PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 5, 2026

New Issue – Book-Entry Only **Ratings: S&P "__"**

In the opinion of Devine, Millimet & Branch Professional Association, Bond Counsel to the City of Rochester, New Hampshire (the "City"), based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, (i) interest on the Series A Bonds (as defined herein) is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Series A Bonds will not be included in computing the alternative minimum tax imposed on individuals; however, interest on the Series A Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In the opinion of Bond Counsel, interest on the Series B Bonds (as defined herein) is not excludable from gross income of the holders of the Series B Bonds for federal income tax purposes under the Code. In addition, in the opinion of Bond Counsel, interest on the Bonds (as defined herein), will be exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. See "TAX MATTERS: SERIES A BONDS" and "TAX MATTERS: SERIES B BONDS" herein.

OFFICIAL STATEMENT
of the
CITY OF ROCHESTER, NEW HAMPSHIRE

$26,020,000* GENERAL OBLIGATION BONDS, SERIES 2026A
and
$2,785,000* GENERAL OBLIGATION BONDS, SERIES 2026B (FEDERALLY TAXABLE)

Dated: Date of Delivery **Due: as shown on inside cover**

The $26,020,000* General Obligation Bonds, Series 2026A (the "Series A Bonds") and $2,785,000* General Obligation Bonds, Series 2026B (Federally Taxable) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") of the City of Rochester, New Hampshire (the "City") will mature on August 15 in each year as set forth on the inside cover page. Interest will be payable on February 15 and August 15 of each year until maturity or earlier redemption commencing February 15, 2027. The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS" herein.

The Bonds are issuable only in fully registered forms without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), Brooklyn, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. (See "THE BONDS—Book-Entry Only System" herein.)

Principal of and interest on the Bonds will be paid at the office of U.S. Bank Trust Company, National Association, Boston, Massachusetts (the "Paying Agent") to DTC.

Interest is computed on the basis of a 360-day year consisting of twelve 30-day months.

The Series A Bonds are subject to optional redemption as further described herein. The Series B Bonds are not subject to optional redemption.

The Bonds are being offered for sale at 11:00 A.M. on August 12, 2026. Reference is made to the official Notice of Sale for conditions of such sale. The Bonds are offered for delivery when, as, and if issued, subject to the final approving opinion of Devine, Millimet & Branch Professional Association, Bond Counsel, of Manchester, New Hampshire and to certain other conditions referred to herein. PFM Financial Advisors LLC will be serving as municipal advisor to the City on this transaction. It is anticipated that the Bonds, in definitive form, will be available for delivery to DTC in Brooklyn, New York, or to its Custodial Agent, on or about August 27, 2026.

Municipal Advisor
PFM Financial Advisors LLC

Official Statement Dated: August __, 2026

*Preliminary, Subject to change

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, OR YIELDS AND CUSIPS

CITY OF ROCHESTER, NEW HAMPSHIRE

$26,020,000*
GENERAL OBLIGATION BONDS, SERIES 2026A

Maturity August 15	Principal Amount*	Interest Rate	Yield	CUSIP No. †	Maturity August 15	Principal Amount*	Interest Rate	Yield	CUSIP No. †
2027	$895,000				2037	$1,175,000			
2028	950,000				2038	1,235,000			
2029	1,005,000				2039	1,300,000			
2030	1,030,000				2040	1,365,000			
2031	1,095,000				2041	1,440,000			
2032	1,135,000				2042	1,515,000			
2033	1,190,000				2043	1,590,000			
2034	1,220,000				2044	1,675,000			
2035	1,270,000				2045	1,760,000			
2036	1,325,000				2046	1,850,000			

$2,785,000*
GENERAL OBLIGATION BONDS, SERIES 2026B (FEDERALLY TAXABLE)

Maturity August 15	Principal Amount*	Interest Rate	Yield	CUSIP No. †	Maturity August 15	Principal Amount*	Interest Rate	Yield	CUSIP No. †
2027	$225,000				2032	$275,000			
2028	240,000				2033	290,000			
2029	255,000				2034	305,000			
2030	265,000				2035	320,000			
2031	275,000				2036	335,000			

*Preliminary, subject to change.

† ©2026 CUSIP Global Services, CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of Bonds only at the time of issuance of the Bonds and the Issuer, the State, the Trustee, and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2026A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2026A Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the Series 2026A Bonds.

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This Official Statement, which includes the cover page, the inside front cover pages hereof and the Appendices hereto is made available to prospective purchasers of the Bonds for review prior to purchase and is in a form deemed final by the City as of its date (except for permitted omissions) for purposes of paragraph (b)(1) of Securities and Exchange Commission Rule 15c-2-12 (the "Rule"), but is subject to revision, amendment and completion (as so revised, amended or completed such document will be referred to as the "Final Official Statement").

No dealer, broker, salesperson or other person has been authorized by the City, the Municipal Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City, the Municipal Advisor or the Underwriters. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or in any other information contained herein, since the date hereof.

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the City and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City and the Municipal Advisor that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, many of which are beyond the control of the City. These forward-looking statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

FOR NEW HAMPSHIRE RESIDENTS: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All quotations from and summaries and explanations of provisions of laws and documents described herein do not purport to be complete and reference is made to said laws and documents for full and complete statements of their provisions.

The information relating to DTC and the book-entry only system contained in this Official Statement has been furnished by DTC (see "THE BONDS - Book-Entry Only System" herein). No representation is made by the City as to the adequacy or accuracy of such information. The City has not made any independent investigation of DTC or the book-entry only system.

The Municipal Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

OFFICIAL STATEMENT

of the

CITY OF ROCHESTER, NEW HAMPSHIRE

Relating to

CITY OF ROCHESTER, NEW HAMPSHIRE

$26,020,000* GENERAL OBLIGATION BONDS, SERIES 2026A

and

$2,785,000* GENERAL OBLIGATION BONDS, SERIES 2026B (FEDERALLY TAXABLE)

This Official Statement provides certain information concerning the City of Rochester, New Hampshire (the "City" or "Rochester") in connection with the issuance by the City of its $26,020,000* General Obligation Bonds, Series 2026A (the "Series A Bonds") and $2,785,000* General Obligation Bonds, Series 2026B (Federally Taxable) (the "Series B Bonds", together with the Series A Bonds, the "Bonds"), both dated their date of delivery.

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THE BONDS

Information contained herein has been obtained from the City, unless otherwise noted, and from records and other sources believed to be reliable. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds.

Description of the Bonds

Principal of and interest on the Bonds will be paid at maturity at the office of U.S. Bank Trust Company, National Association, Boston, Massachusetts, acting as paying agent (the "Paying Agent") to DTC. Interest on the Bonds will be payable on February 15, 2027 and semiannually thereafter on February 15 and August l5 of each year at the rates as shown in the maturity schedule on the inside cover hereof until maturity or earlier redemption. Principal of t Bonds will be payable on August 15 as shown in the maturity schedule on the inside cover hereof.

So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct Participants and the Indirect Participants, as more fully described herein. **Interest on the Bonds is computed on the basis of a 360-day year consisting of twelve 30-day months.**

The Bonds are issuable only in fully registered form without coupons and, when issued will be in the name of Cede & Co., as Bondowner and nominee for DTC. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Only System" herein).

For every transfer and exchange of the Bonds, whether in certificated form or otherwise, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Adequate indemnification may be required to replace any lost, stolen or destroyed Bonds, whether in certificated form or otherwise.

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*Preliminary, Subject to change

Authorization of the Bonds and Use of Proceeds

The Series A Bonds are authorized pursuant to the municipal finance act, Chapter 33 of the New Hampshire Revised Statutes Annotated ("RSA") and City Council resolutions passed on the dates and for the purposes set forth below (the "Series A Projects").

DESCRIPTION - GENERAL FUND	**DATE AUTHORIZED**	**PURPOSE**	**BOND AMOUNT**
Replace/Repair Portland St. Culvert	6/1/2021	Highways & Streets	$ 100,000.00
Fire Station Living Quarters Replacement	6/14/2022	General Government	125,000.00
Columbus/Summer Intersection	6/14/2022	Highways & Streets	158,635.00
Union Street Parking Lot Reconstruction	6/14/2022	Highways & Streets	650,000.00
Rte 11 Highway Improvements Granite Ridge	6/6/2023	Highways & Streets	508,311.10
Fire Station Living Quarters Replacement	6/6/2023	General Government	1,800,000.00
Milton Rd/SFR/Amarosa Dr Int Improvements	6/6/2023	Highways & Streets	2,250,000.00
Replace/Repair Portland St Culvert	6/6/2023	Highways & Streets	325,000.00
Riverwalk Engineering & Construction	6/4/2024	General Government	500,000.00
Bridge Joint Repairs	6/4/2024	Highways & Streets	225,000.00
Milton Rd/SFR/Amarosa Dr Int Improvements	6/4/2024	Highways & Streets	1,470,000.00
Repair/Replace Rochester Neck Rd Bridge	6/4/2024	Highways & Streets	300,000.00
Stormwater Pond Maintenance	6/4/2024	Highways & Streets	525,000.00
Union Street Parking Lot Reconstruction	6/4/2024	Highways & Streets	300,000.00
Estes Rd/Walnut-202A Improvements	6/4/2024	Highways & Streets	57,369.41
Arena Facility Assessment and Design Plans	6/4/2024	General Government	200,000.00
Granite Ridge Public Infrastructure (TIF)	6/4/2024	Highways & Streets	5,000,000.00
Riverwalk Bridge/Boardwalk	12/2/2025	General Government	700,000.00
Pavement Rehabilitation	6/2/2026	Highways & Streets	2,500,000.00
Woodman Myrtle Reconstruction	6/4/2019	Highways & Streets	229,232.52
EOC-Dispatch Center Upgrade	6/1/2021	General Government	235,127.09
Woodman Myrtle Area Project	4/5/2022	Highways & Streets	379,039.62
			$ 18,537,714.74

DESCRIPTION - SCHOOL	**DATE AUTHORIZED**	**PURPOSE**	**BOND AMOUNT**
District Wide Athletic Improvements	6/4/2024	School Buildings	$ 100,000.00
District Wide HVAC Upgrade	6/4/2024	School Buildings	220,000.00
Electric Infrastruture	6/1/2021	School Buildings	1,375.00
Fire/Security Alarm Panel Upgrade	6/1/2021	School Buildings	189,041.50
Asbestos Abatement	6/14/2022	School Buildings	29,381.46
District Wide Exterior Surfaces(EFIS, Masonry & Caulking)	6/14/2022	School Buildings	57,600.00
District Wide Library Improvements	6/6/2023	School Buildings	29,912.80
District Wide Flooring	6/4/2024	School Buildings	79,060.68
District Wide Playground Safety	6/4/2024	School Buildings	4,755.99
			$ 711,127.43

DESCRIPTION - WATER	**DATE AUTHORIZED**	**PURPOSE**	**BOND AMOUNT**
WTP Laboratory Improvements	6/4/2019	Water Distribution	$ 22,315.00
Water Meters Upgrade	6/4/2019	Water Distribution	16,834.00
Salmon Falls Rd Booster Pumps	6/16/2020	Water Distribution	400,000.00
Repair of Tufts Pond Dam	6/1/2021	Water Distribution	50,000.00
Woodman Myrtle Area	4/5/2022	Water Distribution	427,312.00
Union Street Parking Lot Reconstruction - Water	6/14/2022	Water Distribution	100,000.00
Industrial Way Water Main Replacement II	6/4/2024	Water Distribution	19,168.50
Milton Rd/SFR/Amarosa Dr. Inter Improvements	6/4/2024	Water Distribution	500,000.00
Salmon Falls Booster Pump Station Rehab II	6/4/2024	Water Distribution	593,107.55
WTP Residuals Disposal	6/19/2018	Water Distribution	28,663.50
Cocheco Well Upgrades	6/4/2019	Water Distribution	32,765.00
Water Distribution Upgrades	6/16/2020	Water Distribution	45,429.79
			$ 2,235,595.34

DESCRIPTION - SEWER	DATE AUTHORIZED	PURPOSE	BOND AMOUNT
WWTF Lagoon 1 Solids Removal	6/19/2018	Sewer	$ 50,000.00
Collection System Upgrade	6/4/2019	Sewer	4,000.00
Colonial Pines Sewer Construction	6/4/2019	Sewer	204,745.32
Collection System Upgrade	6/1/2021	Sewer	100,000.00
Columbus/Summer Intersection - Sewer	6/14/2022	Sewer	100,000.00
Union Street Parking Lot Reconstruction - Sewer	6/14/2022	Sewer	100,000.00
WWTF Ultraviolet Disinfection Equipment Replacement	6/14/2022	Sewer	106,510.31
WWTF Biosolids	7/5/2022	Sewer	285,768.76
Eastern Avenue Sewer Rehabilitation	6/6/2023	Sewer	150,610.08
Milton Rd./SFR/Amarosa Dr. Inter Improvements	6/4/2024	Sewer	21,000.00
Pump Station Replacement Program	6/4/2024	Sewer	1,045,724.67
Sewer System Master Plan (SSMP)	6/4/2024	Sewer	953,305.47
Union Street Parking Lot Reconstruction - Sewer	6/4/2024	Sewer	100,000.00
Wastewater Treatment Plant Upgrade to meet Permit	6/4/2024	Sewer	206,111.11
Secondary Clarifier Project	7/16/2024	Sewer	991,904.57
WWTP Septage Receiving Facility	2/4/2025	Sewer	111,500.19
WWTP Aeration Basin Upgrades	6/13/2017	Sewer	21,998.00
Woodman/Myrtle Reconstruction	6/4/2019	Sewer	62,045.28
WWTF Plant Water System Construction	6/1/2021	Sewer	46,870.40
Colonial Pines Sewer Construction	6/6/2023	Sewer	1,337,393.37
NPDES Permit Technical/Legal Support for Compliance	6/6/2023	Sewer	35,710.55
WWTF and Pump Station HVAC Upgrades	6/4/2024	Sewer	88,178.50
			$ 6,123,376.58

Total	**$ 27,607,814.09**

The Series B Bonds are authorized pursuant to the municipal finance act, RSA Chapter 33 and City Council resolutions passed on the dates and for the purposes set forth below (the "Series B Projects").

DESCRIPTION - GENERAL FUND	DATE AUTHORIZED	PURPOSE	BOND AMOUNT
Woodman Myrtle Reconstruction	6/4/2019	Highways & Streets	$ 556,885.38
EOC-Dispatch Center Upgrade	6/1/2021	General Government	22,595.91
Woodman Myrtle Area Project	4/5/2022	Highways & Streets	170,126.57
			$ 749,607.86

DESCRIPTION - SCHOOL	DATE AUTHORIZED	PURPOSE	BOND AMOUNT
Electric Infrastruture	6/1/2021	School Buildings	$ 198,625.00
Fire/Security Alarm Panel Upgrade	6/1/2021	School Buildings	10,958.50
Asbestos Abatement	6/14/2022	School Buildings	45,618.54
District Wide Exterior Surfaces(EFIS, Masonry & Caulking)	6/14/2022	School Buildings	17,400.00
MSMS Sitework Improvements	6/14/2022	School Buildings	199,634.27
District Wide Library Improvements	6/6/2023	School Buildings	100,087.20
District Wide Playground Safety	6/6/2023	School Buildings	150,000.00
MSMS Site-Work Safety Improvements	6/6/2023	School Buildings	80,000.00
District Wide Flooring	6/4/2024	School Buildings	45,939.32
District Wide Playground Safety	6/4/2024	School Buildings	45,244.01
			$ 893,506.84

DESCRIPTION - WATER	DATE AUTHORIZED	PURPOSE	BOND AMOUNT
WTP Residuals Disposal	6/19/2018	Water Distribution	$ 54,097.50
Cocheco Well Upgrades	6/4/2019	Water Distribution	87,235.00
Water Distribution System Upgrades	6/4/2019	Water Distribution	100,000.00
WTP HVAC Improvements	6/4/2019	Water Distribution	56,860.00
Water Distribution Upgrades	6/16/2020	Water Distribution	54,570.21
			$ 352,762.71

DESCRIPTION - SEWER	DATE AUTHORIZED	PURPOSE	BOND AMOUNT
WWTP Aeration Basin Upgrades	6/13/2017	Sewer	$ 178,002.00
Woodman/Myrtle Reconstruction	6/4/2019	Sewer	10,773.45
WWTF Plant Water System Construction	6/1/2021	Sewer	103,129.60
Colonial Pines Sewer Construction	6/6/2023	Sewer	412,555.22
NPDES Permit Technical/Legal Support for Compliance	6/6/2023	Sewer	68,325.61
WWTF and Pump Station HVAC Upgrades	6/4/2024	Sewer	11,821.50
			$ 784,607.38

Total	**$ 2,780,484.79**

Record Date

The Record Date for each payment of interest on the Bonds is the fifteenth (15th) day preceding the interest payment date or, if such day is not a business day of the Paying Agent, the next preceding day which is a regular business day of the Paying Agent.

Nature of Obligation and Security for the Bonds

In the opinion of Devine, Millimet & Branch Professional Association, Bond Counsel to the City ("Bond Counsel"), the Bonds will be general obligations of the City and will contain a pledge of the full faith and credit of the City for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the City has the power and statutory authority to levy *ad valorem* taxes on all taxable property in the City without limitation as to rate or amount; provided that, to the extent the City has established any development districts pursuant to Chapter 162-K of the RSA, taxes levied on certain taxable property located within any such district may be restricted and unavailable to pay the principal of and interest on the Bonds.

The New Hampshire Municipal Finance Act (RSA Chapter 33) provides that the amount of each payment of principal and interest on all loans issued by a municipality shall, without vote of the municipality, be annually assessed and collected. Except for certain taxes on the increased assessed value in development districts, no provision is made, however, for a lien on any portion of the tax levy to secure bonds and notes, or judgments thereon, in priority to other claims.

The obligations of the City and the enforcement thereof are subject to the exercise of the sovereign police powers of the State of New Hampshire (the "State"), the constitutional powers of the United States of America, to the federal bankruptcy code, provided the County is qualified as a debtor pursuant to 11 U.S.C. Section 109(c) and is expressly authorized under the laws of the State of New Hampshire to file for relief under the federal bankruptcy code. In this regard, no New Hampshire statute specifically authorizes a New Hampshire municipality such as the County to file for bankruptcy under the federal code. The obligations of the City and the enforcement thereof are also subject to other existing and future laws affecting creditors' rights to the extent the same may be constitutionally applied, and the exercise of judicial discretion in accordance with general equitable principles.

The scope of engagement of Bond Counsel does not extend to passing upon, or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement other than matters expressly set forth in Bond Counsel's opinion and, as such, Bond Counsel makes no representation that is has independently verified the same.

