912	3,706,375
Total capital assets being depreciated	<u>8,412,361</u>	<u>211,413</u>	<u>8,623,774</u>
Total all capital assets	<u>8,796,383</u>	<u>553,868</u>	<u>9,350,251</u>
Less accumulated depreciation:			
Land improvements	(21,884)	(5,078)	(26,962)
Buildings and building improvements	(575,650)	(23,266)	(598,916)
Machinery, equipment, and vehicles	(1,790,045)	(203,885)	(1,993,930)
Infrastructure	(1,625,058)	(124,049)	(1,749,107)
Total accumulated depreciation	<u>(4,012,637)</u>	<u>(356,278)</u>	<u>(4,368,915)</u>
Net book value, capital assets being depreciated	<u>4,399,724</u>	<u>(144,865)</u>	<u>4,254,859</u>
Net book value, all governmental activities capital assets	<u>\$ 4,783,746</u>	<u>\$ 197,590</u>	<u>\$ 4,981,336</u>

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

General government	\$ 20,436
Public safety	35,160
Highways and streets	299,164
Sanitation	1,518
Total depreciation expense	<u>\$ 356,278</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at December 31, 2025 are as follows:

Receivable Fund	Payable Fund	Amount
General	Permanent	\$ 7,974
Nonmajor	General	5,707
Total		<u>\$ 13,681</u>

Interfund transfers during the year ended December 31, 2025 are as follows:

	<u>Transfers In:</u>
	General
	Fund
Transfers out:	
Permanent fund	<u>\$ 7,974</u>

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2025 consist of the following:

	General Fund	Fidciary Funds
Balance due to the New Hampshire Retirement System	\$ 10,489	\$ -
Balance due to the State of New Hampshire for miscellaneous fees	50	-
Property taxes due to the custodial funds	2,220,066	¹ -
Property taxes due to the Newfound Area School District	-	² 2,220,066
Balance due to the US Treasury	169,338	-
Total intergovernmental payables due	<u>\$ 2,399,943</u>	<u>\$ 2,220,066</u>

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.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at December 31, 2025 consist of the following:

	Governmental Activities
Amounts related to pensions, see Note 12	\$ 152,669
Amounts related to OPEB:	
NHRS, see Note 13	5,742
Single Employer, see Note 13	5,941
Total deferred outflow of resources	<u>\$ 164,352</u>

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Deferred inflows of resources at December 31, 2025 consist of the following:

	Governmental Activities	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 126,457
Amounts related to pensions, see Note 12	43,777	-
Amounts related to OPEB:		
NHRS, see Note 13	43	-
Single Employer, see Note 13	4,835	-
Unavailable revenue - Tax Credits	17,395	17,395
Unavailable revenue - Highway block grant	24,509	24,509
Unavailable revenue - State bridge aid	33,523	33,523
Total deferred inflows of resources	<u>\$ 124,082</u>	<u>\$ 201,884</u>

NOTE 11 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2025:

	Balance January 1, 2025	Additions	Reductions	Balance December 31, 2025	Due Within One Year	Due In More Than One Year
Bond payable - direct placement	\$ 382,231	\$ -	\$ (18,783)	\$ 363,448	\$ 19,812	\$ 343,636
Note payable - direct borrowing	612,890	-	(137,167)	475,723	101,629	374,094
Total bond/note payable	995,121	-	(155,950)	839,171	121,441	717,730
Compensated absences	35,422	4,483	-	39,905	-	39,905
Net pension liability	646,439	21,142	-	667,581	-	667,581
Net other postemployment benefits:						
NHRS	31,628	3,310	-	34,938	-	34,938
Single Employer	323,432	16,833	-	340,265	-	340,265
Total long-term liabilities	<u>\$ 2,032,042</u>	<u>\$ 45,768</u>	<u>\$ (155,950)</u>	<u>\$ 1,921,860</u>	<u>\$ 121,441</u>	<u>\$ 1,800,419</u>

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

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2025	Current Portion
Bond payable - direct placement:						
Transfer station	\$ 400,000	2023	2038	5.55%	\$ 363,448	\$ 19,812
Notes payable - direct borrowings:						
Grader	\$ 255,000	2022	2031	4.98%	160,632	23,628
Backhoe loader	\$ 137,275	2023	2027	6.90%	54,908	27,454
International dump truck	\$ 249,800	2024	2030	5.59%	177,903	31,819
Soil Compactor	\$ 109,900	2024	2029	6.29%	82,280	18,728
Total direct borrowings					<u>475,723</u>	<u>101,629</u>
Total					<u>\$ 839,171</u>	<u>\$ 121,441</u>

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The annual requirements to amortize all general obligation bond/notes outstanding as of December 31, 2025, including interest payments, are as follows:

Fiscal Year Ending December 31,	Bond-Direct Placement			Notes-Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 19,812	\$ 20,171	\$ 39,983	\$ 101,629	\$ 26,650	\$ 128,279
2027	20,911	19,072	39,983	105,762	20,812	126,574
2028	22,060	17,923	39,983	82,673	14,621	97,294
2029	23,307	16,676	39,983	87,284	10,010	97,294
2030	24,590	15,393	39,983	68,250	5,140	73,390
2031-2035	144,998	54,918	199,916	30,125	1,501	31,626
2036-2038	107,770	12,179	119,949	-	-	-
Totals	<u>\$ 363,448</u>	<u>\$ 156,332</u>	<u>\$ 519,780</u>	<u>\$ 475,723</u>	<u>\$ 78,734</u>	<u>\$ 554,457</u>

NOTE 12 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS Plan, or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan). For additional NHRS information, please refer to the fiscal year 2025 Annual Comprehensive Financial Report, which can be found on the NHRS website at www.nhrs.org/funding-and-investment/reports-valuations.

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

Years of Creditable Service as of January 1, 2012	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%

Contributions – The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For the period of January 1, 2025 to June 30, 2025, the Town contributed 28.68% for police, 27.75% for fire and 13.27% for other employees. For the period of July 1, 2025 to December 31, 2025, the Town contributed 28.72% for police, 26.92% for fire and 12.53% for other employees. The contribution requirement for the fiscal year 2025 was \$86,471, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2025 the Town reported a liability of \$667,581 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, 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. The Town's proportion, measured at June 30, 2025, was 0.01% which was the same as its proportion measured as of June 30, 2024.

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For the year ended December 31, 2025, the Town recognized pension expense of \$58,229. At December 31, 2025 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	\$ 66,804	\$ 7,620
Changes in assumptions	-	5,996
Net difference between projected and actual investment earnings on pension plan investments	-	30,161
Differences between expected and actual experience	43,650	-
Contributions subsequent to the measurement date	42,215	-
Total	<u>\$ 152,669</u>	<u>\$ 43,777</u>

The \$42,215 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, 2026. 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,	
2025	\$ 60,344
2026	3,342
2027	(441)
2028	3,432
2029	-
Thereafter	-
Totals	<u>\$ 66,677</u>

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

Inflation:	2.25%
Salary increases:	6.0% average, including inflation
Wage inflation:	3.00% (2.50% 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-2021.

The actuarial assumptions used in the June 30, 2024 valuation to alleviate the total pension liability measured as of June 30, 2025, were based on the results of the most recent actuarial experience study, which was for the period July 1, 2019 – June 30, 2023.

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 weighing 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 geometric real rates of return for each asset class:

Asset Class	Target Allocation	30 Year Geometric Return *
Borad US Equity	24.00%	5.35%
Global Ex-US Equity	16.00%	5.40%
Total public equity	40.00%	
Real Estate Equity	10.00%	4.25%
Private Equity	10.00%	6.45%
Total private market equity	20.00%	
Private Debt	10.00%	4.90%
Core U.S. Fixed Income	15.00%	2.55%
Non-Core Fixed Income	10.00%	
Total fixed income	25.00%	
Infrastructure	5.00%	4.45%
Total	100.00%	

*Real rates of return are presented net of 2.40% inflation.

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, 2025	\$ 931,480	\$ 667,581	\$ 426,610

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 Plan, 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 2025 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

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

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2025 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. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For the period January 1, 2025 to June 30, 2025, the Town contributed 2.60% for police and fire and 0.26% for other employees. For the period July 1, 2025 to December 31, 2025, the Town contributed 2.23% for police and fire and 0.22% for other employees. The contribution requirement for the fiscal year 2025 was \$4,219, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2025, the Town reported a liability of \$34,938 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. 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. The Town's proportion measured at June 30, 2025 was 0.01% which was the same as its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Town recognized OPEB expense of \$3,900. At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 3,552	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	43
Differences between expected and actual experience	248	-
Contributions subsequent to the measurement date	1,942	-
Total	<u>\$ 5,742</u>	<u>\$ 43</u>

The \$1,942 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, 2026.