Book-Entry Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct Participants, (2) Direct Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with Direct Participants are on file with DTC.

The Depository Trust Company ("DTC"), Brooklyn, NY will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the securities held by it at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Municipal Advisor take any responsibility for the accuracy thereof.

Optional Redemption

The Series A Bonds maturing prior to August 15, 2036 are not subject to redemption prior to maturity at the option of the City. The Series A Bonds maturing on or after August 15, 2037, shall be subject to redemption prior to their stated dates of maturity, at the option of the City, on or after August 15, 2036, as a whole or in part (by lot by DTC), on any interest payment date, in any order of maturity designated by the City, at 100% of the aggregate principal amount of the Series A Bonds to be redeemed, together with interest accrued and unpaid to the redemption date.

The Series B Bonds are not subject to redemption prior to maturity.

Notice of Redemption

So long as DTC is the registered owner of the Series A Bonds, notice of any redemption of Series A Bonds prior to their maturities specifying the Bonds (or the portion thereof) to be redeemed shall be mailed by registered mail to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants, Indirect Participants, or of a nominee of a Beneficial Owner (having received notice from DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption.

THE CITY OF ROCHESTER

Description of the City of Rochester

Incorporated as a city in 1891, Rochester is governed by a Mayor and City Councilors. The City is located in southeastern New Hampshire and is the second largest city in the seacoast region and sixth largest city in the State. It encompasses over 46 square miles of rolling hills and rivers. Rochester, known as the Lilac City, is 40 miles east of Manchester, New Hampshire; 70 miles northeast of Boston, Massachusetts; and 285 miles from New York, New York. General governmental and educational services are provided by the City. These include police and fire protection, water and sewer facilities, streets, library and an ice arena.

Form of Government

Rochester has operated under a Council/Manager form of government since 1990. The Mayor is the head of the City for all ceremonial purposes and presides at all meetings of the Council. The City Manager is appointed by the Council and serves as the chief administrative and executive officer of the City. The City Council, including the Mayor, consists of twelve councilors two each from the City's six wards. The Mayor and all Councilors serve two-year terms and terms are not overlapping. The Deputy Mayor is elected by the City Council. The City Council approves the City budget, makes appointments, and authorizes the issuance of debt. The Mayor has veto power; however, the veto can be overturned by a two-thirds vote of the remaining Councilors.

Principal Officials of the City

Mayor
Charles W. Grassie Jr.

Councilor	Ward	Term Expires	Councilor	Ward	Term Expires
Debby Thompson	1	1/2/2028	Tim Fontneau	1	1/2/2028
Daniel Fitzpatrick	2	1/2/2028	Leslie "Les" Horne	2	1/2/2028
John Larochelle	3	1/2/2028	Christine Gianotti	3	1/2/2028
David Walker	4	1/2/2028	Chuck Creteau	4	1/2/2028
Susan Rice	5	1/2/2028	Donald Hamann	5	1/2/2028
Matthew Richardson	6	1/2/2028	Kevin Sullivan	6	1/2/2028

City Staff
Kathryn Ambrose – City Manager
Mark Sullivan – Director of Finance
Kelly Walters – City Clerk
Rachel Rouleau – Tax Collector

Municipal and School Employee Bargaining Organizations

Pursuant to RSA 273-A, all public employees in the State have the right to organize and to bargain collectively with their public employers on matters of wages, hours, and other conditions of employment other than managerial policy. The following identifies Rochester's municipal and school labor organizations, their affiliations, the length of each current contract, and its expiration date. New Hampshire law provides for no third-party determination of wages and conditions of employment, so that the local appropriating or legislative body has final authority over these items.

Employees	Organization	# of Employees	Contract Expiration
Municipal Employees	R.M.E.A.	75	6/30/2028
Municipal Management Group	R.M.M.G	23	6/30/2028
Municipal Middle Management Group	R.M.M.G.	36	6/30/2028
Public Works & Public Buildings	A.F.S.C.M.E.	73	6/30/2028
Police Department	N.E.P.B.A	57	6/30/2028
Library	I. B.T.	19	6/30/2028
Teachers	R.F.T.	380	6/30/2028
Paraprofessionals	R.F.T.	213	6/30/2026
School Administration	R.A.U.	27	6/30/2026
School Custodian/Maintenance	A.F.S.C.M.E.	72	6/30/2026
School Food Service	R.F.T.	29	6/30/2027
School Licensed Clinical Providers	N.E.A	20	6/30/2027
Firefighters	I.A.F.F.	40	6/30/2028
Communications	N.E.P.B.A.	10	6/30/2028

A.F.S.C.M.E. – American Federation of State, City & Municipal Employees
I.A.F.F. – International Association of Firefighters
N.E.P.B.A. – New England Police Benevolent Association
I. B.T. – International Brotherhood of Teamsters
R.F.T. - Rochester Federation of Teachers
R.A.U. – Rochester Administrative Unit

Transportation and Utilities

Rochester is home to the Skyhaven Airport, which is owned by the State Department of Transportation and operated by the Pease Development Authority. The airport provides private flight services and they are seeking a FBO (fixed base operator) offering pilot services. Skyhaven Airport underwent multiple major improvements in fiscal years 2014 and 2015 including the installation of airport lighting and instrumentation. Pease Development Authority has acquired additional land and easements for airspace in the vicinity of Skyhaven Airport. The runway has been resurfaced and extended from 4,000 feet to 5,100 feet.

Rochester is served by multiple transportation companies available for commuting, shopping, recreation and business. COAST is the public, non-profit system that provides public transportation connecting Rochester with surrounding communities. COAST has expanded services within the community, providing additional stops in East Rochester and on Route 11. COAST provides dedicated express shuttle service to the Pease International Tradeport and the Portsmouth Naval Shipyard for hundreds of residents who work there. Boston's Logan International Airport, South Station and Downtown Crossing. Greyhound offers daily stops in nearby Portsmouth. Amtrak provides commuter rail service on the Downeaster between Maine and Boston, providing multiple nearby connections.

Rochester businesses utilize an active freight rail line owned by New Hampshire Northcoast, with a commercial siding in the Northcoast Industrial Park near Exit 16 of the Spaulding Turnpike on Route 125. Easy access to rail provides an alternative means for manufacturers to transport their products and raw materials with significant savings.

State highway routes include New Hampshire Routes 11, 108, 125, 202 and the Spaulding Turnpike (Route 16), a four lane, limited access highway with six Rochester exits. The State has just completed a $130 million improvement and expansion project on the Spaulding Turnpike, doubling the capacity of the highway and improving all six exits into Rochester. The Spaulding Turnpike provides a direct connection to Interstate 95, running from Maine's Canadian border to the tip of Florida. The Pease International Tradeport, Boston's Logan Airport, Portland International Jetport and the Port of Portsmouth are all connected to I-95. New Hampshire Route 202 provides a direct westerly route to Concord, New

Hampshire and an easterly route to Portland, Maine. Also running from Rochester, Route 125 connects with Route 101 offering connections to Manchester.

Electric power is provided by Eversource Energy ("Eversource"). Eversource has completed a major substation expansion and major transmission upgrades in 2017. Water and sewer services are supplied to residents and businesses by the City's Water and Sewer Departments. The City has worked to expand water and sewer capacity in many areas of the City, with the most significant improvements occurring in the Granite Ridge Development Tax Incremental Financing District and the Granite State Business Park Tax Incremental Financing District. The Water Department serves over 7,500 customers and the Sewer Department serves 6,000 customers.

Industry and Commerce

The City enjoys a mix of industrial development with eight dedicated business parks providing premier locations for businesses of all types, sizes and industries. Below are the eight parks and some notes of interest on each:

<u>Granite State Business Park</u> (GSBP): A 450-acre multi-use industrial and high-technology park. GSBP is the largest of Rochester's collection of industrial parks and the City added 100 acres and built Innovation Drive in 2012. The site is intended for manufacturing, research and development, warehousing and distribution, office space and service use. Created under RSA 162-K, the GSBP is Tax Increment Finance District (TIF) that promotes the long-term growth, stability, and diversity of employment and the City's taxable valuation. The TIF designation allowed for the creation of a fund targeting infrastructure improvements throughout the entire GSBP. The City and the State renewed the designation of the Granite State Business Park as an Economic Revitalization Zone in 2016, encouraging investments in capital expenditures and personnel hiring and training in return for State tax credits. Amenities include on-site airport, freight rail access, water, sewer, natural gas, redundant electrical power and broadband internet via cable or telephone provider. It has direct access to New Hampshire Route 108 and a COAST bus stop. The City owns a 100 acre parcel in the GSBP and the City's Economic Development Department is actively searching for potential candidates to develop the parcel. The park currently houses over 1,300 skilled and semi-skilled employees at the following companies:

- *Safran Aerospace Composites USA, Albany International Inc. (Corporate Headquarters), Albany Engineered Composites.*
- *Next Phase Medical a manufacturer of various medical devices, which includes cardiac devices, drug delivery systems, fluid management systems, and diagnostic equipment.*
- *NCS Global (formerly Newport Computers) completed construction of a 30,000 square foot facility in 2013, with room for future expansion. The facility is LEED Certified Silver and the first privately-owned LEED certified building in Rochester.*
- *Albany International continues to expand and improve its manufacturing facility.*
- *LDI Solutions completed a 24,000 sq ft manufacturing facility in 2021. LDI relocated its non-toxic upholstery manufacturing business from Portsmouth to Rochester by the summer of 2021. LDI currently employs around 30 people but has plans to increase that number to 50 over the next few years. LDI will lease the space from the City for a 5-year period, and at the end of the lease period purchase the property.*
- *Pella Windows completed a 24,000 sq. ft. manufacturing facility in 2021. Pella Windows is national supplier of windows and doors, and employs approximately 50 people.*
- *Prep Partners completed the construction of a 150,000 sq. ft warehouse facility in 2022. Prep Partners provides third party warehouse space and other inventory management services.*

<u>Ten Rod Road Business Park</u>: A 73.8 acre park which boasts improved access to Spaulding Turnpike. This conveniently located park is able to accommodate large and small companies with office space, manufacturing and research and development areas.

- *Ashland Electric Products*, *Laars Heating Systems (Corporate Headquarters)*, *Eastern Propane & Oil (Corporate Headquarters), eCoast Sales Solutions, Continental Contitech offices.*

NH Northcoast Industrial Park: A 51-acre park is located in the northern part of the City near Exit 16 of the Spaulding Turnpike and with direct access to the State of Maine through the Route 202 Connector. It is an ideal location for heavy industry due to its location and superior rail access with an active siding.

- *Eastern Propane & Oil, Ossipee Aggregates, New Hampshire Northcoast Corporation*

Gonic Industrial Park :A 65-acre development which was one of Rochester's first industrial parks and continues to host successful businesses today.

- *The Rubber Group, Liberty Research, Spaulding Composites, Textile Tapes, Oasis Alignment Services and Dover-Flexo Electronics, Brox Industries*

Gerrity Business Park: A 23.6-acre park located in the downtown area. The park abuts the active New Hampshire Northcoast Railroad on the west side of the property and currently houses a number of small, thriving businesses, as well as a few lots not yet developed.

- *Witway Supply, Fastenal, Cleary Cleaners Inc., A-D Archambault Plumbing & Heating Inc., Crooked Birch, Kid Properties, Athletic Innovations, Norm Vetter Industries, Scarponi Electric and the US Postal Service are located close by.*

Crossroads Industrial Park: Is a 35.47 acre park office offering research and development and manufacturing/warehouse space in a strategic location off Exit 16 of the Spaulding Turnpike. In 2013 made a $3.8 million investment to expand the sewer system in order to attract additional businesses and investment to the park. In 2020 Sig Sauer expanded its New Hampshire based firearms manufacturing facility to the Crossroads Industrial Park, and as of 2025 occupies the entire park with approximately 200,000 sq ft of manufacturing space. Sig Sauer employs over 250 people at this location.

Gonic Mill : The City and the State designated Gonic Mill and the surrounding area as an economic revitalization zone in 2013.

- *Spurwink School, Brickstones Restaurant, Joseph Montroy, Ellis Dog Training, Nikki Knits Clothing, and Back Hill Brewery.*

Turnkey Recycling & Environmental Enterprise (TREE) Industrial Park: Is a 1,216 acre, environmentally safe property owned by Waste Management with approvals to expand through 2034. This industrial park also includes a 100 acre Forest Management Area, 1999 acre landfill, the Mount Isinglass Recreational Area, and a Material Recovery Facility. The TREE Facility generates methane gas, which is compressed and sent via pipeline to the University of New Hampshire campus in Durham for conversion into energy to support the campus.

Rochester has many other industrial users throughout the City that are not located in an existing park.

Granite Ridge Development District: The Granite Ridge Development District is Rochester's newest and most desirable retail and commercial development area, with the potential to achieve more than 2 million square feet of inter-connected development over the 20 year project horizon. Anchored by New Hampshire's largest Super Walmart, more than 1,000,000 square feet of retail and hospitality has already opened for business including Marshalls, Petco, Hobby Lobby, Market Basket, 100 Grill, the Paper Store, Ulta Beauty and Supercuts. They join Holiday Inn Express, Tractor Supply, Key Auto Collision, Harley Davidson and Super Walmart. Site preparation work is nearly complete on an adjacent 27 acre parcel, with site plans for a 110,000 square foot multipurpose commercial center with 200 market rate housing units that began construction in May of 2025. An estimated $20 million in infrastructure will be contributed in public-private ventures to support the development through utilization of a Tax Increment Financing and development agreements. The City and the State designated the Granite Ridge Development District as an Economic Revitalization Zone in 2012.

Downtown District: Vacancy rates for downtown, commercial and industrial space in Rochester have decreased to their lowest rates in years. The downtown core business district showed significant improvements in housing rehabilitation over the last 3 years. Industrial vacancies remain very low, and major industrial expansions have increased the occupied square footage leaving minimal inventory available. Residential rentals (2 bedroom) are currently at 0.7% (NHHFA). The Economic Development Strategic Master Plan was updated in 2023, and the updated plan suggests significant Downtown improvements including added focus on housing and density, dealing with neglectful property owners and attracting new arts and entertainment businesses to Downtown. During the period of 2021 through 2025 there have been several housing renovation projects in the downtown district that have added over 100 units of market rate housing. Moreover, in 2026 there are three additional housing projects in the initial stages of development that will add another 120 units of market rate units, and 80 affordable housing units to the downtown area. Small businesses are returning to the downtown district and a variety of new restaurant establishments are currently thriving in the district.

ROCHESTER SCHOOL DISTRICT

Description of Rochester School District

The Rochester School District (the "District") covers grades Pre-kindergarten through 12 and as a dependent school district, it is a department of the City providing educational services for Rochester and one area town. The District is governed by a thirteen member elected school board. One member is elected at-large with the remaining members elected two each from the City's six wards. School Board members serve two-year terms and such terms are not overlapping. In 2024-2025 the District went through a school consolidation process and closed three small older elementary schools and built a brand new elementary school, which can comfortable accommodate 450 students. The District is now comprised of five elementary schools, which primarily serve students from the City, one middle and one senior high school which serves students from the City and the Town of Wakefield. The high school also has a dedicated technology center. The technology center was upgraded and renovated in 2018 with $12 million in State grant funds. The school staff consists of 1,000 employees, of which approximately 700 are employed in full-time teaching positions.

Enrollment History and Projections

Actual and projected student enrollment is as shown in the following table.

School Year	Elementary School	Middle School	High School	Total
		Actual		
2021-22	1,746	912	1,391	4,049
2022-23	1,656	874	1,386	3,916
2023-24	1,667	847	1,359	3,873
2024-25	1,617	774	1,405	3,796
2025-26	1,580	802	1,386	3,768
		Projected		
2026-27	1,473	776	1,305	3,554
2027-28	1,498	713	1,247	3,458
2028-29	1,511	681	1,236	3,428
2029-30	1,503	677	1,207	3,387
2030-31	1,493	712	1,140	3,345

Principal Officials for the District

Elected: Rochester Board of Education

Councilor	Tern Expires	Councilor	Term Expires
Nick Bellows	1/2/2028	Katherine Anderson	1/2/2028
Sue Horne	1/2/2028	Samantha Smith	1/2/2028
Shauni McGowan	1/2/2028	Matthew Pappas	1/2/2028
Jerry Gregoire	1/2/2028	Lisa Carlberg	1/2/2028
Sam Oliver III	1/2/2028	Erik White	1/2/2028
Samantha Battis	1/2/2028	Kelli Campbell	1/2/2028

Member-at-Large

Anne Grassie Term Expires: 1/2/2028

Appointed Administration

Jared Fulgoni- Superintendent
Dr. Sherri Nichols – Assistant Superintendent
Adriana Komst – Finance Director

Other facilities located in the surrounding area include the University of New Hampshire in Durham, New England College in Dover, and Franklin Pierce University and Hesser College in Portsmouth. Many other fine schools are located in the Boston, Massachusetts and Manchester, New Hampshire areas.

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ECONOMIC CHARACTERISTICS

Population, Income and Wealth Levels

The following table compares 2020, 2010, 2000, 1990 and 1980 census figures to prior year's average for Rochester, Strafford County, the State of New Hampshire and the United States.

Median Age	Rochester	Strafford County	New Hampshire	United States
2020	43.3	36.8	43.0	38.2
2010	40.7	36.9	41.1	37.2
2000	36.7	34.4	37.0	35.4
1990	32.6	30.6	32.8	32.8
1980	31.0	27.7	30.7	30.0

Median Family Income	Rochester	Strafford County	New Hampshire	United States
2020	$75,258	$92,642	$97,001	$80,069
2010	64,375	74,319	78,310	64,293
2000	47,324	53,075	57,575	49,600
1990	35,898	38,148	41,628	35,225
1980	18,360	18,899	19,724	19,908

Per Capita Income	Rochester	Strafford County	New Hampshire	United States
2020	$34,457	$36,659	$41,234	$35,384
2010	27,902	29,405	32,357	27,915
2000	18,859	20,479	23,844	21,690
1990	13,395	13,999	15,959	14,420
1980	7,094	6,309	6,966	7,313

% of People in Poverty	Rochester	Strafford County	New Hampshire	United States
2020	8.9%	9.0%	7.4%	12.8%
2010	11.9	10.8	8.0	14.3
2000	8.4	9.2	6.5	11.3
1990	6.3	8.2	6.4	13.1
1980	7.5	10.4	8.5	13.0

Source: United States Census

Population Trends

Year	Rochester	% Change From Prior Census	New Hampshire	% Change From Prior Census
2020	32,492	9.2%	1,377,529	4.6%
2010	29,752	4.5	1,316,470	6.5
2000	28,461	6.9	1,235,786	11.4
1990	26,630	23.5	1,109,117	20.5
1980	21,555	19.9	920,475	24.8
1970	17,983	12.9	737,578	21.6
1960	15,927	16.0	606,400	14.0

Source: United States Census

Employment and Payroll

2024 Annual Average Employment and Wages – City of Rochester

NAICS Code	Industry	Units	Annual Average Employment	Average Weekly Wage
	Total, Private plus Government	676	12,189	$1,130
	Total Private	657	10,932	1,131
101	Goods-Producing Industries	100	2,615	1,622
102	Service-Providing Industries	557	8,317	977
	Total Government	19	1,256	1,117
	Federal Government	3	49	1,514
	State Government	12	136	1,085
	Local Government	4	1,071	1,103

Rochester, NH Labor Market Area – 2024 ANNUAL SUMMARY
Source: N.H. Department of Employment Security.