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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,	
2026	\$ 1,310
2027	1,167
2028	1,180
2029	100
2030	-
Thereafter	-
Total	<u>\$ 3,757</u>

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

Price inflation:	2.25% per year
Salary increases:	6.0% average, including inflation
Wage inflation:	3.0% (2.50% for teachers)
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2024 valuation, used to calculate the total pension liability as of June 30, 2025, were based on the results of the most recent actuarial experience study, which was for the period July 1, 2019 – June 30, 2023.

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 weighing the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	30 Year Geometric Return*
Borad US Equity	24.00%	5.35%
Global Ex-US Equity	16.00%	5.40%
Total public equity	40.00%	
Real Estate Equity	10.00%	4.25%
Private Equity	10.00%	6.45%
Total private market equity	20.00%	
Private Debt	10.00%	4.90%
Core U.S. Fixed Income	15.00%	2.55%
Non-Core Fixed Income	10.00%	
Total fixed income	25.00%	
Infrastructure	5.00%	4.45%
Total	100.00%	

*Real rates of return are presented net of 2.40% inflation.

Discount Rate – The discount rate used to measure the total OPEB liability 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.

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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, 2025	\$ 37,879	\$ 34,938	\$ 32,384

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

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

13-B Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time. The Town OPEB plan is not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The total OPEB liability is based on the Town offering retirees postemployment healthcare insurance governed by RSA 100-A:50. The retirees pay 100% of the premium cost to participate and are included in the same pool as the active members. The inclusion of the retirees in the same pool effects the insurance rates of the active employees as the rates for the retirees are assumed to be higher due to the age consideration, thereby creating an implicit rate subsidy.

Funding Policy – The Town's funding policy for the implicit rate subsidy is a pay-as-you-go basis.

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

Employees Covered by Benefit Terms – At January 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	8
Total participants covered by OPEB plan	<u>9</u>

Total OPEB Liability – The Town's total OPEB liability of \$340,265 was measured as of December 31, 2025, and was determined by an actuarial valuation as of January 1, 2024. The Town contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the Town business office.

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

Discount Rate:	4.08%
Healthcare Cost Trend Rates:	
2024 Trend	18.72%
2025 Trend	8.00%
Ultimate Trend	4.54%
Year Ultimate Trend is Reached	2090
Salary Increases:	3.50%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2025.

Mortality rates: Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Contingent Survivors Headcount-Weighted Mortality, Pub-2010 Safety Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Safety Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Safety Contingent Survivors Headcount-Weighted Mortality.

Changes in the Total OPEB Liability

	December 31,	
	2024	2025
OPEB liability beginning of year	\$ 313,346	\$ 323,432
Changes for the year:		
Service cost	5,091	5,299
Interest	12,713	13,375
Assumption changes and difference between actual and expected experience	(5,949)	-
Benefit payments	(1,769)	(1,841)
OPEB liability end of year	<u>\$ 323,432</u>	<u>\$ 340,265</u>

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The January 1, 2024 actuarial valuation was prepared using a discount rate of 4.08%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$312,871 or by 8.05%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$370,724 or by 8.95%.

	Discount Rate		
	1% Decrease	Baseline 4.08%	1% Increase
Total OPEB Liability	<u>\$ 370,724</u>	<u>\$ 340,265</u>	<u>\$ 312,871</u>

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The January 1, 2024 actuarial valuation was prepared using an initial trend rate of 18.72%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$377,090 or by 9.77%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$307,334 or by 10.72%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 18.72%	1% Increase
Total OPEB Liability	<u>\$ 307,334</u>	<u>\$ 340,265</u>	<u>\$ 377,090</u>

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OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2025, the Town recognized OPEB expense of \$24,846. At December 31, 2025, 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	\$ -	\$ 4,835
Changes in assumptions	5,941	-
Total	<u>\$ 5,941</u>	<u>\$ 4,835</u>

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

Fiscal Year Ending December 31,	
2026	\$ 3,773
2027	(1,094)
2028	(1,573)
2029	-
2030	-
Thereafter	-
Totals	<u>\$ 1,106</u>

NOTE 14 – COMMITMENTS

The Town entered into two construction contracts in 2024 for the Transfer Station Project. As of December 31, 2025, the Town had outstanding construction contracts totaling \$46,990 that will be financed from bond proceeds. Other significant commitments include encumbrances outstanding for the general fund and nonmajor funds other than capital projects funds.

Construction commitments and other significant commitments are as follows:

Governmental Activities	Spent to Date	Remaining Commitment
Transfer Station Project	<u>\$ 342,455</u>	<u>\$ 105,484</u>

NOTE 15 - ENCUMBRANCES

Encumbrances outstanding in the general fund of \$105,484 at December 31, 2025 relates to the capital outlay function for the Transfer Station Project.

NOTE 16 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Net position reported on the government-wide and fiduciary fund Statements of Net Position at December 31, 2025 include the following:

	Government-wide Financial Statements	
	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 4,981,336	\$ -

(Continued)

TOWN OF ALEXANDRIA, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

Governmental activities and fiduciary funds net position continued:

	Government-wide Financial Statements	
	Governmental Activities	Fiduciary Funds
Less:		
General obligation bonds payable	(363,448)	-
Notes payable	(475,723)	-
Total net investment in capital assets	4,142,165	-
Restricted net position:		
Transfer Station	105,484	-
Donations	3,659	-
Perpetual care - expendable	1,007,424	-
Other	-	1,055,950
Total restricted net position	1,116,567	1,055,950
Unrestricted	311,579	-
Total net position	<u>\$ 5,570,311</u>	<u>\$ 1,055,950</u>

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at December 31, 2025 consist of the following:

	General Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Tax deeded property	\$ 8,227	\$ -	\$ -	\$ 8,227
Permanent fund - principal balance	-	907,093	-	907,093
Total nonspendable fund balance	8,227	907,093	-	915,320
Restricted:				
Permanent - income balance	-	100,331	-	100,331
Donations	3,659	-	-	3,659
Transfer station project (see Schedule 2)	105,484	-	-	105,484
Total restricted fund balance	109,143	100,331	-	209,474
Committed:				
Expendable trusts	257,223	-	-	257,223
Conservation commission	-	-	51,626	51,626
Police detail	-	-	8,358	8,358
Transfer station	-	-	75,843	75,843
Total committed fund balance	257,223	-	135,827	393,050
Assigned:				
Contingency - Abatements	40,000	-	-	40,000
Unassigned	782,818	-	-	782,818
Total governmental fund balances	<u>\$ 1,197,411</u>	<u>\$ 1,007,424</u>	<u>\$ 135,827</u>	<u>\$ 2,340,662</u>

NOTE 18 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2025, 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

TOWN OF ALEXANDRIA, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

under RSAs 5-B and 281-A. Coverage was provided from January 1, 2025 to December 31, 2025 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 2025 the Town paid \$14,047 and \$27,764, respectively, to Primex³ for Workers' Compensation and Property/Liability programs coverage. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 19 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. As of December 31, 2025, the Town has no such programs.

NOTE 20 – CONTINGENT LIABILITIES

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through September 23, 2026, the date the December 31, 2025 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, 2025
Unaudited

Fiscal year-end	December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measurement date	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	\$ 630,248	\$ 576,611	\$ 538,725	\$ 563,669	\$ 808,859	\$ 462,431	\$ 687,248	\$ 711,890	\$ 646,439	\$ 667,581
Covered payroll (as of the measurement date)	\$ 292,288	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 348,906	\$ 360,624	\$ 393,639	\$ 439,296	\$ 502,844
Proportionate share of the net pension liability as a percentage of its covered payroll	215.63%	191.15%	172.35%	168.54%	211.57%	132.54%	190.57%	180.85%	147.15%	132.76%
Plan fiduciary net position as a percentage of the total pension liability	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%	67.18%	70.33%	72.91%

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, 2025
Unaudited

Fiscal year-end	December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measurement date	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 42,440	\$ 42,952	\$ 47,287	\$ 50,980	\$ 56,179	\$ 54,178	\$ 73,270	\$ 72,277	\$ 75,141	\$ 86,471
Contributions in relation to the contractually required contributions	(42,440)	(42,952)	(47,287)	(50,980)	(56,179)	(54,178)	(73,270)	(72,277)	(75,141)	(86,471)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year)	\$ 292,288	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 339,675	\$ 381,329	\$ 388,077	\$ 487,079	\$ 494,422
Contributions as a percentage of covered payroll	14.52%	14.24%	15.13%	15.24%	14.69%	15.95%	19.21%	18.36%	17.10%	17.20%

TOWN OF ALEXANDRIA, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

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

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

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

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at December 31, 2025. These schedules are presented to illustrate the requirement to show information for 10 years.