Employment Trends – City of Rochester

Annual	Labor Force	Unemployed	Unemployment Rate	NH Unemployment Rate	US Unemployment Rate
2025	19,163	530	2.8%	3.2%	N/A
2024	19,021	434	2.3%	2.6%	4.0%
2023	18,786	367	2.0%	2.3%	3.6%
2022	18,588	404	2.2%	2.4%	3.6%
2021	18,360	614	3.3%	3.5%	5.3%
2020	18,463	1,240	6.7%	6.7%	8.1%
2019	18,841	444	2.4%	2.6%	3.7%
2018	18,538	441	2.4%	2.6%	3.9%
2017	18,034	432	2.4%	2.8%	4.4%
2016	17,897	447	2.5%	2.9%	4.9%

	Monthly Unemployment - 2026			
	Jan	Feb	Mar	Apr
Rochester	3.1%	3.1%	2.7%	2.6%
New Hampshire	3.6%	3.4%	3.0%	3.0%
United States	4.7%	4.7%	4.3%	4.0%

Source: N.H. Economic & Labor Market Information Bureau Website.

Building Permits – 2016-2025

Fiscal Year	Total # of Permits	Permit Valuations
2026	2,737	$119,709,909
2025	2,614	$70,797,540
2024	2,400	$80,985,120
2023	2,319	$68,418,732
2022	2,270	$50,992,343
2021	2,469	$41,894,034
2020	1,812	$33,438,442
2019	2,360	$54,007,702
2018	2,354	$59,600,911
2017	2,431	$69,560,343
2016	2,312	$55,314,529

Significant Employers

Largest Businesses	Product/Service	Employer Size
Rochester School District SAU 54	Public Education	1,000-1,200
Frisbie Memorial Hospital	Hospitals	500-999
Lowe's Home Improvement	Home Centers	500-999
Albany International/Safran Composites	Aerospace Manufacturer	500-999
Market Basket	Grocers-Retail	250-499
Hannford Brothers	Grocers-Retail	250-499
Walmart Supercenter	Department Stores/Retail	250-499
Rochester NH City Hall	City Services	250-499
Walmart Supercenter	Department Stores	250-499
Sig Sauer	Firearms Manufacturer	250-499
Phase II Medical Mfg	Manufacturers	100-249
Home Depot	Home Centers	100-249
Laars Technologies	Boiler Manufacturer	100-249

Source: N.H. Economic & Labor Market Information Bureau Website.

PROPERTY TAXES

Property Valuations and Tax Rates

Tax Year	Local Assessed Valuations	Equalized[1] Assessed Valuation	Ratio Local Assessed Valuation to Equalized Assessed	Local Tax Rate	Estimated Full Value Tax Rate
4/1/2025	$5,185,263,446	$5,465,562,213	94.87%	$15.30	$15.30
4/1/2024	5,141,503,614	4,970,386,298	103.44	14.85	14.85
4/1/2023	2,850,005,061	4,726,664,661	60.30	25.74	15.43
4/1/2022	2,916,536,002	3,932,957,499	74.16	25.28	18.17
4/1/2021	2,891,460,189	3,697,519,425	78.20	24.65	18.70
4/1/2020	2,852,513,915	3,057,356,822	93.30	24.61	22.29
4/1/2019	2,724,627,077	2,727,354,431	99.90	24.90	23.54
4/1/2018	2,379,982,314	2,632,505,102	90.41	27.52	23.08
4/1/2017	2,325,351,307	2,447,738,218	95.00	26.33	24.18
4/1/2016	2,111,147,346	2,366,757,114	89.20	28.26	24.06
4/1/2015	2,075,354,791	2,236,767,624	92.78	28.15	25.28
4/1/2014	2,054,879,239	2,130,203,184	96.46	27.47	25.71

(1) Determined annually by the State Department of Revenue Administration.

Comparative Property Tax Collection Statistics 2015 to 2025

Year	Annual Warrant	Collected		Uncollected	
		Amount	%	Amount	%
2025	79,986,936	78,883,122.69	98.62%	1,103,813.31	1.38%
2024	77,127,363	76,550,636.23	99.25%	576,726.77	0.75%
2023	73,627,445	73,499,089.53	99.83%	128,355.47	0.17%
2022	72,060,382	72,004,160.24	99.92%	56,221.76	0.08%
2021	69,388,398	69,355,584.32	99.95%	32,813.68	0.05%
2020	68,438,739	68,409,682.62	99.96%	29,056.38	0.04%
2019	66,169,796	66,147,138.78	99.97%	22,657.22	0.03%
2018	63,834,824	63,817,204.90	99.97%	17,619.10	0.03%
2017	60,524,791	60,510,634.36	99.98%	14,156.64	0.02%
2016	58,196,003	58,184,309.52	99.98%	11,693.48	0.02%
2015	56,938,119	56,930,144.88	99.99%	7,974.12	0.01%

For Tax Year 2026 the first half property tax bills are generated prior 6-30-26. Amounts collected as of 6-30-26.

Principal Taxpayers

As of 4/1/25 (Tax Year 2025) for Fiscal Year Ending June 30, 2025

Property Owner	Type of Business	Taxable Valuation	% of New Assessed Valuation
Waste Management	Solid Waste Disposal	$223,769,971	31.53%
PSNH/Eversource	Electric Utility	183,371,900	25.84%
Northern Utilities	Natural Gas Utility	48,953,500	6.90%
FMH Health Services, LLC	Hospital-Healthcare	44,344,900	6.25%
Waterstone Rochester, LLC	Commercial Mall	43,271,336	6.10%
Clark Brook Apartments LLC	Residential Apartments	42,669,712	6.01%
Half Peak Holdings LLC	Residential Condos	37,172,900	5.24%
Bio Energy Partners	Energy Generator	33,020,000	4.65%
Highfield LLC	Residential Apartments	26,961,600	3.80%
Rochester Crossing LLC	Commercial Mall	26,122,413	3.68%

CITY DEBT

Financial Summary

(As of 6/30/25)

Net Assessed Valuation (Real and Personal)	$5,185,263,446
Plus: Blind, Elderly and Special Exemptions	$92,918,200
Plus: Tax Incremental Financing Retained Valuation (Real and Personal)	$114,254,572
Total Assessed Valuation	$5,392,436,218*
Tax Anticipation Notes Currently Outstanding	$0
Bond Anticipation Notes Currently Outstanding	$0
Total Tax and Bond Anticipation Notes Outstanding	$0

* Tax year 2025 (4/1/2024-3/31/2025)

Bonded Debt (Principal Outstanding as of June 30, 2025):

Public Improvements	$31,900,651
Schools[(1)]	20,957,173
Water[(2)(4)]	20,693,212
Sewer[(2)]	39,321,274
Arena	985,250
TIF Project[(3)]	3,408,098

Total Current Bonded Debt	$117,265,658
Total Net Debt (less RSA 162-K & RSA 205:4-c Tax Increment Finance Bonds, State School Building Aid grants and self-supporting debt)	$52,857,824

(1) State School Building Aid grants are to be received to offset school debt over a period of years subject to the annual appropriation of the state legislature. The District received grants of $56,327 in FY2025.
(2) Debt fully supported by user fees. Includes State revolving fund loans.
(3) Debt incurred under RSA 162k & RSA 205:4-c will be supported by a special tax increment but remains a general obligation of the City.
(4) Includes principal to be forgiven by the State on DWSRF loans currently in payback mode.

Overlapping Debt *(as of 6/30/2025)*

Entity	Amount of Debt Outstanding	Authorized but Unissued Debt	% of Debt Charged to City	Amount of Debt Charged to City
Strafford County	$3,996,623	$0	22.0%	$879,257

Projected Principal Payments by Purpose (Not including this Issue)

Year	CITY	SCHOOL	TIF205C-SARFRAN	TIF162K-GRANITE RIDGE	TIF 162K-GSBP	WATER	SEWER	ARENA
	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal
2026	$ 3,113,625.03	$ 1,868,870.48	$ 255,999.32	$ 375,000.00	$ 84,500.00	$ 1,824,078.33	$ 3,199,130.77	$ 110,783.40
2027	$ 2,952,337.25	$ 1,854,620.37	$ 264,826.88	$ 370,000.00	$ 84,500.00	$ 1,836,902.82	$ 3,153,396.27	$ 104,731.89
2028	$ 2,742,534.05	$ 1,803,267.49	$ 278,068.22	$ 5,000.00	$ 84,400.00	$ 1,820,184.56	$ 3,111,761.15	$ 101,505.45
2029	$ 2,350,141.85	$ 1,723,213.50	$ 286,895.79	$ 5,000.00	$ 84,400.00	$ 1,632,044.74	$ 2,765,170.93	$ 98,031.89
2030	$ 2,284,781.80	$ 1,520,263.50	$ 300,137.13	$ 5,000.00	$ 84,400.00	$ 1,533,093.41	$ 2,688,128.33	$ 90,552.03
2031	$ 2,125,916.29	$ 1,490,263.50	$ 308,964.69	$ 5,000.00	$ 84,400.00	$ 1,396,677.29	$ 2,645,988.25	$ 74,552.03
2032	$ 2,124,518.02	$ 1,499,981.49	$ 322,206.04	$ 5,000.00	$ 84,400.00	$ 1,280,423.07	$ 2,654,106.39	$ 74,552.03
2033	$ 1,938,591.24	$ 1,457,481.49	$ -	$ 5,000.00	$ -	$ 1,129,316.35	$ 2,509,862.56	$ 59,552.03
2034	$ 1,892,423.77	$ 1,457,981.49	$ -	$ 5,000.00	$ -	$ 1,120,202.46	$ 2,352,053.23	$ 59,492.11
2035	$ 1,787,310.15	$ 1,457,421.29	$ -	$ 5,000.00	$ -	$ 1,057,399.34	$ 2,352,853.25	$ 63,611.97
2026-2035	**$23,312,179.45**	**$16,133,364.60**	**$ 2,017,098.07**	**$ 785,000.00**	**$ 591,000.00**	**$14,630,322.37**	**$ 27,432,451.13**	**$ 837,364.83**
2036	$ 1,353,196.03	$ 1,103,538.40	$ -	$ 5,000.00	$ -	$ 845,998.48	$ 2,187,344.15	$ 35,552.03
2037	$ 1,347,196.03	$ 533,538.40	$ -	$ 5,000.00	$ -	$ 752,590.39	$ 2,192,344.15	$ 35,552.03
2038	$ 1,005,752.28	$ 453,715.58	$ -	$ 5,000.00	$ -	$ 570,677.86	$ 1,897,418.63	$ 30,890.65
2039	$ 1,015,702.33	$ 453,715.58	$ -	$ -	$ -	$ 572,977.04	$ 1,897,418.63	$ 25,890.60
2040	$ 945,820.00	$ 428,750.00	$ -	$ -	$ -	$ 556,358.89	$ 1,781,852.17	$ 20,000.00
2041	$ 685,810.00	$ 378,750.00	$ -	$ -	$ -	$ 418,826.11	$ 1,516,802.16	$ -
2042	$ 685,810.00	$ 378,750.00	$ -	$ -	$ -	$ 421,366.39	$ 889,459.04	$ -
2043	$ 664,060.00	$ 364,350.00	$ -	$ -	$ -	$ 411,842.53	$ 889,259.04	$ -
2044	$ 123,600.00	$ 364,350.00	$ -	$ -	$ -	$ 204,987.43	$ 311,375.00	$ -
2045	$ 78,325.00	$ 364,350.00	$ -	$ -	$ -	$ 168,664.70	$ 147,300.00	$ -
2036-2045	**$ 7,905,271.67**	**$ 4,823,807.96**	**$ -**	**$ 15,000.00**	**$ -**	**$ 4,924,289.82**	**$ 13,710,572.97**	**$ 147,885.31**
	$31,217,451.12	**$20,957,172.56**	**$ 2,017,098.07**	**$ 800,000.00**	**$ 591,000.00**	**$19,554,612.19**	**$ 41,143,024.10**	**$ 985,250.14**

Capital Improvement Program

The City utilizes a six-year Capital Improvement Plan ("CIP") which is updated annually. This program defines a capital item as any project or improvements having useful life in excess of ten (10) years and value exceeding $10,000. The CIP is presented by individual accounts or funds but does not represent a commitment by the City to spend funds or incur debt for the projects listed in the CIP but rather acts as a guide for current budgeting and future planning. The CIP is generally presented to the City Council by the City Manager in April of the current fiscal year.

The following table lists the 2026-2031 Capital Improvement Program by program areas and source of funds.

Dept Name	FY26-Adopted	FY27	FY28	FY29	FY30	FY31	Totals
City Manager	$27,000	27,000.00					$54,000
Dispatch Center	$0	0.00		$250,000	$0	$0	$250,000
Economic Development	$1,130,000	1,950,000.00					$3,080,000
Fire Department	$77,000	1,779,000.00	$12,030,000	$55,000	$30,000	$30,000	$14,001,000
IT Services	$830,000	335,000.00	$200,000	$200,000	$150,000	$0	$1,715,000
Building Zoning Licensing	$38,000	0	$0	$0	$0	$0	$38,000
Planning	$0	40000	$0	$0	$0	$0	$40,000
Police Department	$675,782	824,009.00	$397,400	$382,400	$78,400	$0	$2,357,991
Public Buildings	$790,000	560,000.00	$2,000,000	$0	$0	$0	$3,350,000
Public Works Departments	$11,189,361	16,727,500.00	$7,580,359	$16,490,000	$12,812,043	$3,210,000	$68,009,263
Recreation Department	$60,000	67,000.00	$0	$175,000	$0	$0	$302,000
School Department	$4,080,000	$1,500,000	$0	$0	$0	$0	$5,580,000
Community Center	$150,000	$0	$0	$0	$0	$0	$150,000
Arena Fund	$150,000	0.00	$0	$0	$0	$0	$150,000
Granite Ridge Development	$250,000	2,500,000.00	$0	$0	$0	$0	$2,750,000
Sewer Department	$9,912,805	16,828,750.00	$16,080,000	$24,435,245	$23,720,495	$15,785,245	$106,762,540
Water Department	$8,131,654	9,913,750.00	$5,940,000	$3,475,000	$3,960,250	$525,000	$31,945,654
Total	**$37,491,602**	**$53,052,009**	**$44,227,759**	**$45,462,645**	**$40,751,188**	**$19,550,245**	**$240,535,448**
Funding Source							
Bond: City/School/Arena	$11,920,072	$20,280,000	$18,498,072	$10,770,000	$7,244,409	$400,000	$69,112,553
Bond: Water/Sewer	$17,441,000	$25,500,000	$21,245,000	$27,135,245	$26,825,745	$15,555,245	$133,702,235
Cash: City/School	$3,249,782	$4,882,509	$3,637,400	$4,102,400	$3,048,400	$2,840,000	$21,760,491
Cash: Water/Sewer	$603,459	$1,242,500	$775,000	$775,000	$855,000	$755,000	$5,005,959
Dedicated Revenue	$3,300,000	$1,000,000	$0	$0	$0	$0	$4,300,000
Grant	$977,289	$27,000	$32,287	$1,600,000	$2,777,634		$5,414,210
State Highway Fund	$0	$120,000	$40,000	$1,080,000			$1,240,000
Total	**$37,491,602**	**$53,052,009**	**$44,227,759**	**$45,462,645**	**$40,751,188**	**$19,550,245**	**$240,535,448**

Debt Five-Year Period

City and TIF District General Obligation Long-Term Debt (1)

Purpose	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Public Improvements	$ 31,900,651	$ 31,029,191	$ 32,599,335	$ 24,623,923	$ 25,685,479
Water(2)	20,693,212	18,462,921	18,133,771	11,400,638	17,147,246
Sewer(2)	39,321,274	39,581,997	37,649,762	14,672,225	19,268,113
Arena	985,250	1,098,533	1,211,817	1,356,619	1,501,250
School	20,957,173	11,937,156	13,300,762	14,825,123	16,074,338
TIF District - 162-K(3)	1,391,000	1,850,500	2,310,000	2,769,500	2,300,000
TIF District - 205:4c(4)	2,017,098	2,264,270	2,498,200	2,723,303	2,939,578
	$ 117,265,658	**$ 106,224,568**	**$ 107,703,647**	**$ 72,371,331**	**$ 84,916,004**

(1) *Excludes lease or installment purchase obligations, overlapping debt, unfunded pension liability and industrial revenue bonds. All school debt is attributed to the District; obligations other than school debt are attributed to the City.*
(2) *Water and Sewer include Drinking Water and Clean Water State Revolving Fund loans.*
(3) *Debt incurred under RSA 162k will be supported by a special tax increment but remains a general obligation of the City.*
(4) *Debt incurred under RSA 205:4c will be supported by a special tax increment but remains a general obligation of the City.*

Bond Authorized – Unissued

City& Arena	School	Water	Sewer
$47,176,288	$4,178,466	$17,732,380	$26,416,315

Legal Requirements for Approval of Borrowing

Bonds and serial notes are authorized on behalf of the City by a two-thirds (2/3) vote of all City Council members. The general debt limit of the City is 3% of "base valuation" determined annually by the State Department of Revenue Administration Board of Taxation. The Rochester School District's debt limit is 7% of the City's "base valuation," which is not counted in the computation of the City's 3% general limitation. Water and Sewer projects undertaken by order of the Water Supply and Pollution Control Division of the State Department of Environmental Service, self-supporting sewer debt, debt for urban redevelopment, and housing purposes, and overlapping debt are excluded from the measure of indebtedness as is debt that is supported by grant and user fees. Non-compulsory water projects are subject to a separate, special debt limit of 10% of the City's "base valuation". Parking meters and facilities may have debt to an amount not exceeding ½ of one percent of the base valuation excluded from the general debt limit.

The "base valuation" consists of the City's equalized assessed valuation plus property formerly taxed by the City prior to enactment of the State Business Profits Tax Law. The following is a schedule of outstanding overall and net bonded debt of the City and the District as of June 30, 2025, and related debt limitations.

Debt Limit Analysis - Principal Balances as of June 30, 2025 TY2025

Description	City & Arena	School	Water	Sewer
Assessed Valuation- DRA Equalization Ratio Tax Year 2024	**5,465,562,213**	**5,465,562,213**	**5,465,562,213**	**5,465,562,213**
% of State Assessment	3.00%	7.00%	10.00%	Unlimited
Statutory Limit	**163,966,866**	**382,589,355**	**546,556,221**	**Unlimited**
Outstanding Principal Balances				
Bonded & Other Debt Principal Balances	32,885,901	20,957,173	$20,693,212	$39,256,349
TIF-205-C Bond (Safran)	2,017,098	0	0	0
TIF 162-K Bonds	1,391,000	0	0	0
TIF-162-K District Principal (Remove from Debt Limit Analysis)	(1,391,000)	0	0	0
Outstanding Principal Balances	**34,902,999**	**20,957,173**	**20,693,212**	**39,256,349**
Total Authorized-Unissued 7-8-25 (Excludes 162-K TIF)	**39,866,360**	**$5,228,466**	$25,847,380	$35,769,051
Net Debt Margin	**89,197,507**	**356,403,716**	**500,015,629**	**N/A**

Below Debt Not Subject to Statutory Debt Limitations:

Sewer $39,256,349

CITY FINANCES

Audits

City of Rochester

The City employs an outside independent Certified Public Accounting Firm to audit its operation annually. The audit is in accordance with generally accepted auditing standards. The fiscal year ending June 30, 2025 is displayed in Appendix C of this offering statement.

Budget Procedures

City of Rochester

The City's budget process commences in the fall of each year, with the City Council setting guidelines for spending, taxes, unappropriated fund balance, etc. which the City Manager uses in preparing the Capital Improvement Program ("CIP") and the Annual Operating Budget. The City Council may add to or cut from the City Manager's recommended budget by majority vote, however, final passage of the City budget requires a simple majority vote of the City Council. The CIP requires a two-thirds majority vote of the City Council due to bonding requirements. If the budget is not adopted by the beginning of the fiscal year, July 1, the City cannot operate without emergency authority from the Governor of the State of New Hampshire.

Rochester School District

The District's budget process commences with the Finance Committee and the School Board setting a budget target. Cost center managers (principals and directors) submit their budget recommendations to the District Assistant Superintendent. An extensive review process then takes place, culminating in the administration's proposed budget which is subsequently submitted to the finance committee of the Rochester Board of Education. The Finance Committee completes its deliberation of the administration's recommendations and then makes a recommendation to the Rochester Board of Education. The budget then goes to the City Manager for presentation to the City Council. The School Board has the authority to spend the total dollar amount allotted at its discretion once the District budget has been approved by the City Council.

Tax Cap Legislation

On November 4, 2008, the City voters approved by referendum an amendment to the City Charter which limits annual budget increases. The amendment provides as follows in Section 43-a:

A. Limitation on Budget Increase
Recognizing that final tax rates for the City of Rochester are set by the New Hampshire Department of Revenue Administration pursuant to RSA 21-J:35, I, the City Manager shall submit a proposed budget to the City Council, and the City Council shall adopt its annual budget proposals and shall act upon such proposals, in accordance with the mandates of this section.

Override Provision. Budgetary restrictions described in any part of Section 43-a may be overridden upon a vote of two-thirds (2/3) of all elected members of the City Council. Such override expires following adoption of the annual budget. Subsequent budgets or supplemental appropriations require additional two-thirds (2/3) override votes, or the limitations expressed in this section will apply.

In establishing a municipal budget, the City Manager and City Council shall be allowed to assume an estimated property tax rate in an amount not to exceed the tax rate established during the prior fiscal year increased by a factor equal to the change in the National Consumer Price Index – Urban as published by the United States Department of Labor for the calendar year immediately preceding the year of the budget adoption.

B. Exception to Budget Increase Limitation
Capital expenditures, and the total or any part of the principal and interest payments of any municipal bond, whether established for school or municipal purposes, may be excepted from being included in the expenditures that are subject to the prior limitation upon a two-thirds (2/3) vote of all members of the City Council. The exception made under this section shall expire upon adoption of the budget for the next budget year, unless two-thirds (2/3) of all members of the City Council vote to renew the exception for the next budget year.

C. Budget Limitation in a Revaluation Year
When the City Council accepts an increase in real estate values as the result of a City-wide revaluation, the City Council shall adhere to a maximum increase in real estate tax revenues as follows: The real estate taxes raised from the prior budget year shall be increased by a factor no more than the change in the Nation Consumer Price Index – Urban as published by the United States Department of Labor for the calendar year immediately preceding budget adoption, then this figure shall be used in establishing the new municipal budget.

D. Budget Limitation with Annual Changes in Assessments
When annual changes in real estate values occur as a result of State of New Hampshire assessing requirements, the City Manager and City Council shall adhere to a maximum increase in real estate tax revenue as follows: The real estate taxes raised from the prior year shall be increased by a factor of no more than the change in the National Consumer Price Index – Urban as published by the United States Department of Labor for the calendar year immediately preceding budget adoption, plus real estate taxes calculated by applying the prior year real estate tax rate to the net increase in new construction. "Net increase in new construction" is defined as the total dollar value of building permits less total dollar value of demolition permits issued for the period of March 1 – March 31 preceding budget adoption.

E. Total Expenditures
Total expenditures for any given budget year shall not exceed the amount of funds reasonably calculated to be derived by the tax rate established herein, increased by the other revenues generated by the municipality.

The City also adopted City Ordinance 11.23, Implementation of Section 43-a of the Rochester City Charter Relative to Limitation on Budget Increase. This ordinance further clarified the charter amendment and its implementation and, among other things, identified the Consumer Price Index that the City will use to calculate the allowable tax increase.

In the opinion of Bond Counsel, these charter provisions do not affect the validity or enforceability of the Bonds, or the ability of the City to levy taxes without limit as to rate or amount to pay the Bonds and other general obligation indebtedness of the City. Article 39 of Part 1 of the State Constitution permits only charters and charter amendments "not in conflict with general law", and Section 2 of Chapter 33 of the New Hampshire Revised Statutes Annotated (RSA 33, known as the Municipal Finance Act) states, "[t]he amount of each payment of principal and interest on all loans shall, without vote of the municipality, be annually assessed and collected" (emphasis added). Thus, even in the absence of an appropriation of debt service by the City, State law requires the assessment and collection of taxes as necessary to pay debt service on the City's general obligation bonds and notes.

In the opinion of Bond Counsel, such charter provisions do require a determination by the City Council on an annual basis to either provide for debt service as an additional and excluded expenditure of the budget or include debt service within the total allowable expenses of the budget and limit its non-debt service expenditures accordingly. In the opinion of Bond Counsel, these provisions do not limit in any way the City's obligations to pay debt service on the Bonds in accordance with the Municipal Finance Act.

Tax Increment Financing for Development Districts

Cities and towns in New Hampshire are authorized to establish development districts to encourage increased development. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance capital and administrative costs incurred by the city or town in developing the district in accordance with its development program and tax increment financing plan for the district. This may include pledging such "tax increments" for the payment of bonds issued by the city or town to finance development projects. As a result of any such pledge, property taxes raised on the increased assessed value in development districts are not available for other municipal properties.

The City has three active tax increment finance ("TIF") districts (Granite Ridge Development District, Granite State Business Park and Safran (an RSA 205 district)). The City's active development districts, in the aggregate accounted for $114,254,572 of incremental assessed value or 2.01% of the City's total assessed valuation total of $5,392,436,218 in tax year 2025 (April 1, 2024 – March 31, 2025). Under the tax increment financing plans in existence for such development districts, real estate taxes attributable to the value of new improvements developed within the districts (the "captured assessed value") are pledged to the payment of bonds issued to finance such improvements and related district costs. In fiscal year 2025, the aggregate amount of the City's TIF property tax revenues from the captured assessed value, which were pledged and available to pay debt service on City bonds and to pay other costs of the City related to its TIF development programs, was $1,748,095, the actual associated TIF districts principal debt service was $1,169,238. The balance of $578,857 was retained as a reserve for additional bonding and maintenance needs. The TIF district principal payments were 10% of City's total principal debt payments in FY25.

Insurance

The City has its coverage through the HealthTrust and the New Hampshire Public Risk Management Exchange (PRIMEX). See Note 3 – Risk Management in the latest audit included herein.

Balance Sheet

Set forth below is a General Fund Comparative Balance Sheet, which has been prepared from audited financial statements for the fiscal years ended June 30, 2021 through 2025.

CITY OF ROCHESTER, NEW HAMPSHIRE
Balance Sheet
General Fund
For Fiscal Years Ending June 30, 2021-2025

	2021	2022	2023	2024	2025
ASSETS:					
Cash & Short-Term Investments	$ 54,744,433	$ 40,066,783	$ 68,356,405	$ 66,749,443	$ 42,785,280
Investments	219,030	197,988	10,125,388	2,216,562	2,258,552
Receivables:					
Property Taxes	2,961,396	2,450,795	2,324,018	2,488,160	1,945,176
User Fees	266,635	1,375,454	1,459,932	1,556,386	1,431,142
Intergovernmental & Other	-	5,633	-	-	-
Leases	-	-	-	-	3,102,518
Due From Other Funds	3,467,221	10,388,978	-	3,768,047	-
Advance to Other Funds	-	-	-	4,718,317	7,285,669
Other Assets	55,930	84,879	591,702	699,346	859,924
TOTAL ASSETS	**$ 61,714,645**	**$ 54,570,510**	**$ 82,857,445**	**$ 82,196,261**	**$ 59,668,261**
DEFERRED OUTFLOWS OF RESOURCES:					
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -	$ -	$ -	$ -
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	**$ 61,714,645**	**$ 54,570,510**	**$ 82,857,445**	**$ 82,196,261**	**$ 59,668,261**
LIABILITIES:					
Accounts Payable	$ 1,672,514	$ 935,216	$ 1,306,904	$ 1,960,325	$ 2,704,942
Accrued Liabilities	4,375,705	4,633,200	6,273,132	5,916,854	7,128,409
Unearned Revenues	-	-	-	-	-
Tax Refunds Payable	675,000	-	-	-	-
Due to Other Funds	-	-	2,099,959	29,105,751	11,540,833
Notes Payable	-	-	-	-	-
Other Liabilities	1,190,346	3,007,068	2,099,475	2,642,487	1,955,714
TOTAL LIABILITIES	**$ 7,913,565**	**$ 8,575,484**	**$ 11,779,470**	**$ 39,625,417**	**$ 23,329,898**
DEFERRED INFLOWS OF RESOURCES:					
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 23,342,132**	**$ 11,304,294**	**$ 29,502,562**	**$ 8,605,023**	**$ 8,657,052**
FUND BALANCES:					
Nonspendable	$ 442,706	$ 50,159	$ 591,702	$ 5,417,661	$ 8,145,593
Restricted	348,491	2,022,584	525,594	605,467	691,320
Committed	864,556	2,794,613	2,789,382	3,675,494	2,982,108
Assigned	3,067,153	3,313,250	5,834,100	7,982,085	6,220,000
Unassigned	25,736,042	26,510,126	31,834,635	16,285,114	9,642,290
TOTAL FUND BALANCES	**$ 30,458,948**	**$ 34,690,732**	**$ 41,575,413**	**$ 33,965,821**	**$ 27,681,311**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	**$ 61,714,645**	**$ 54,570,510**	**$ 82,857,445**	**$ 82,196,261**	**$ 59,668,261**

Statement of Revenue and Expenditures

Set forth below is a General Fund Comparative Statement of Revenue, Receipts and Expenditures, which has been prepared from audited financial statements for the fiscal years ended June 30, 2021 through 2025.

CITY OF ROCHESTER, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For Fiscal Years Ending June 30, 2021-2025

	2021	2022	2023	2024	2025
REVENUES:					
Property Taxes	$ 55,099,382	$ 56,836,185	$ 58,211,692	$ 58,263,478	$ 61,716,834
Penalties, Interest, and Other Taxes	950,034	1,296,185	915,466	1,088,536	1,194,673
Licenses and Permits	7,086,956	6,732,559	6,931,777	6,729,192	7,268,631
Intergovernmental	37,796,755	34,269,732	35,638,019	35,793,078	34,185,262
Charges for Services	6,872,641	8,285,470	7,733,699	7,528,912	8,527,271
Investment Income	135,912	25,973	1,289,682	2,257,186	2,617,173
Miscellaneous	664,575	1,304,226	525,541	860,942	1,582,877
TOTAL REVENUES	**$ 108,606,255**	**$ 108,750,330**	**$ 111,245,876**	**$ 112,521,324**	**$ 117,092,721**
EXPENDITURES:					
Current Operations:					
General Government	$ 6,171,045	$ 7,406,088	$ 7,411,436	$ 8,018,378	$ 10,179,333
Public Safety	14,225,879	15,185,625	16,259,603	17,799,467	18,599,669
Highways and Streets	2,925,263	3,192,928	3,209,784	3,548,440	3,884,853
Health and Welfare	356,729	363,757	462,925	688,695	651,698
Culture and Recreation	1,983,088	2,140,952	2,173,892	2,377,061	2,803,984
Community Development	395,693	-	200,000	-	196,747
Community Services		18,502	1,368	2,364	2,632
Education	60,810,592	62,328,175	61,550,600	67,050,042	71,195,289
Capital Outlay	-	-	-	-	-
Debt Service	6,827,599	6,256,218	6,556,640	6,858,898	7,247,548
TOTAL EXPENDITURES	**$ 93,695,888**	**$ 96,892,245**	**$ 97,826,248**	**$ 106,343,345**	**$ 114,761,753**
Excess of Revenues Before Other Financing Sources (Uses)	$ 14,910,367	$ 11,858,085	$ 13,419,628	$ 6,177,979	$ 2,330,968
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	$ 1,354,408	$ 50,000	$ 160,000	$ 50,000	$ 500,000
Operating Transfers Out	(9,430,873)	(7,676,301)	(6,694,947)	(13,837,571)	(9,115,478)
Proceeds of bonds	-	-	-	-	-
Bond Premium	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	$ (8,076,465)	$ (7,626,301)	$ (6,534,947)	$ (13,787,571)	$ (8,615,478)
NET CHANGE IN FUND BALANCE	6,833,902	4,231,784	6,884,681	(7,609,592)	(6,284,510)
FUND BALANCE - BEGINNING OF YEAR	**$ 23,625,046 ***	**$ 30,458,948**	**$ 34,690,732**	**$ 41,575,413**	**$ 33,965,821**
FUND BALANCE - END OF YEAR	**$ 30,458,948**	**$ 34,690,732**	**$ 41,575,413**	**$ 33,965,821**	**$ 27,681,311**

*Reclassified

RETIREMENT PROGRAMS

New Hampshire Retirement System (NHRS)

The City contributes to the New Hampshire Retirement System ("NHRS" or the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The Plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 4 Chenell Drive, Concord, New Hampshire 03301. Reference is hereby made to the State of New Hampshire Information Statement dated March 27, 2026 which has been filed with the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12.

Covered public safety employees are required to contribute 11.55% (Police) and 11.80% (Fire) of their covered salary, whereas teachers and general employees are required to contribute 7.0% of their covered salary. The City is required to contribute at an actuarially determined rate. In fiscal year 2025, the City's contribution rates for the covered payroll of police officers, fire employees, teachers, and general employees were 31.28%, 30.35%, 19.23%, and 13.53%, respectively. The City's contributions to NHRS for the year ended June 30, 2025 were $10,091,271 versus a budgeted amount of $10,636,626. The fiscal year 2026 budgeted retirement amount is $10,933,511.

*Includes medical subsidy.

Other Post-Employment Benefits

The City does not explicitly provide or subsidize the costs of retiree health care coverage for its employees, (including those employed by the Rochester School District.) The City does however provide an implicit rate subsidy since the inherently higher health care costs for retired employees are not directly reflected in the determination of the premium rates paid by those retirees.

As of 6/30/2025 the actuarial accrued liability for this implicit rate subsidy includes;

Current Retirees	$2,261,422
Future Retirees	$5,308,957
Total	$ 7,570,379

This liability is unfunded at this time. The City made pay-go cash contributions of $594,413 towards this liability. The NHRS Medical Subsidy net OPEB liability is $4,919,9245

Please see Appendix C, Audited Financial Statements, page 59, *Note 19 – Other Post-Employment Benefits,* for a full description of the benefits provided and the actuarial determined liability of the City as of June 30, 2025.

STATE SCHOOL FUNDING

On December 17, 1997, the New Hampshire Supreme Court ruled that the State's system of financing elementary and secondary public education primarily through local property taxes was unconstitutional. Since that decision, the State legislature has taken a number of actions to address the issues raised by the Court and to meet its constitutional obligation with respect to school funding. Many of such actions have been subject to subsequent review and decisions by the Court. For a description of the history and status of the school funding litigation and the resulting legislation affecting the extent and manner in which the State participates in the financing of public education, see the State's most recent Information Statement dated March 27, 2026, which has been filed with the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12.

The New Hampshire Supreme Court recently decided two significant cases concerning the State's constitutional obligation to provide every educable child in New Hampshire with an adequate public education and to fund the cost of that education. A third school-funding case is now pending before the Court.

In *Contoocook Valley School District v. State*, 2025 N.H. 29, the trial court determined that the State's base-adequacy funding should increase from $4,100 to $7,356 per pupil—an increase of approximately $538 million in the

State's annual education-funding obligation. On July 1, 2025, the New Hampshire Supreme Court affirmed in part and reversed in part. It agreed that the existing funding formula did not satisfy the State's constitutional obligation and upheld the trial court's methodology for calculating the minimum cost of an adequate education. Although the Court affirmed the existence of a constitutional violation, it reversed the injunction requiring the State to provide at least $7,356 per pupil immediately. The Court instead left it to the legislature, in the first instance, to fashion a constitutionally sufficient remedy.

In *Rand v. State*, 177 N.H. 383 (2025), the plaintiffs challenged the Statewide Education Property Tax ("SWEPT"), which the State uses to fund its constitutional obligation to provide an adequate education. The challenge focused principally on a 2011 statutory amendment allowing municipalities to retain SWEPT revenue exceeding the amount necessary to fund their local adequacy allocations. Because property-rich municipalities can raise more than their adequacy allocations at the statewide rate, the plaintiffs argued that allowing those municipalities to retain the excess resulted in unequal effective tax rates and violated the New Hampshire Constitution's requirement that state taxes be proportional and reasonable. The trial court agreed, but the Supreme Court reversed in a 3–1 decision. The Court held that SWEPT is administered uniformly because all taxable property is assessed at the same statewide rate, notwithstanding differences in the amount of revenue individual municipalities raise and retain.