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, 2025
Unaudited

Fiscal year-end	December 31,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Measurement date	June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Town's proportion of the net OPEB liability	0.01%	0.01%	0.01%	0.01%	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	\$ 36,822	\$ 31,628	\$ 34,938	
Town's covered payroll (as of the measurement date)	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 348,906	\$ 360,624	\$ 393,639	\$ 439,296	\$ 494,422	
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%	9.35%	7.20%	7.07%	
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%	12.80%	14.01%	15.46%	

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, 2025
Unaudited

Fiscal year-end	December 31,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Measurement date	June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Contractually required contribution	\$ 4,094	\$ 4,479	\$ 4,713	\$ 4,645	\$ 3,543	\$ 4,571	\$ 3,939	\$ 3,610	\$ 4,219	
Contributions in relation to the contractually required contribution	(4,094)	(4,479)	(4,713)	(4,645)	(3,543)	(4,571)	(3,939)	(3,610)	(4,219)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's covered payroll (as of the fiscal year)	\$ 301,651	\$ 312,581	\$ 334,442	\$ 382,309	\$ 339,675	\$ 381,329	\$ 388,077	\$ 487,079	\$ 502,844	
Contributions as a percentage of covered payroll	1.36%	1.43%	1.41%	1.21%	1.04%	1.20%	1.02%	0.74%	0.84%	

EXHIBIT J
TOWN OF ALEXANDRIA, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended December 31, 2025
Unaudited

	December 31,			
	2022	2023	2024	2025
OPEB liability, beginning of year	\$ 261,384	\$ 273,566	\$ 313,346	\$ 323,432
Changes for the year:				
Service cost	3,091	3,968	5,091	5,299
Interest	9,825	9,905	12,713	13,375
Assumption changes and difference between actual and expected experience	-	26,665	(5,949)	-
Benefit payments	(734)	(758)	(1,769)	(1,841)
OPEB liability, end of year	<u>\$ 273,566</u>	<u>\$ 313,346</u>	<u>\$ 323,432</u>	<u>\$ 340,265</u>
Covered payroll	<u>\$ 391,321</u>	<u>\$ 399,720</u>	<u>\$ 458,935</u>	<u>\$ 474,998</u>
Total OPEB liability as a percentage of covered payroll	69.91%	78.39%	70.47%	71.64%

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

TOWN OF ALEXANDRIA, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

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

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

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

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2025. These schedules are presented to illustrate the requirement to show information for 10 years.

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

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

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

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2025. The schedule is presented to illustrate the requirement to show information for 10 years.

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, 2025

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,888,163	\$ 1,911,762	\$ 23,599
Land use change	15,500	15,420	(80)
Yield	10,000	9,688	(312)
Payment in lieu of taxes	4,328	4,869	541
Interest and penalties on taxes	30,000	29,005	(995)
Total from taxes	1,947,991	1,970,744	22,753
Licenses, permits, and fees:			
Motor vehicle permit fees	420,000	446,233	26,233
Other	17,500	19,912	2,412
Total from licenses, permits, and fees	437,500	466,145	28,645
Intergovernmental:			
State:			
Meals and rooms distribution	178,772	178,772	-
Highway block grant	90,954	90,954	-
State and federal forest land reimbursement	514	514	-
Federal:			
FEMA	-	23,358	23,358
Other	-	11,000	11,000
Total from intergovernmental	270,240	304,598	34,358
Charges for services:			
Income from departments	40,000	35,816	(4,184)
Miscellaneous:			
Sale of municipal property	200	402	202
Interest on investments	40,000	43,487	3,487
Other	1,625	2,543	918
Total from miscellaneous	41,825	46,432	4,607
Other financing sources:			
Transfers in	7,983	7,974	(9)
Total revenues and other financing sources	2,745,539	\$ 2,831,709	\$ 86,170
Unassigned fund balance used to reduce tax rate	300,000		
Total revenues, other financing sources, and use of fund balance	\$ 3,045,539		

See Independent Auditor's Report.