A third school-funding case is now pending before the Supreme Court. In that case, the plaintiffs challenged New Hampshire's education-funding formula under RSA 198:40-a, arguing that it provided insufficient funding for a constitutionally adequate education and required school districts to make up the resulting shortfalls through local property taxes imposed at varying rates. The Superior Court agreed in part. It found that the statute's total adequacy funding and special-education differentiated aid did not reflect the actual cost of providing the educational programs that the State itself had defined as constitutionally adequate. Because school districts necessarily relied on local property taxes to fill those funding gaps, the court concluded that the portion of those taxes used to satisfy the State's constitutional obligation functioned as a state tax. And because the applicable rates varied among municipalities, the court held that the tax violated the uniformity requirement of Part II, Article 5 of the New Hampshire Constitution.

The Superior Court rejected the plaintiffs' claims concerning differentiated aid for students living in poverty, however, because they had not sufficiently quantified the associated costs or disproved the possibility that those costs overlapped with costs covered by special-education aid. The court therefore declared the overall adequacy-funding and special-education components of RSA 198:40-a unconstitutional but declined to prescribe a replacement formula or grant immediate injunctive relief.

On appeal, the State has asked the Supreme Court, among other things, to reconsider its decisions in *Claremont School District v. Governor* (*Claremont I*), 138 N.H. 183 (1993), and *Claremont School District v. Governor* (*Claremont II*), 142 N.H. 462 (1997). The appeal remains pending.

The City is unable to predict the outcome of these matters at this time.

RATING

The City has received a rating on the Bonds of "AA" (Negative Outlook) from S&P Global Ratings ("S&P"). The rating reflects only the view of S&P, and the explanations of the significance of such rating may be obtained from S&P.

The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by S&P. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC ("PFM") has served as municipal advisor to the City for the issuance of the Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Official Statement. PFM is an independent municipal advisory firm and is not engaged in the business of underwriting, trading, or distributing securities or other public securities.

CONTINUING DISCLOSURE

In order to assist the original purchasers of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of each fiscal year (the "Annual Report") and to provide notices of the occurrence of certain significant events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix B. The Continuing Disclosure Certificate will be executed by the signers of the Bonds and incorporated by reference in the Bonds. The City is the only "obligated person" with respect to the Bonds within the meaning of the Rule.

The Finance Director, or such official's designee from time to time, shall be the contact person on behalf of the City from whom the information, data and notices required by the Rule may be obtained. The name, address and telephone number of the initial contact person is Mark J Sullivan Director of Finance and Administration, City of Rochester, 31 Wakefield Street, Rochester, NH 03867, 603-335-7505.

Except as set forth below, in the last five years, the City believes it has complied, in all material respects with its previous undertakings to provide financial information or notices of significant events in accordance with the Rule.

The City's FY2021 Financial Statements were filed late on April 6, 2022. In addition, the City did not timely file with the MSRB notice of incurrence of financial obligation with respect to New Hampshire Municipal Bond Bank Bond issued on February 18, 2026.

The City has taken steps to assure that future filings will be completed on a timely basis.

TAX MATTERS: SERIES A BONDS

Opinion of Bond Counsel

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulation rulings and court decisions, and assuming, among other matters, compliance with certain covenants under existing law, the interest on the Series A Bonds will be exempt from the New Hampshire personal income tax on interest and dividends, and, except as described below, the interest on the Series A Bonds is excluded from gross income for federal income tax purpose under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series A Bonds will not be included in computing the federal alternative minimum tax imposed on individuals. However, interest on the Series A Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Except as indicated in the following paragraph, Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Series A Bonds. The Series A Bonds will not be designated as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series A Bonds. Failure to comply with the Code's requirements may cause interest on the Series A Bonds to be subject to federal income taxation retroactive to the date of issuance of the Series A Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Series A Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series A Bonds.

Prospective owners of the Series A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Series A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series A Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series A Bonds. In general, the issue price for each maturity of the Series A Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Series A Bond having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant-yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series A Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series A Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Although Bond Counsel is of the opinion that interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends, the ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Series A Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series A Bonds may adversely affect the value of, or the tax status of interest on, the Series A Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the New Hampshire legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series A Bonds will not have an adverse effect on the tax status of interest on the Series A Bonds or the market value or marketability of the Series A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series A Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series A Bonds may be affected and the ability of Bondholders to sell their Series A Bonds in the secondary market may be reduced. The Series A Bonds are not subject to special mandatory redemption, and the interest rates on the Series A Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series A Bonds.

Prospective Bondholders are urged to consult their own financial and tax advisors to analyze the importance of these risks.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Series A Bonds. If an audit is commenced, under current procedures the IRS may treat the City as the taxpayer and the owners of the Series A Bonds may have limited rights to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series A Bonds until the audit is concluded, regardless of the ultimate outcome.

TAX MATTERS: SERIES B BONDS

Opinion of Bond Counsel

In the opinion of Bond Counsel, interest on the Series B Bonds is included in gross income for federal income tax purposes under the Code and under existing statutes, is exempt from the New Hampshire personal income tax on interest and dividends.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of the Series B Bonds by original purchasers of the Series B Bonds who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series B Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series B Bonds as a position in a "hedge" or "straddle", U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Series B Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers who are required to prepare certified financial statements and file such financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series B Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Series B Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series B Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction**.**

Original Issue Discount

In general, if OID is greater than a statutorily defined de minimis amount, a U.S. Holder of a Series B Bond must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Series B Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price." For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Series B Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest," provided by such Series B Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "de minimis amount" is an amount equal to 0.25 percent of the Series B Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Series B Bond using the constant-yield method, subject to certain modifications.

Bond Premium

In general, if a Series B Bonds is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series B Bonds other than "qualified stated interest" (a "Taxable Premium Bond"), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder's basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series B Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Series B Bond.

The City may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series B Bonds to be deemed to be no longer outstanding (a "defeasance"). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series B Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Series B Bonds with respect to payments of principal, payments of interest and the accrual of OID on a Series B Bonds and the proceeds of the sale of a Series B Bonds before maturity within the United States. Backup withholding may apply to U.S. Holders of Series B Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Series B Bonds that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series B Bonds under state law and could affect the market price or marketability of the Series B Bonds.

Prospective purchasers of the Series B Bonds should consult their own tax advisors regarding the foregoing matters.

OTHER INFORMATION

Wastewater Treatment Facility

The City owns and operates a publicly-owned wastewater treatment facility (WWTF), which treats wastewater and discharges it to the Cocheco River pursuant to a National Pollutant Discharge Elimination System (NPDES) permits issued by the United States Environmental Protection Agency (EPA).

In 2021 the EPA issued the Great Bay General Permit for Nitrogen to 12 communities which have effluent directed to the Great Bay. This permit contains new total nitrogen limits for Rochester's compliance. An Administrative Order on Compliance (AOC) was issued to the City which would allow the City to implement upgrades to its treatment facility to comply with these new limits over a timeline of milestones, culminating in full operational compliance in 2025. That compliance has been met by the City as scheduled.

In 2024, the EPA issued the City an Individual Permit, unique to the City's discharge only. This permit contains a stringent phosphorus limit which will require significant upgrades to achieve. An AOC allows time for the upgrades to be completed, and full operational compliance in 2032.

Holistic upgrades to Rochester's Wastewater Treatment Facility are currently being evaluated with design to follow in 2026-2028 and projected construction 2029-2031. Such upgrades will consist of enhanced total nitrogen and total phosphorus removal technologies to enable the City to comply with the EPA permits. Combined cost estimates will be formulated following reduction technology selection. A series of pilot testing of proprietary technologies are currently underway. Basic projections at this time indicate that the cost of upgrades could be from $50 million to $100 million.

Risk Management

Cyber Security

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and custodian of personal, private, and sensitive information, the City may be subject to cyber threats including, but not limited to, hacking, malware, ransomware, phishing, and other attacks on its computing resources, networks, and systems.

To address these threats, the City employs a defense-in-depth strategy intended to reduce the likelihood and impact of a cybersecurity incident. The City maintains multiple, layered technical controls with intentional redundancies that protect City data and systems and address a range of attack vectors. These controls are monitored on an ongoing basis by the City's internal information technology staff. The City's controls include next-generation firewalls with intrusion prevention, application and encrypted-traffic inspection, endpoint detection and response, and network access control.

The City has deployed multi-factor authentication (MFA) for remote access and for most user accounts, subject to certain defined exceptions.

The City dedicates information technology staff to cybersecurity and to deploying technologies that reduce cyber risk. Email threat protection and security information and event monitoring have been deployed. Security policies reflecting these practices have been developed by the City's Information Technology function in coordination with representatives from City departments.

The City maintains a backup program that includes offsite backups, backup duplication, and nightly air-gapped backups to tape. These backups are intended to provide a recovery mechanism in the event of a cybersecurity incident. While the City cannot guarantee that it will be successful in preventing every cyberattack, the City has implemented measures, including an incident response plan, intended to mitigate the loss of data and reduce the likelihood that City systems and services will be unavailable for an extended period.

The City operates a primary data center, a secondary backup location in a separate building on the same campus, and a geographically separate disaster recovery site. These facilities support core services, including file and application servers, email, internet access, backups, firewalls, and intrusion detection, and site connectivity supports replication to the City's disaster recovery site. Computer-aided dispatch (CAD) systems for the Fire and Police Departments are cloud-hosted.

Climate Change

The City is aware that changing climate patterns are increasing the intensity of natural hazards. Changes are already being observed and documented. Long-term climate change is likely to cause the following impacts in the City:

- More intense and frequent severe rain and snow fall, and more abrupt changes in temperature, which combined or alone will cause increased flooding.
- Long periods of no precipitation; this could affect water availability and increase the threat for fires, including forest fires.
- Increased air and water temperatures, including more frequent high heat days and heat waves, which pose risk to human heat-related illnesses, especially to those with respiratory problems, and disruption to the natural environment, and tourism.

The City's Hazard Mitigation Plan ("HMP"), updated in 2025, addresses Climate Change in Chapter 6; the document provide goals to reduce long- and short-term risks to a variety of hazards. The HMP is a living document, meaning that City officials, members of the Hazard Mitigation Committee, and professional consultants, will continue to work together to update the HMP; Chapter 8 is titled "Monitoring, Evaluation, and Updating of the Plan (HMP)" and outlines the commitment to ongoing work.

Climate change may intensify and increase the frequency of events as outlined in the City's HMP such as droughts, rainstorms that causes flooding, increase in air temperatures that increase or prolong heat waves etc. Chapter 7 "Action Plan" of the HMP includes steps to evaluate our climate resilience recommendations to continuously implement measures to reduce the impacts of climate change, protect assets, and mitigate fiscal impacts.

Examples of Environmental Resiliency

The City has adopted several programs and ordinances which work to support hazard mitigation. Below are brief descriptions of a few of these programs and how they aid in hazard mitigation.

Emergency Action Plan – The City has drafted an Emergency Action Plan. The plan coordinates the City Departments' actions and responses before, during and after emergency operations. Actions and procedures differ for each type of emergency (emergency types range from weather/storms to civil unrest, to radiological, and everything in between. The Action Plan procedures address evacuation/shelter/response procedures, notification requirements, evacuation plans, etc.

Floodplain District rules exist in the City of Rochester's Zoning Ordinance & Subdivision and Site Plan Regulations **-** Floodplain District regulations apply to all lands designated as special flood hazard areas by FEMA. Encroachments, including fill, new construction, substantial improvements to existing structures, and other development are prohibited unless certification by a registered professional engineer is provided by the applicant demonstrating that such encroachment will not result in any increase in flood levels during the occurrence of the 100-year base flood. The City's technical staff (Building Inspector, Planners, Fire Marshall, and City Engineers) review all building permit applications for new construction or substantial improvements to determine compliance with FEMA and local floodplain standards.

Elevation/Foundation Certificates **-** An Elevation Certificate is required when (1) a structure is built or substantially improved within a known flood zone, or (2) if the flood map shows a part of the lot within the flood zone and the certified foundation plan shows the house is located within the flood zone. The land surveyor must supply the footing elevation. All structures, located in and out of special flood zones, require a foundation certification which certifies the location of the structure; this is mostly used to show that required setbacks were met, if setbacks were not met, the structure can be ordered to be removed and relocated to non-impacting area.

Wetlands Regulations (Zoning Ordinance) A fifty (50) foot setback shall be maintained from proposed buildings, structures and parking lots, or enlargements thereof, to any wetland over ½ acre in size. Any proposed impact of these areas require review and approval from the Conservation Commission and Planning Board.

Landscaping Requirements: (Site Plan Regulations and Zoning Ordinance) Landscaping standards apply to all properties except for single-family and two-family. These standards require specific landscaping (i.e.- trees, etc.) to be planted on the subject lot. These trees and plants help combat the effects of heat waves by providing shade. Additionally, each zoning district in the City limits lot coverage to a certain percentage of the lot, or said differently, each lot is required to maintain open areas of vegetation space; this helps address stormwater, temperature, flooding, and provides outside space for individuals to congregate for leisure or during an emergency.

Stormwater Requirements: (City Chapter, Site Plan/ Subdivision Regulations, Federal Mandates) The City enforces strict stormwater management and treatment standards to prevent flooding, protect water resources, and comply with Federal-mandated requirements.

Drinking Water (City Chapter, Site Plan / Subdivision Regulations/ City responsibility): The City owns its own drinking water, this includes water sources (surface water and aquifers), treatment, and delivery. The City invests millions of dollars towards drinking water. These investments include protection of water sources via conservation of land within the watershed of surface water and aquifers and strict land use regulations for aquifer protection areas; improvements to the water treatment plan and delivery system, and approved plans to expand the capacity of the City's surface water source (i.e.- significant enlargement of the source water pond). These existing and planned improvements have been guided by leading scientific findings, proposed build-out analyses, and predicted climate change effects.

Building Related Codes (State and International Building Code, NFPA Life Safety Codes): The City currently enforces dozens of International, National, and State Codes related to construction. These include codes that ensure energy, structural, mechanical, electrical, fire, life safety, health, etc. codes. These codes ensure that structures are safe and efficient year-round.

Conditions Precedent to Delivery

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

No Litigation Certificate

Upon the delivery of the Bonds, the City shall deliver or cause to be delivered a certificate of the City Manager, City Treasurer and City Clerk, dated the date of delivery to the effect that there is no litigation pending or, to the knowledge of such officers, threatened affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them and that neither the corporate existence nor boundaries of the City, nor the title of any of said officers to their respective offices, is being contested.

Certificate With Respect to Official Statement

At the time of the original delivery of and payment for the Bonds, the City will deliver a certificate of the City Manager, City Treasurer and City Clerk certifying that, to the best of their knowledge and belief, both as of its date and as of the date of delivery of the Bonds, this Official Statement does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading.

Financial Statements

The City's financial report for the fiscal year ending June 30, 2025 is set forth in Appendix C.

Litigation

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

There is no litigation pending, or to the knowledge of the City's attorney threatened, which would affect the validity of these Bonds, or the City's ability to levy and collect taxes to pay them, or which would have a material effect on the City's financial position

CERTIFICATION

To the best of my knowledge, this Preliminary Official Statement relating to the City and its finances is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the City and may not be reproduced or used in whole or in part for any other purpose.

CITY OF ROCHESTER

By:__________________
Mark Sullivan
Director of Finance

August __, 2026

APPENDIX A

FORMS OF LEGAL OPINIONS FOR THE BONDS

APPENDIX A

PROPOSED FORM OF LEGAL OPINION

(Closing Date)

City of Rochester
31 Wakefield Street
Rochester, NH 03867

**Re: City of Rochester, New Hampshire (the "Issuer" or the "City")
$26,020,000* General Obligation Bonds, Series A
Dated August __, 2026**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the Bonds by the Issuer. In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and binding general obligations of the Issuer.

2. All taxable property in the territory of the Issuer is subject to ad valorem taxation and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City without limitation as to rate or amount; provided that, to the extent the City has established any development districts pursuant to Chapter 162-K of the New Hampshire Revised Statutes Annotated, taxes levied on certain taxable property located within any

* Preliminary, subject to change.

such district may be restricted and unavailable to pay the principal of and interest on the Bonds.

3. (a) The interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"). The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. (b) We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

4. Interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.

It is understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and to equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances that may hereafter come to our attention or any changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

DEVINE, MILLIMET & BRANCH
PROFESSIONAL ASSOCIATION

APPENDIX A

PROPOSED FORM OF LEGAL OPINION

(Closing Date)

City of Rochester
31 Wakefield Street
Rochester, NH 03867

Re: City of Rochester, New Hampshire (the "Issuer" or the "City")
$2,785,000* General Obligation Bonds, Series B (Federally Taxable)
Dated August __, 2026

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the Bonds by the Issuer. In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and binding general obligations of the Issuer.

2. All taxable property in the territory of the Issuer is subject to ad valorem taxation and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City without limitation as to rate or amount; provided that, to the extent the City has established any development districts pursuant to Chapter 162-K of the New Hampshire Revised Statutes Annotated, taxes levied on certain taxable property located within any

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* Preliminary, subject to change.

such district may be restricted and unavailable to pay the principal of and interest on the Bonds.

3. Interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.

It is understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and to equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances that may hereafter come to our attention or any changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

DEVINE, MILLIMET & BRANCH
PROFESSIONAL ASSOCIATION

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX B

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Rochester, New Hampshire (the "Issuer") in connection with the issuance of its $26,020,000* General Obligation Bonds Series A and its $2,785,000* General Obligation Bonds Series B (Federally Taxable), both dated August __, 2026 (together, the "Bonds"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB for use in the collection and dissemination of information, which system the Securities and Exchange Commission has stated to be consistent with its Rule 15c2-12. Currently, the following is the website address for EMMA: http://emma.msrb.org.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information for the MSRB is set forth in Exhibit A attached hereto.

"Obligated Person" shall mean the Issuer or any person committed by contract or other arrangement to support payment of all, or part, of the obligations on municipal securities. This definition does not include providers of municipal bond insurance, letters of credit or other liquidity facilities.

"Owners of the Bonds" shall mean the registered owners, including beneficial owners, of the Bonds.

* Preliminary, subject to change.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than two hundred seventy (270) days after the end of each fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a timely notice to the MSRB in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated August ___, 2026 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer; and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles (except for the omission, if any, of a statement of fixed assets). If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.