SCHEDULE 2
TOWN OF ALEXANDRIA, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2025

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 161,053	\$ 173,476	\$ -	\$ (12,423)
Election and registration	-	9,166	13,315	-	(4,149)
Financial administration	-	134,220	124,145	-	10,075
Revaluation of property	-	39,656	33,732	-	5,924
Legal	-	73,450	25,226	-	48,224
Planning and zoning	-	8,161	7,162	-	999
General government buildings	-	61,176	48,664	-	12,512
Cemeteries	-	16,345	17,347	-	(1,002)
Insurance, not otherwise allocated	-	27,764	27,764	-	-
Advertising and regional associations	-	29,741	34,191	-	(4,450)
Other	-	5,800	2,662	-	3,138
Total general government	-	566,532	507,684	-	58,848
Public safety:					
Police	-	377,959	368,015	-	9,944
Ambulance	-	203,379	203,378	-	1
Fire	-	83,214	76,516	-	6,698
Emergency management	-	11,100	10,014	-	1,086
Total public safety	-	675,652	657,923	-	17,729
Highways and streets:					
Administration	-	850,813	810,037	-	40,776
Highways and streets	-	220,000	220,883	-	(883)
Bridges	-	26,000	-	-	26,000
Street lighting	-	2,800	3,248	-	(448)
Other	-	185,000	185,000	-	-
Total highways and streets	-	1,284,613	1,219,168	-	65,445
Sanitation:					
Solid waste disposal	-	229,252	237,023	-	(7,771)
Health:					
Administration	-	3,768	2,140	-	1,628
Health agencies	-	18,752	18,752	-	-
Total health	-	22,520	20,892	-	1,628
Welfare:					
Administration and direct assistance	-	15,300	11,153	-	4,147
Culture and recreation:					
Parks and recreation	-	37,835	35,279	-	2,556
Library	-	19,320	12,422	-	6,898
Patriotic purposes	-	500	533	-	(33)
Total culture and recreation	-	57,655	48,234	-	9,421
Conservation	-	1,571	546	-	1,025
Debt service:					
Principal of long-term debt	-	18,784	18,784	-	-
Interest on long-term debt	-	21,200	21,199	-	1
Interest on tax anticipation notes	-	150	-	-	150
Total debt service	-	40,134	39,983	-	151

(Continued)

See Independent Auditor's Report.

SCHEDULE 2 (Continued)
TOWN OF ALEXANDRIA, NEW HAMPSHIRE
Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2025

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Capital outlay	447,939	122,310	464,762	105,484	3
Other financing uses:					
Transfers out	-	30,000	30,000	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 447,939	\$ 3,045,539	\$ 3,237,368	\$ 105,484	\$ 150,626

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, 2025

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 954,698
Changes:		
Unassigned fund balance used to reduce 2025 tax rate		(300,000)
2025 Budget summary:		
Revenue surplus (Schedule 1)	\$ 86,170	
Unexpended balance of appropriations (Schedule 2)	<u>150,626</u>	
2025 Budget surplus		236,796
Increase in restricted fund balance		(2,219)
Increase in assigned (non-encumbrance) fund balance		<u>(40,000)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		849,275
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		(126,457)
Elimination of the allowance for uncollectible taxes		<u>60,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 782,818</u></u>

See Independent Auditor's Report.

SCHEDULE 4
TOWN OF ALEXANDRIA, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2025

	Special Revenue Funds			Total
	Conservation Commission	Police Details	Transfer Station	
ASSETS				
Cash and cash equivalents	\$ 45,919	\$ 7,728	\$ 75,843	\$ 129,490
Accounts receivable	-	630	-	630
Interfund receivable	5,707	-	-	5,707
Total assets	<u>\$ 51,626</u>	<u>\$ 8,358</u>	<u>\$ 75,843</u>	<u>\$ 135,827</u>
FUND BALANCES				
Committed	<u>\$ 51,626</u>	<u>\$ 8,358</u>	<u>\$ 75,843</u>	<u>\$ 135,827</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, 2025

	Special Revenue Funds			Total
	Conservation Commission	Police Details	Transfer Station	
Revenues:				
Taxes	\$ 15,420	\$ -	\$ -	\$ 15,420
Charges for services	-	10,646	11,912	22,558
Miscellaneous	5,733	4	48	5,785
Total revenues	21,153	10,650	11,960	43,763
Expenditures:				
Current:				
Public safety	-	8,427	-	8,427
Net change in fund balances	21,153	2,223	11,960	35,336
Fund balances, beginning	30,473	6,135	63,883	100,491
Fund balances, ending	\$ 51,626	\$ 8,358	\$ 75,843	\$ 135,827

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, 2025, 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 Town of Alexandria'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 a certain deficiency 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 Town of Alexandria's financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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 Town of Alexandria'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 loss or theft of cash while it is in the attendants' possession. We strongly recommend that all receipts be kept secure location (at Town Hall or secured at the Transfer Station) prior to deposit to the Town's bank account.

The identified significant deficiency is not considered to be a material weakness.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

September 23, 2026
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association