8. Bond calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution or sale of property securing repayment of the Bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Issuer.[**]

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

[**] As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material***.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties***.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

*** For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, "financial obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b); provided, however, that a "financial obligation" shall not include any municipal security for which a final official statement has been provided to the MSRB consistent with the Rule.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information (using the means of dissemination set forth in this Disclosure Certificate or any other means of communication) or including any other information in any Annual Report or providing notice of occurrence of events, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in an Annual Report or provide notice of occurrence of events which are not Listed Events in additional to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

[SIGNATURE PAGE FOLLOWS]

Date: August__, 2026

CITY OF ROCHESTER, NEW HAMPSHIRE

By:___________________________________

Treasurer

EXHIBIT A

Filing information related to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board
http://emma.msrb.org

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Rochester, New Hampshire
Name of Issue:	$26,020,000* General Obligation Bonds Series A and its $2,785,000* General Obligation Bonds Series B (Federally Taxable)
Date of Issuance:	August___, 2026

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the Issuer dated August__, 2026. The Issuer anticipates that the Annual Report will be filed by __________.

Dated: _________________

CITY OF ROCHESTER, NEW HAMPSHIRE

By:_________________________________

* Preliminary, subject to change.

APPENDIX C

FINANCIAL STATEMENTS OF THE CITY OF ROCHESTER
FOR YEAR ENDED JUNE 30, 2025

CITY OF ROCHESTER, NEW HAMPSHIRE

FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

CITY OF ROCHESTER, NEW HAMPSHIRE

CONTENTS

CITY OF ROCHESTER, NEW HAMPSHIRE

CONTENTS

CBIZ CPAs P.C.

9 Executive Park Drive
Suite 100
Merrimack, NH 03054

P: 603.882.1111

Independent Auditors' Report

To the Honorable Mayor and City Council
City of Rochester, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rochester, New Hampshire (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, New Hampshire
April 6, 2026

As management of the City of Rochester, New Hampshire (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highway and streets, education, health and welfare, culture and recreation, community development, and community services. The business-type activities include water and sewer.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Reconciliations are provided to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds
Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met(1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water and sewer operations, which are considered to be major funds.

Fiduciary Funds
Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was $85,852,534, a change of $1,594,497 and net position in business-type activities was $61,838,216, a change of $(685,754).
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of $41,632,548, a change of $(23,430,430) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $9,642,290 a change of $(6,642,824) in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 86,702,446	$ 122,653,779	$ 9,548,648	$ 8,731,291	$ 96,251,094	$ 131,385,070
Capital assets	193,485,522	160,832,926	148,720,868	144,535,450	342,206,390	305,368,376
Total Assets	280,187,968	283,486,705	158,269,516	153,266,741	438,457,484	436,753,446
Deferred Outflows of Resources	14,853,181	18,058,191	643,688	611,392	15,496,869	18,669,583
Liabilities						
Current liabilities	35,718,361	48,771,471	23,236,501	21,625,945	58,954,862	70,397,416
Noncurrent liabilities	156,833,858	156,831,622	73,608,601	69,188,928	230,442,459	226,020,550
Total Liabilities	192,552,219	205,603,093	96,845,102	90,814,873	289,397,321	296,417,966
Deferred Inflows of Resources	16,636,396	11,683,766	229,886	539,290	16,866,282	12,223,056
Net Position						
Net investment in capital assets	126,107,668	116,773,218	73,684,655	70,838,620	199,792,323	187,611,838
Restricted	14,492,251	11,657,899	--	--	14,492,251	11,657,899
Unrestricted	(54,747,385)	(44,173,080)	(11,846,439)	(8,314,650)	(66,593,824)	(52,487,730)
Total Net Position	$ 85,852,534	$ 84,258,037	$ 61,838,216	$ 62,523,970	$ 147,690,750	$ 146,782,007

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At the close of the most recent fiscal year, total net position was $147,690,750 a change of $908,743 in comparison to the prior year.

The largest portion of net position, $199,792,323 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, $14,492,251 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of $(66,593,824), primarily resulting from unfunded pension and OPEB liabilities.

Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Changes for services	$ 10,385,013	$ 9,373,052	$ 14,959,365	$ 11,598,005	$ 25,344,378	$ 20,971,057
Operating grants and contributions	40,314,672	50,087,739	--	--	40,314,672	50,087,739
Capital grants and contributions	1,027,728	16,256,430	1,407,301	2,575,815	2,435,029	18,832,245
General revenues						
Property taxes	63,657,380	59,998,788	--	--	63,657,380	59,998,788
Licenses and permits	7,268,631	6,729,192	--	--	7,268,631	6,729,192
Penalties, interest, and other taxes	1,194,673	1,088,536	--	--	1,194,673	1,088,536
Grants and contributions not restricted to specific programs	3,933,745	3,748,220	--	--	3,933,745	3,748,220
Investment income (loss)	3,405,030	3,051,942	--	--	3,405,030	3,051,942
Miscellaneous	1,693,812	1,392,386	--	--	1,693,812	1,392,386
	132,880,684	151,726,285	16,366,666	14,173,820	149,247,350	165,900,105
Expenses						
General government	11,104,970	12,684,752	--	--	11,104,970	12,684,752
Public safety	18,724,341	18,319,151	--	--	18,724,341	18,319,151
Highway and streets	8,701,689	8,010,147	--	--	8,701,689	8,010,147
Education	81,115,325	81,553,962	--	--	81,115,325	81,553,962
Health and welfare	795,150	845,179	--	--	795,150	845,179
Culture and recreation	3,526,525	2,991,601	--	--	3,526,525	2,991,601
Community development	203,217	69,069	--	--	203,217	69,069
Community services	3,501,473	2,000,378	--	--	3,501,473	2,000,378
Interest	3,663,497	2,165,457	--	--	3,663,497	2,165,457
Water	--	--	7,619,359	5,601,704	7,619,359	5,601,704
Sewer	--	--	9,383,061	9,249,895	9,383,061	9,249,895
Total Expenses	131,336,187	128,639,696	17,002,420	14,851,599	148,338,607	143,491,295
Change in Net position Before Transfers	1,544,497	23,086,589	(635,754)	(677,779)	908,743	22,408,810
Transfer in (out)	50,000	50,000	(50,000)	(50,000)	--	--
Change in Net Position	1,594,497	23,136,589	(685,754)	(727,779)	908,743	22,408,810
Net Position - Beginning of Year	84,258,037	61,121,448	62,523,970	63,251,749	146,782,007	124,373,197
Net Position - End of Year	$ 85,852,534	$ 84,258,037	$ 61,838,216	$ 62,523,970	$ 147,690,750	$ 146,782,007

Governmental Activities

Governmental activities for the year resulted in a change in net position of $1,594,497 primarily from strong operating results, and a decrease OPEB expense.

Business-Type Activities

Business-type activities for the year resulted in a change in net position of $(685,754). Key elements of this change related to an increase in repairs and maintenance costs as well as nonoperating expenses.

Financial Analysis of the City's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was $9,642,290, while total fund balance was $27,681,311. The unassigned fund balance changed by $(6,642,824) primarily due to positive budgetary results of $5,639,023, offset by the use of fund balance for the fiscal year 2025 budget ($7,956,000), supplemental use of fund balance for capital improvements ($3,360,000), and the recognition of a Nonspendable fund balance for the long-term nature of the amounts to be received from the water and sewer enterprise funds totaling $5,417,661. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the following table.

General Fund	June 30, 2025	June 30, 2024	Change
Unassigned fund balance	$ 9,642,290	$ 16,285,114	$ (6,642,824)
Total fund balance	$ 27,681,311	$ 33,965,821	$ (6,284,510)

The total fund balance of the General Fund changed by $(6,284,510) during the current fiscal year. Key factors in this change are as follows:

Use of fund balance as a funding source	$ (11,316,000)
Revenue greater than budget	4,120,508
Expenditures less than budget	1,615,159
Capital reserve fund activity	(840,000)
Other	135,823
	$ (6,284,510)

Included in the total fund balance of the General Fund are the City's capital reserve accounts with the following balances:

	June 30, 2025	June 30, 2024	Change
Capital reserves	$ 2,982,108	$ 3,675,494	$ (693,386)

Major Governmental Funds
The fund balance of Capital Projects major governmental fund changed by $(16,065,410), primarily due to the city's expanded investment in capital projects, supported by significant other financing sources such as bond issuances, bond premiums, and transfers in.

Nonmajor Governmental Funds
The fund balance of nonmajor governmental funds changed by $(1,080,510), primarily from the payment of expenditures from the JUUL settlement received in prior years.

Proprietary Funds
Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds changed by $(3,531,789), as the City follows a practice of using unrestricted cash/net position to finance capital improvements and issuing bonds at the completion of most projects.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in no overall change in appropriations. The City transferred $3,360,000 of unassigned fund balance to the Capital Projects Fund through a supplemental appropriation.

Capital Assets and Debt Administration

Capital Assets
Total investment in capital assets for governmental and business-type activities at year end amounted to $341,193,259 (net of accumulated depreciation), a change of $(17,229,576) from the prior year. This investment in capital assets includes land and land improvements, buildings and improvements, vehicles, equipment, infrastructure, easements, and right to use leased assets.

Major capital asset events during the current fiscal year included the following:

Governmental Activities		
New addition to construction in progress:		
New elementary school	$	25,742,698
DPW Vehicle replacement program		985,793
Pavement rehabilitation		1,299,793
Business-type Activities		
New addition's to construction in progress:		
Colonial pines sewer construction	$	1,636,842
Eastern avenue sewer rehabilitation		1,042,502
WWTP secondary clarifier		1,151,500

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was $104,337,283, net of unamortized bond premiums $10,887,145, all of which was backed by the full faith and credit of the city.

Additional information on long-term debt can be found in the Notes to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the City of Rochester's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Finance Office
City of Rochester
31 Wakefield Street
Rochester, New Hampshire 03867

CITY OF ROCHESTER, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and short-term investments	$ 43,709,320	$ --	$ 43,709,320
Investments	4,597,013	--	4,597,013
Receivables			
Property taxes	1,945,176	--	1,945,176
User fees	1,431,142	3,505,405	4,936,547
Homeowner connection receivable	--	152,319	152,319
Intergovernmental	374,822	1,323,848	1,698,670
Leases	595,815	--	595,815
Internal balances	7,210,648	(7,210,648)	--
Other current assets	879,955	331,198	1,211,153
Total Current Assets	60,743,891	(1,897,878)	58,846,013
Noncurrent Assets			
Receivables			
Intergovernmental	--	2,066,005	2,066,005
Homeowner connection receivable	--	1,013,131	1,013,131
Leases	2,506,703	--	2,506,703
Advance to other funds	7,285,669	--	7,285,669
Capital assets			
Land, easements, and construction in progress	24,224,651	15,185,879	39,410,530
Right to use leased assets, net of accumulated amortization	1,918,887	--	1,918,887
Other assets, net of accumulated depreciation	169,260,871	132,521,858	301,782,729
Total Noncurrent Assets	205,196,781	150,786,873	355,983,654
Total Assets	265,940,672	148,888,995	414,829,667
Deferred Outflows of Resources			
Related to pension	12,746,069	578,324	13,324,393
Related to OPEB	2,064,386	65,364	2,129,750
Related to loss on refunding	42,726	--	42,726
Total Deferred Outflows of Resources	14,853,181	643,688	15,496,869

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	7,000,379	1,945,569	8,945,948
Accrued liabilities	9,891,784	2,181,589	12,073,373
Unearned revenue	1,914,379	--	1,914,379
Notes payable	708,809	7,950,332	8,659,141
Performance deposits	1,955,714	--	1,955,714
Current portion of long-term liabilities			
Bonds payable	5,811,483	3,492,568	9,304,051
Loans payable	18,757	1,778,490	1,797,247
Lease liability	308,491	--	308,491
Compensated absences liability	307,833	26,173	334,006
Total Current Liabilities	27,917,629	17,374,721	45,292,350
Noncurrent Liabilities			
Bonds payable, net of current portion	55,336,951	39,696,281	95,033,232
Loans payable, net of current portion	131,302	19,408,209	19,539,511
Lease liability, net of current portion	1,922,257	--	1,922,257
Compensated absences liability, net of current portion	2,770,496	235,558	3,006,054
Advance from other funds	--	7,285,669	7,285,669
Net pension liability	78,140,041	3,060,087	81,200,128
Net OPEB liability	12,086,247	404,056	12,490,303
Total Noncurrent Liabilities	150,387,294	70,089,860	220,477,154
Total Liabilities	178,304,923	87,464,581	265,769,504
Deferred Inflows of Resources			
Related to pension	5,781,950	89,736	5,871,686
Related to OPEB	5,181,604	140,150	5,321,754
Related to leases	3,102,518	--	3,102,518
Taxes paid in advance	2,570,324	--	2,570,324
Total Deferred Inflows of Resources	16,636,396	229,886	16,866,282
Net Position			
Net investment in capital assets	126,107,668	73,684,655	199,792,323
Restricted for			
Grants and other statutory restrictions	11,479,703	--	11,479,703
Permanent funds	3,012,548	--	3,012,548
Unrestricted	(54,747,385)	(11,846,439)	(66,593,824)
Total Net Position	$ 85,852,534	$ 61,838,216	$ 147,690,750

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	$ 11,104,970	$ 3,737,571	$ 558,955	$ 460,235	$ (6,348,209)	$ --	$ (6,348,209)
Public safety	18,724,341	312,743	96,578	283,346	(18,031,674)	--	(18,031,674)
Highway and streets	8,701,689	65,823	89,270	284,147	(8,262,449)	--	(8,262,449)
Education	81,115,325	5,191,891	39,013,398	--	(36,910,036)	--	(36,910,036)
Health and welfare	795,150	--	53,982	--	(741,168)	--	(741,168)
Culture and recreation	3,526,525	422,482	--	--	(3,104,043)	--	(3,104,043)
Community development	203,217	--	55,504	--	(147,713)	--	(147,713)
Community services	3,501,473	654,503	446,985	--	(2,399,985)	--	(2,399,985)
Interest on long-term debt	3,663,497	--	--	--	(3,663,497)	--	(3,663,497)
Total Governmental Activities	131,336,187	10,385,013	40,314,672	1,027,728	(79,608,774)	--	(79,608,774)
Business-Type Activities							
Water operations	7,619,359	6,901,010	--	94,950	--	(623,399)	(623,399)
Sewer operations	9,383,061	8,058,355	--	1,312,351	--	(12,355)	(12,355)
Total Business-Type Activities	17,002,420	14,959,365	--	1,407,301	--	(635,754)	(635,754)
	$ 148,338,607	$ 25,344,378	$ 40,314,672	$ 2,435,029	(79,608,774)	(635,754)	(80,244,528)
General Revenues and Transfers							
Property taxes					63,657,380	--	63,657,380
Licenses and permits					7,268,631	--	7,268,631
Penalties, interest, and other taxes					1,194,673	--	1,194,673
Grants and contributions not restricted to specific programs					3,933,745	--	3,933,745
Investment income					3,405,030	--	3,405,030
Miscellaneous					1,693,812	--	1,693,812
Transfers, net					50,000	(50,000)	--
Total General Revenues and Transfers					81,203,271	(50,000)	81,153,271
Change in Net Position					1,594,497	(685,754)	908,743
Net Position							
Beginning of Year					84,258,037	62,523,970	146,782,007
End of Year					$ 85,852,534	$ 61,838,216	$ 147,690,750

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and short-term investments	$ 42,785,280	$ --	$ 924,040	$ 43,709,320
Investments	2,258,552	--	2,338,461	4,597,013
Receivables				
Property taxes	1,945,176	--	--	1,945,176
User fees	1,431,142	--	--	1,431,142
Intergovernmental and other	--	70,534	304,288	374,822
Leases	3,102,518	--	--	3,102,518
Due from other funds	--	8,904,236	12,553,708	21,457,944
Advance to other funds	7,285,669	--	--	7,285,669
Other assets	859,924	--	20,031	879,955
Total Assets	$ 59,668,261	$ 8,974,770	$ 16,140,528	$ 84,783,559
Liabilities				
Accounts payable	$ 2,704,942	$ 3,657,790	$ 637,647	$ 7,000,379
Accrued liabilities	7,128,409	1,414,554	124,419	8,667,382
Unearned revenue	--	--	1,914,379	1,914,379
Due to other funds	11,540,833	--	2,706,463	14,247,296
Notes payable	--	708,809	--	708,809
Performance deposits	1,955,714	--	--	1,955,714
Total Liabilities	23,329,898	5,781,153	5,382,908	34,493,959
Deferred Inflows of Resources				
Unavailable revenues	2,984,210	--	--	2,984,210
Related to leases	3,102,518	--	--	3,102,518
Taxes collected in advance	2,570,324	--	--	2,570,324
Total Deferred Inflows of Resources	8,657,052	--	--	8,657,052
Fund Balances				
Nonspendable	8,145,593	--	3,044,955	11,190,548
Restricted	691,320	962,200	10,788,383	12,441,903
Committed	2,982,108	2,231,417	--	5,213,525
Assigned	6,220,000	--	--	6,220,000
Unassigned	9,642,290	--	(3,075,718)	6,566,572
Total Fund Balances	27,681,311	3,193,617	10,757,620	41,632,548
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 59,668,261	$ 8,974,770	$ 16,140,528	$ 84,783,559

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2025

Total Governmental Fund Balances	$ 41,632,548
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	193,485,522
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	1,918,887
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	12,746,069
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	2,064,386
Deferred loss on debt refunding to be recognized in interest expense in future periods.	42,726
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	2,984,210
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
Bonds and loans payable	(61,298,493)
Net pension liability	(78,140,041)
Net OPEB liability	(12,086,247)
Compensated absences liability	(3,078,329)
Lease liability	(2,230,748)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(5,781,950)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	(5,181,604)
Accrued interest	(1,224,402)
Net Position of Governmental Activities	$ 85,852,534

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 61,716,834	$ --	$ 2,541,070	$ 64,257,904
Penalties, interest, and other taxes	1,194,673	--	--	1,194,673
Charges for services	8,527,271	--	1,857,742	10,385,013
Intergovernmental	34,185,262	771,382	10,319,501	45,276,145
Licenses and permits	7,268,631	--	--	7,268,631
Investment income	2,617,173	--	787,857	3,405,030
Miscellaneous	1,582,877	--	110,935	1,693,812
Total Revenues	117,092,721	771,382	15,617,105	133,481,208
Expenditures				
Current				
General government	10,179,333	--	652,360	10,831,693
Public safety	18,599,669	--	71,522	18,671,191
Highway and streets	3,884,853	--	76	3,884,929
Education	71,195,289	--	9,909,889	81,105,178
Health and welfare	651,698	--	2,827	654,525
Culture and recreation	2,803,984	--	543,540	3,347,524
Community development	196,747	--	1,573	198,320
Community services	2,632	--	3,469,511	3,472,143
Debt service				
Principal	5,154,932	--	725,456	5,880,388
Interest	2,092,616	--	183,382	2,275,998
Capital outlay	--	40,876,010	1,079,123	41,955,133
Total Expenditures	114,761,753	40,876,010	16,639,259	172,277,022
Excess (Deficiency) of Revenues Over Expenditures	2,330,968	(40,104,628)	(1,022,154)	(38,795,814)
Other Financing Sources (Uses)				
Issuance of bonds	--	14,249,825	--	14,249,825
Bond premiums	--	1,065,559	--	1,065,559
Transfers in	500,000	8,723,834	1,394,580	10,618,414
Transfers out	(9,115,478)	--	(1,452,936)	(10,568,414)
Total Other Financing Sources (Uses)	(8,615,478)	24,039,218	(58,356)	15,365,384
Change in Fund Balance	(6,284,510)	(16,065,410)	(1,080,510)	(23,430,430)
Fund Balance, at Beginning of Year	33,965,821	19,259,027	11,838,130	65,062,978
Fund Balance, at End of Year	$ 27,681,311	$ 3,193,617	$ 10,757,620	$ 41,632,548

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2025

Net Changes in Fund balances - Total Governmental Funds	$ (23,430,430)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	42,245,254
Depreciation	(9,592,658)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:	
Issuance of general obligation bonds	(14,249,825)
Premiums received on issuance of general obligation bonds	(1,065,559)
Repayments of general obligation bonds and loans	5,888,586
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property taxes, etc.) differ between the two statements. This amount represents the net change in unavailable reve	(600,529)
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:	
Change in net pension liability and related deferred outflows and inflows	2,206,199
Change in net OPEB liability and related deferred outflows and inflows	1,324,028
Change in accrued compensated absences liability	133,196
Change in lease liability	(311,861)
Bond premium amortization	315,226
Loss on debt refunding	(42,728)
Change in accrued interest on bonds payable	(1,224,402)
Change in Net Position of Governmental Activities	$ 1,594,497

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2025

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current Assets			
User fees receivable	$ 1,630,178	$ 1,875,227	$ 3,505,405
Homeowner connection receivable	122,670	29,649	152,319
Intergovernmental receivables	54,796	1,269,052	1,323,848
Due from other funds	1,678,484	491,389	2,169,873
Other current assets	314,690	16,508	331,198
Total Current Assets	3,800,818	3,681,825	7,482,643
Noncurrent Assets			
Intergovernmental receivables	--	2,066,005	2,066,005
Homeowner connection receivable	390,605	622,526	1,013,131
Capital assets			
Land and construction in progress	6,414,408	8,771,471	15,185,879
Other assets, net of accumulated depreciation	46,995,253	85,526,605	132,521,858
Total Noncurrent Assets	53,800,266	96,986,607	150,786,873
Total Assets	57,601,084	100,668,432	158,269,516
Deferred Outflows of Resources			
Related to pension	259,905	318,419	578,324
Related to OPEB	39,811	25,553	65,364
Total Deferred Outflows of Resources	299,716	343,972	643,688

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2025

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Liabilities			
Current Liabilities			
Accounts payable	542,734	1,402,835	1,945,569
Accrued liabilities	783,076	1,398,513	2,181,589
Due to other funds	--	9,380,521	9,380,521
Notes payable	6,107,001	1,843,331	7,950,332
Current portion of long-term liabilities			
Bonds payable	1,458,673	2,033,895	3,492,568
Loans payable	454,906	1,323,584	1,778,490
Compensated absences liability	10,731	15,442	26,173
Total Current Liabilities	9,357,121	17,398,121	26,755,242
Noncurrent Liabilities			
Bonds payable, net of current portion	15,016,810	24,679,471	39,696,281
Loans payable, net of current portion	3,964,680	15,443,529	19,408,209
Compensated absences liability, net of current portion	96,576	138,982	235,558
Advance from other funds	4,276,087	3,009,582	7,285,669
Net pension liability	1,375,236	1,684,851	3,060,087
Net OPEB liability	233,306	170,750	404,056
Total Noncurrent Liabilities	24,962,695	45,127,165	70,089,860
Total Liabilities	34,319,816	62,525,286	96,845,102
Deferred Inflows of Resources			
Related to pension	40,329	49,407	89,736
Related to OPEB	98,871	41,279	140,150
Total Deferred Inflows of Resources	139,200	90,686	229,886
Net Position			
Net investment in capital assets	26,125,961	47,558,694	73,684,655
Unrestricted	(2,684,177)	(9,162,262)	(11,846,439)
Total Net Position	$ 23,441,784	$ 38,396,432	$ 61,838,216

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues			
Charges for services	$ 6,335,967	$ 7,284,742	$ 13,620,709
Other	565,043	773,613	1,338,656
Total Operating Revenues	6,901,010	8,058,355	14,959,365
Operating Expenses			
Personnel costs	2,077,006	2,841,978	4,918,984
Non-personnel costs	2,760,463	2,588,091	5,348,554
Depreciation	1,890,747	2,788,062	4,678,809
Total Operating Expenses	6,728,216	8,218,131	14,946,347
Operating Income (Loss)	172,794	(159,776)	13,018
Nonoperating Revenues (Expenses)			
Interest expense	(891,143)	(1,164,930)	(2,056,073)
Total Nonoperating Revenues (Expenses), Net	(891,143)	(1,164,930)	(2,056,073)
Income Before Transfers and Capital Contributions	(718,349)	(1,324,706)	(2,043,055)
Capital contributions	94,950	1,312,351	1,407,301
Transfers out	(25,000)	(25,000)	(50,000)
Change in Net Position	(648,399)	(37,355)	(685,754)
Net Position, Beginning of Year	24,090,183	38,433,787	62,523,970
Net Position, End of Year	$ 23,441,784	$ 38,396,432	$ 61,838,216

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	$ 6,493,469	$ 7,240,291	$ 13,733,760
Payments to employees	(2,010,620)	(2,455,712)	(4,466,332)
Payments to suppliers	(2,792,021)	(2,588,092)	(5,380,113)
Net Cash Provided by Operating Activities	1,690,828	2,196,487	3,887,315
Cash Flows From Noncapital Financing Activities			
Transfers out	(25,000)	(25,000)	(50,000)
Interfund borrowing	622,219	11,331,097	11,953,316
Other non-operating income	--	57,807	57,807
Net Cash Provided by Noncapital Financing Activities	597,219	11,363,904	11,961,123
Cash Flows From Capital and Related Financing Activities			
Proceeds of bonds and loans	3,102,050	4,785,625	7,887,675
Proceeds of bond premiums	169,770	312,220	481,990
Proceeds of notes	--	330,312	330,312
Acquisition and construction of capital assets	(2,087,916)	(5,873,713)	(7,961,629)
Principal payments on bonds and loans	(2,010,358)	(4,320,433)	(6,330,791)
Principal payments on notes	(1,293,000)	(361,087)	(1,654,087)
Interest paid	(956,976)	(1,507,659)	(2,464,635)
Capital contributions	788,383	346,516	1,134,899
Net Cash (Used for) Capital and Related Financing Activities	(2,288,047)	(13,560,391)	(15,848,438)
Net Change in Cash and Short-Term Investments	--	--	--
Cash and Short-Term Investments, Beginning of Year	--	--	--
Cash and Short-Term Investments, End of Year	$ --	$ --	$ --
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	$ 172,794	$ (159,776)	$ 13,018
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	1,890,747	2,788,062	4,678,809
Changes in assets, liabilities, and deferred outflows/inflows			
User fees receivable	(182,587)	(270,440)	(453,027)
Homeowner connection receivable	(224,955)	(547,625)	(772,580)
Other assets	8,174	145,292	153,466
Deferred outflows - related to pension and OPEB	20,257	(52,553)	(32,296)
Accounts payable	(31,557)	(101,585)	(133,142)
Compensated absences liability	16,362	19,201	35,563
Net pension and OPEB liabilities	(55,833)	333,591	277,758
Deferred inflows - related to pension and OPEB	77,426	42,320	119,746
Net Cash Provided by Operating Activities	$ 1,690,828	$ 2,196,487	$ 3,887,315

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2025

	Private Purpose Trust Funds	Custodial Funds
Assets		
Cash and short-term investments	$ 304,907	$ 906,881
Due from other communities	--	122,652
Investments	1,826,743	--
Total Assets	2,131,650	1,029,533
Liabilities		
Due to other entities	--	122,652
Total Liabilities	--	122,652
Deferred Inflows of Resources		
Taxes levied in advance	--	321,290
Total Liabilities	--	443,942
Net Position		
Restricted for other purposes	2,131,650	585,591
Total Net Position	$ 2,131,650	$ 585,591

The accompanying notes are an integral part of these financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2025

	Private Purpose Trust Funds	Custodial Funds
Additions		
Taxes collected for County	$ --	$ 8,509,955
Taxes collected for State of New Hampshire	--	2,044,977
Fees collected for students	--	1,110,798
Fees collected for MAAM	--	805,859
Increase in fair value of investments	166,498	--
Total Additions	166,498	12,471,589
Deductions		
Payment of taxes to County	--	8,509,955
Payment of taxes to State of New Hampshire	--	2,044,977
Payments on behalf of students	--	1,019,200
Payments on behalf of MAAM	--	805,859
Other	139,434	--
Total Deductions	139,434	12,379,991
Change in Net Position	27,064	91,598
Net Position Restricted for Other Purposes		
Beginning of year	2,104,586	493,993
End of year	$ 2,131,650	$ 585,591

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Rochester, New Hampshire (the City) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the more significant policies:

REPORTING ENTITY

The City is a municipal corporation governed by a City Council. As required by GAAP, these financial statements present the City's and applicable component units for which the City is considered to be financially accountable. In fiscal year 2025, it was determined that no entities met the component unit requirements of GASB 14 (as amended).

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide 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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The *Capital Projects Fund* is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Fund Financial Statements (Continued)

The proprietary fund financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting.* Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

- The *Water Fund* accounts for services relating to water activities.
- The *Sewer Fund* accounts for services relating to sewer activities.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The City reports the following fiduciary funds:

- *Private-purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals.
- The *Custodial Funds* account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others, including taxes and fees collected for other governments, student activities, and amounts held and disbursed as fiscal agent for the Municipal Alliance for Adaptive Management under an intermunicipal agreement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND INVESTMENTS

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments."

For the purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

Investments, generally, are presented at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV are not subject to level classification.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

INTERFUND RECEIVABLES AND PAYABLES

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans at the fund perspective) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate the portion not available for appropriation and not available as expendable financial resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

LEASES

The City recognizes lease liability and right-to-use leased asset in the government-wide financial statements for agreements in which it is the lessee. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease liability is subsequently reduced by the principal portion of lease payments. The right-to-use leased asset is initially measured as the amount of the lease liability, adjusted for any lease payments made at or before commencement plus certain initial direct costs. This asset is amortized on a straight-line basis over the lease term or its useful life.

For agreements in which the City is the lessor, the City recognizes leases receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At lease commencement, the lease receivable is measured at the present value of payments expected to be received during the lease term and subsequently reduced by principal payments received. The deferred inflow of resources is measured as the initial lease receivable amount, adjusted for lease payments received at or before commencement.

The following key assumptions are made for both lessee and lessor leases:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised.
- Lease payments/receipts included in the measurement of lease liability or lease receivable are comprised of fixed payments to/from the lessor/lessee.

The City monitors changes in circumstances that may require a remeasurement of lease liabilities or lease receivables and will remeasure if certain changes occur that are expected to significantly affect the amount of the liability or receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, infrastructure assets (for enterprise funds only), and right to use leased assets (for governmental funds only), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than $10,000 and an estimated useful life in excess of five years. 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. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Land improvements	10 - 20
Buildings and improvements	5 - 100
Infrastructure	10 - 50
Vehicles and equipment	5 - 50

COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with GASB Statement No. 101, liabilities for compensated absences are recognized when the leave is earned and accumulated, if it is probable that the leave will be used or paid out. These liabilities are reported in the government-wide and proprietary fund financial statements. In the governmental fund financial statements, compensated absences are reported only to the extent they have matured (e.g., as a result of employee resignations or retirements).

LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The City has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions:

- *Nonspendable* represents amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds and the capital projects funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. This fund balance classification includes capital reserve funds.
- *Assigned* represents amounts that are constrained by the City's intent to use these resources for a specific purpose.
- *Unassigned* represents amounts that are available to be spent in future periods and deficit funds.

Net Position

Net position represents the difference between assets/ deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use, either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of basic financial statements in conformity GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City Manager presents an operating and capital budget for the proposed expenditures of the year commencing the following July 1. The budget, as enacted by the City Council, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the year at City Council meetings as required by changing conditions.

Departments are limited to the line item as voted. Formal budgetary integration is employed as a management control device during the year for the General Fund. At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

DEFICIT FUND EQUITY

Certain individual funds reflected deficit balances as of June 30, 2025. It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

NOTE 3 - DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. RSA 48:16 limits deposits to, "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, except that a City with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank." The City does not have a deposit policy for custodial credit risk.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

DEPOSITS (CONTINUED)

As of June 30, 2025, the City's bank balance totaled $49,663,172, none of which was exposed to custodial credit risk as uninsured and/or uncollateralized.

INVESTMENTS

The following is a summary of the City's investments as of June 30, 2025:

Investment Type	Amount
Corporate bonds	$ 943,438
Corporate equities	2,225,933
Fixed income mutual funds	645,129
U.S. Treasury notes	2,609,256
	$ 6,423,756

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in possession of another party. The City does not have formal investment policies related to custodial credit risk.

As of June 30, 2025, the City did not have investments subject to custodial credit risk exposure as all assets were held in the City's name.

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The City does not have formal investment policies related to credit risk. Investments in the U.S. Treasury and agencies have an implied AAA rating.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Credit Risk – Investments in Debt Securities (Continued)

As of June 30, 2025, the credit quality ratings, as rated by S+P Global**,** of the City's debt securities were as follows:

		Rating as of Year End				
Investment Type	Amount	AAA	AA	A	BBB	Unrated
Corporate bonds	$ 943,438	$ --	$ 104,668	$ 627,514	$ 140,808	$ 70,448
Fixed income mutual funds	645,129	--	--	--	--	645,129
	$ 1,588,567	$ --	$ 104,668	$ 627,514	$ 140,808	$ 715,577

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. The City places no limit on the amount invested in any one issuer. The City does not have formal investment policies related to concentration of credit risk exposure.

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit disclosure.

As of June 30, 2025, the City did not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk – Investments in Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Interest Rate Risk – Investments in Debt Securities (Continued)

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations was as follows at June 30, 2025:

		Investment Maturities (in Years)		
Investment Type	Amount	Less Than 1	1-5	6-10
Corporate bonds	$ 943,438	$ 207,845	$ 385,687	$ 349,906
U.S. Treasury notes	2,609,256	1,008,314	1,188,659	412,283
	$ 3,552,694	$ 1,216,159	$ 1,574,346	$ 762,189

The City's fixed-income mutual fund investments have a range of underlying maturities; however, specific maturity information for these investments is not available.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. Although the City has an investment policy, it does not address foreign currency risk.

At June 30, 2025, the City did not have any investments subject to foreign currency risk.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or a liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- **Level 1** - inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

- **Level 2 -** inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- **Level 3 -** unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The City had the following fair value measurements as of June 30, 2025:

		Fair Value Measurements Using:	
Investment Type		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)
Corporate bonds	$ 943,438	$ --	$ 943,438
Corporate equities	2,225,933	2,225,933	--
Fixed income mutual funds	645,129	645,129	--
U.S. Treasury notes	2,609,256	--	2,609,256
	$ 6,423,756	$ 2,871,062	$ 3,552,694

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

Matrix pricing is used to value securities based on the security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

NOTE 4 - PROPERTY TAXES RECEIVABLE

The City bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 8% interest. In March of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The City purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are liened by the City will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 14%. The City annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property taxes receivable at June 30, 2025 consisted of the following:

	Gross Amount
Tax liens	$ 987,260
Property taxes	957,916
	$ 1,945,176

TAXES COLLECTED FOR OTHERS

The City collects property taxes for the State of New Hampshire and the County of Strafford. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the City.

NOTE 5 - USER FEES RECEIVABLE

Receivables for user charges at June 30, 2025 consisted of the following:

Governmental activities	$ 1,431,142
Water	1,630,178
Sewer	1,875,227
	$ 4,936,547

NOTE 6 - INTERGOVERNMENTAL RECEIVABLES

Amounts reported in governmental funds represent reimbursements requested from federal and state agencies for expenses incurred in fiscal year 2025.

The City is the recipient of sewer state aid grants provided by the State of New Hampshire's Department of Environmental Services. The grants provide funding equal to twenty percent of the City's eligible construction costs for sewer capital improvement projects. Upon completion of its capital improvements, the City satisfies all eligibility requirements and recognizes a corresponding amount due from the State. However, the grants are structured such that the timing of the payments is consistent with the debt service payments related to the eligible construction costs. Accordingly, as of June 30, 2025, the City has recognized the full amount of future principal reimbursement to be received from the State. Related interest payments are recognized by the City as received. Future payments to be received from the State are as follows at June 30, 2025:

Fiscal Year Ended June 30,	Grant Award
2026	$ 184,706
2027	176,082
2028	190,740
2029	166,128
2030	166,023
2031	166,023
2032	166,023
2033	166,702
2034	107,711
2035	108,465
2036-2040	418,252
2041-2045	233,856
	$ 2,250,711

NOTE 7 - INTERFUND ACCOUNTS

RECEIVABLES/PAYABLES

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is a summary of the June 30, 2025 balances in interfund receivable and payable accounts:

Fund	Due From Other Funds	Due To Other Funds
General Fund	$ --	$ 11,540,833
Nonmajor Governmental Funds		
ARPA American Rescue Plan	2,246,505	--
JUUL Settlement	2,549,107	--
Granite Ridge TIF	4,219,652	--
All other funds	3,538,444	2,706,463
	12,553,708	2,706,463
Major Governmental Funds		
Capital projects	8,904,236	--
	8,904,236	--
Enterprise Funds		
Water	1,678,484	--
Sewer	491,389	9,380,521
	2,169,873	9,380,521
	$ 23,627,817	$ 23,627,817

The composition of Advances To/From Other Funds (amounts considered to be long-term) consists of amounts advanced from the City's general fund to the water and sewer funds to finance operations, as operating revenues have not kept pace with expenses.

NOTE 7 - INTERFUND ACCOUNTS (CONTINUED)

TRANSFERS

The City reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a summary of interfund transfers for fiscal year 2024:

	Transfers In	Transfers Out
Governmental Funds		
Major Funds:		
General Fund	500,000	9,115,478
Capital Projects Fund	8,723,834	--
Nonmajor Governmental Funds	1,394,580	1,452,936
	10,618,414	10,568,414
Enterprise Funds		
Water Fund	--	25,000
Sewer Fund	--	25,000
	--	50,000
	$ 10,618,414	$ 10,618,414

Transfers out of the General Fund represent the City's practice of financing capital projects with General Fund revenues and/or fund balance.

The City's routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the General Fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated				
Land improvements	$ 8,250,624	$ --	$ --	$ 8,250,624
Buildings and improvements	123,553,501	30,144,465	--	153,697,966
Vehicles and equipment	40,134,570	4,162,049	--	44,296,619
Infrastructure	187,138,219	9,187,094	--	196,325,313
Total Capital Assets, Being Depreciated	359,076,914	43,493,608	--	402,570,522
Less accumulated depreciation for				
Land improvements	(6,875,287)	(2,086,116)	--	(8,961,403)
Buildings and improvements	(44,954,243)	(2,467,416)	--	(47,421,659)
Vehicles and equipment	(28,923,441)	(1,834,327)	--	(30,757,768)
Infrastructure	(142,964,022)	(3,204,799)	--	(146,168,821)
Total Accumulated Depreciation	(223,716,993)	(9,592,658)	--	(233,309,651)
Total Capital Assets, Being Depreciated, Net	135,359,921	33,900,950	--	169,260,871
Right to Use Assets, Being Amortized:				
Equipment and real estate	--	2,230,748	--	2,230,748
Total Right to Use Assets, Being Amortized	--	2,230,748	--	2,230,748
Less accumulated depreciation for				
Equipment and real estate	--	(311,861)	--	(311,861)
Total Accumulated Depreciation	--	(311,861)	--	(311,861)
Total Right to Use Assets, Being Amortized, Net	--	1,918,887	--	1,918,887
Capital assets, not being depreciated				
Land	10,593,577	--	--	10,593,577
Easement	1,422,250	--	--	1,422,250
Construction in progress	13,457,178	41,741,989	(42,990,343)	12,208,824
Total Capital Assets, Not Being Depreciated	25,473,005	41,741,989	(42,990,343)	24,224,651
Governmental Activities Capital Assets, Net	$ 160,832,926	$ 75,642,939	$ (42,990,343)	$ 193,485,522
Business-Type Activities				
Capital assets, being depreciated				
Land improvements	$ 4,097,310	$ --	$ --	$ 4,097,310
Buildings and improvements	84,665,046	110,070	--	84,775,116
Vehicles and equipment	11,055,429	407,469	--	11,462,898
Infrastructure	104,618,892	3,749,682	--	108,368,574
Total Capital Assets, Being Depreciated	204,436,677	4,267,221	--	208,703,898
Less accumulated depreciation for				
Land improvements	(1,320,273)	(651,978)	--	(1,972,251)
Buildings and improvements	(33,761,519)	(1,985,514)	--	(35,747,033)
Vehicles and equipment	(7,904,017)	(225,025)	--	(8,129,042)
Infrastructure	(28,517,422)	(1,816,292)	--	(30,333,714)
Total Accumulated Depreciation	(71,503,231)	(4,678,809)	--	(76,182,040)
Total Capital Assets, Being Depreciated, Net	132,933,446	(411,588)	--	132,521,858
Capital assets, not being depreciated				
Land	3,627,217	--	--	3,627,217
Easement	7,500	--	--	7,500
Construction in progress	7,967,287	8,761,523	(5,177,648)	11,551,162
Total Capital Assets, Not Being Depreciated	11,602,004	8,761,523	(5,177,648)	15,185,879
Business-Type Activities Capital Assets, Net	$ 144,535,450	$ 8,349,935	$ (5,177,648)	$ 147,707,737

NOTE 8 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the City as follows:

Governmental Activities		
General government	$	846,076
Public safety		711,733
Highway and streets		4,901,882
Education		2,924,782
Culture and recreation		173,958
Economic development		4,897
Community services		29,330
Total Governmental Activities	$	9,592,658
Business-Type Activities		
Water	$	1,890,747
Sewer		2,788,062
Total Business-Type Activities	$	4,678,809

NOTE 9 - DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets by the City that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes. Other deferred outflows of resources consist of losses related to debt refunding as of June 30, 2025.

NOTE 10 - ACCRUED LIABILITIES

Accrued liabilities represent fiscal year 2025 expenditures including accrued payroll and accrued interest payable paid in fiscal year 2026.

NOTE 11 - UNEARNED REVENUE

Unearned revenue represents unspent grant funds received by the City from the American Rescue Plan Act (ARPA).

NOTE 12 - NOTES PAYABLE

The City had notes payable outstanding at June 30, 2025. The State Revolving Loan program provides low interest loans to assist communities with the design and construction of various types of projects, and the proceeds are disbursed as eligible costs are incurred through draw-downs. Upon completion of the project, the original financial assistance agreement is amended to reflect actual project expenditures. A supplemental agreement is then executed between the State and the City containing the final project cost and the repayment schedule.

	Interest Rate	Date of Issuance	Date of Maturity	Balance at 6/30/2024	New Issues	Bonded	Maturities	Balance at 6/30/2025
Route 202A Water Main Extension	0.00%	4/16/19	*	$ 7,400,001	$ --	$ (1,293,000)	$ --	$ 6,107,001
Woodman Area Improvements Project	2.00%	11/2/20	*	919,848	330,312	--	--	1,250,160
Route 11 Pump Station Upgrade Project	2.00%	12/18/20	*	954,258	--	--	(361,087)	593,171
Water and Flood Study	0.00%	11/1/19	*	3,206	--	--	--	3,206
Woodman Area Improvements Project	0.00%	11/2/20	*	362,741	342,862	--	--	705,603
				$ 9,640,054	$ 673,174	$ (1,293,000)	$ (361,087)	$ 8,659,141

* Notes will mature upon the completion of project and the supplemental agreement being finalized.

NOTE 13 – LEASE LIABILITY

The City is a lessee under multiple lease agreements, including equipment and real estate leases. As of June 30, 2025, the City's total lease liability was $2,230,748, based on incremental borrowing rates of 4.79% applicable to the various agreements.

Future principal and interest lease payments by fiscal year are as follows:

Year	Principal	Interest	Total
2026	$ 308,491	$ 105,258	$ 413,749
2027	321,058	92,471	413,529
2028	285,710	77,313	363,023
2029	231,662	62,497	294,159
2030	242,293	49,239	291,532
2031-2035	841,534	54,236	895,770
	$ 2,230,748	$ 441,014	$ 2,671,762

NOTE 14 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS AND LOANS

The City issues general obligation bonds (including direct placements) and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds and direct borrowings outstanding were as follows at June 30, 2025:

Governmental Activities	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/25
General Obligation Bonds				
Public Offerings				
2008 Series A NHMBB - 20 year	$ 692,995	08/15/28	4.00-5.25%	$ 135,000
2012 Series A Bond Issue - 10 year	7,636,243	03/15/32	1.00-3.25%	2,892,098
2012 Series B Bond Issue - 20 year - Repurposed EDA	117,244	03/15/32	2.00-3.25%	53,580
2015 Series A Bond Issue - 10 year	27,112,080	03/01/35	2.00-5.00%	9,637,200
2016 Refunding - Series 2008 - 10 year	5,167,929	02/15/28	1.94%	1,436,240
2017 Series A Bond Issue - 5 year	10,950,655	06/30/27	2.50-5.00%	5,476,746
2018 Series A Bond Issue - 20 year	4,845,302	08/15/38	4.06%	2,345,283
2020 Series A Bond Issue - 20 year	9,236,000	04/01/40	2.500-5.00%	6,114,000
2022 Series A NHMBB - 20 year	3,146,500	02/15/42	2.20-5.10%	2,187,900
2022 Series C NHMBB - 20 year	9,275,700	08/15/42	3.36%	8,347,800
2023 Series A NHMBB - 20 year	1,890,680	02/15/43	3.39%	1,665,240
2024 Series A NHMBB - 20 year	2,036,400	02/15/44	2.00-6.00%	1,876,900
2025 Series A NHMBB - 20 year	1,549,225	02/15/45	4.00-5.00%	1,549,225
2024 Series C NHMBB - 20 year	2,318,450	08/15/44	4.00-5.00%	2,318,450
2024 Series D NHMBB - 10 year	3,095,000	08/15/34	4.00-6.00%	3,095,000
2024 Series C NHMBB - 20 year	7,287,150	08/15/44	4.00-5.00%	7,287,150
Total Public Offerings				56,417,812
Total General Obligation Bonds				56,417,812
Loans - Direct Borrowings				
2014 State Revolving Loan - Washington St Phase 4	1,675,282	06/01/33	3.39%	150,059
Total Loans - Direct Borrowings				150,059
Total Governmental Activities				$ 56,567,871

NOTE 15 - LONG-TERM DEBT (CONTINUED)

GENERAL OBLIGATION BONDS AND LOANS (CONTINUED)

Business-Type Activities	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/25
General Obligation Bonds				
Public Offerings				
2012 Series A Bond Issue - 20 year	$ 1,137,732	03/15/32	2.00-3.25%	$ 459,321
2015 Series A Bond Issue - 20 year	6,973,758	03/01/35	2.00-3.25%	1,902,800
2016 Refunding Series 2008 - 10 year	2,982,072	02/15/28	1.94%	828,760
2017 Series A Bond Issue - 5 year	11,609,346	06/30/37	3.00-5.00%	5,886,903
2018 Series A Bond Issue - 20 year	3,194,698	06/30/39	3.37-5.00%	1,959,718
2020 Series A - 20 year	11,019,000	04/01/40	2.50-5.00%	7,076,000
2022 Series A NHMBB - 20 year	387,500	02/15/42	2.20-5.10%	307,400
2022 Series C NHMBB - 20 year	12,185,200	08/15/42	3.36%	10,695,900
2023 Series A NHMBB - 20 year	1,390,270	02/15/43	3.39%	1,252,720
2024 Series A NHMBB - 20 year	4,188,820	02/15/44	2.00-6.00%	3,945,320
2025 Series A NHMBB - 20 year	2,191,900	02/15/45	4.00-5.00%	2,191,900
2024 Series C NHMBB - 20 year	3,169,200	08/15/44	4.00-5.00%	3,169,200
Total Public Offerings				39,675,942
Total General Obligation Bonds				39,675,942
Loans - Direct Borrowings				
2005 State Revolving Loan - Chestnut Hill - Clean Water	879,686	08/01/25	3.49%	43,984
2007 State Revolving Loan - Ground Water Supply - Drinking Water	483,988	09/01/26	3.35%	42,679
2007 State Revolving Loan - Homemakers - Clean Water	341,373	07/01/27	2.14%	66,583
2009 State Revolving Loan - East Rochester I & I - Clean Water	1,852,387	12/01/27	3.69%	277,858
2009 State Revolving Loan - South Main/Solar Bee Pilot - Clean Water	1,335,120	08/01/28	3.49%	267,024
2010 State Revolving Loan - South Main Street - Drinking Water	627,000	02/01/29	2.95%	144,219
2010 State Revolving Loan - Washington Street - Drinking Water	1,997,523	12/01/30	2.86%	813,666
2013 State Revolving Loan - Cocheco Well - Drinking Water	3,381,909	09/01/31	3.10%	824,911
2013 State Revolving Loan - Headworks - Clean Water	1,398,348	02/01/32	2.72%	489,422
2013 State Revolving Loan - Washington St Pump Station - Clean Water	646,346	07/01/31	3.10%	226,221
2014 State Revolving Loan - Washington & Pine St - Drinking Water	388,147	12/01/32	2.72%	9,099
2014 State Revolving Loan - Washington St Phase 4 - Clean Water	1,675,282	06/01/33	3.39%	190,597
2016 State Revolving Loan - New Rte 125 Pump Station	473,212	06/01/35	2.55%	177,479
2016 State Revolving Loan - Drinking Water SRF - 20 Yr	2,248,454	12/01/35	1.96%	1,130,941
2019 State Revolving Loan - Colonial Pines Sewer Extension	3,000,000	12/01/39	2.70%	2,334,123
2022 State Revolving Loan - Biosolids Dewatering Facility and Carbon Storage Building	10,913,104	01/01/41	2.00%	7,703,368
2018 State Revolving Loan - Colonial Pines Sewer Extension Phase 3	4,000,000	12/01/38	2.00%	2,871,612
2019 State Revolving Loan - RTE 11 Pump Station	2,493,000	12/01/39	2.00%	1,046,338
2025 State Revolving Loan - Water Main Extension	1,293,000	07/01/45	3.38%	1,293,000
2025 State Revolving Loan - Tara Estates Pump Station Upgrade	1,325,000	07/01/44	2.00%	1,233,575
Total Loans - Direct Borrowings				21,186,699
Total Business-Type Activities				$ 60,862,641

NOTE 14 - LONG-TERM DEBT (CONTINUED)

FUTURE DEBT SERVICE

The annual payments to retire all general obligation bonds and loans outstanding as of June 30, 2025 were as follows:

	Bonds - Public Offerings		Loans - Direct Borrowings	
Governmental	Principal	Interest	Principal	Interest
2026	$ 5,399,356	$ 2,223,575	18,757	$ 5,090
2027	5,983,616	2,041,674	18,757	4,454
2028	5,014,775	1,814,347	18,757	3,818
2029	4,547,683	1,612,991	18,757	3,181
2030	4,285,134	1,426,268	18,757	2,545
2031	4,089,096	1,245,024	18,757	1,909
2032	4,110,658	1,077,931	18,757	1,273
2033	3,460,625	911,779	18,760	636
2034	3,414,897	771,480	--	--
2035	3,313,343	632,737	--	--
2036-2040	8,803,810	1,750,015	--	--
2041-2045	3,994,819	386,695	--	--
	$ 56,417,812	$ 15,894,516	$ 150,059	$ 22,905

	Bonds - Public Offerings		Loans - Direct Borrowings	
Business-Type	Principal	Interest	Principal	Interest
2026	$ 3,244,719	$ 1,666,763	$ 1,778,490	$ 466,963
2027	3,232,981	1,516,994	1,757,318	425,132
2028	3,182,392	1,368,263	1,749,554	383,079
2029	2,761,004	1,234,567	1,636,211	342,535
2030	2,712,353	1,109,930	1,508,869	302,356
2031	2,537,591	988,262	1,505,075	266,366
2032	2,543,479	881,151	1,391,050	233,614
2033	2,461,373	774,048	1,177,806	201,032
2034	2,447,593	673,509	1,024,663	171,780
2035	2,383,576	572,044	1,026,676	148,964
2036-2040	8,559,920	1,613,255	4,695,060	457,839
2041-2045	3,608,961	310,566	1,935,927	73,399
	$ 39,675,942	$ 12,709,352	$ 21,186,699	$ 3,473,059

NOTE 14 - LONG-TERM DEBT (CONTINUED)

CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable						
Public offerings	$ 48,037,842	$ 14,249,825	$ (5,869,855)	$ 56,417,812	$ (5,399,356)	$ 51,018,456
Unamortized premium	3,980,289	1,065,559	(315,226)	4,730,622	(412,127)	4,318,495
	52,018,131	15,315,384	(6,185,081)	61,148,434	(5,811,483)	55,336,951
Loans payable (direct borrowings)	168,790	--	(18,731)	150,059	(18,757)	131,302
Compensated absences liability	3,211,525	--	(133,196)	3,078,329	(307,833)	2,770,496
Lease liability	--	2,230,748	--	2,230,748	(308,491)	1,922,257
Net pension liability	86,408,117	--	(8,268,076)	78,140,041	--	78,140,041
Net OPEB liability	15,025,059	--	(2,940,967)	12,084,092	--	12,084,092
Total	$ 156,831,622	$ 17,546,132	$ (17,546,051)	$ 156,831,703	$ (6,446,564)	$ 150,385,139
Business-Type Activities						
Bonds payable						
Public offerings	$ 37,837,466	$ 5,361,100	$ (3,522,624)	$ 39,675,942	$ (3,244,719)	$ 36,431,223
Unamortized premium	3,251,842	481,990	(220,925)	3,512,907	(247,849)	3,265,058
	41,089,308	5,843,090	(3,743,549)	43,188,849	(3,492,568)	39,696,281
Loans payable (direct borrowings)	21,344,435	2,526,575	(2,684,311)	21,186,699	(1,778,490)	19,408,209
Compensated absences liability	226,168	35,563	--	261,731	(26,173)	235,558
Net pension liability	2,749,923	310,164	--	3,060,087	--	3,060,087
Net OPEB liability	436,462	--	(32,406)	404,056	--	404,056
Total	$ 65,846,296	$ 8,715,392	$ (6,460,266)	$ 68,101,422	$ (5,297,231)	$ 62,804,191

NOTE 14 - LONG-TERM DEBT (CONTINUED)

LONG-TERM DEBT SUPPORTING GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Bonds and loans issued by the City for various municipal projects are approved by City Council and repaid with revenues recorded in the General Fund and user fees recorded in enterprise funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund and enterprise funds.

NOTE 15 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net assets by the City that applies to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year. Taxes paid in advance are reported in the governmental funds Balance Sheet and Statement of Net Position in connection with revenues that have been collected for the subsequent fiscal period. Additionally, deferred inflows include amounts related to the Homeowner Financing (Betterments) program. These represent the financing amounts owed by homeowners for infrastructure improvements, which will be recognized as revenue over the term of the financing agreements.

NOTE 16 - GOVERNMENTAL FUNDS – FUND BALANCES

The City's fund balances at June 30, 2025 were comprised of the following:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid expenditures	859,924	$ --	$ --	$ 859,924
Inventory	--	--	32,407	32,407
Advance from/to Water/Sewer	7,285,669	--	--	7,285,669
Permanent funds	--	--	3,012,548	3,012,548
Total Nonspendable	8,145,593	--	3,044,955	11,190,548
Restricted				
Other grants	6,485	--	--	6,485
Conservation commission fund	684,835	--	--	684,835
Special revenue funds				
Granite Ridge TIF	--	--	4,219,652	4,219,652
Vaping Settlements	--	--	3,330,775	3,330,775
School lunch fund	--	--	541,521	541,521
Arena fund	--	--	355,726	355,726
Other	--	--	2,340,709	2,340,709
Capital projects	--	962,200	--	962,200
Total Restricted	691,320	962,200	10,788,383	12,441,903
Committed				
Capital reserve funds	2,982,108	--	--	2,982,108
Capital projects	--	2,231,417	--	2,231,417
Total Committed	2,982,108	2,231,417	--	5,213,525
Assigned				
Computer lease program	20,000	--	--	20,000
Use of fund balance - FY26 budget	6,200,000	--	--	6,200,000
Total Assigned	6,220,000	--	--	6,220,000
Unassigned				
General Fund	9,642,290	--	--	9,642,290
Deficits	--	--	(3,075,718)	(3,075,718)
Total Unassigned	9,642,290	--	(3,075,718)	6,566,572
Total Fund Balance	$ 27,681,311	$ 3,193,617	$ 10,757,620	$ 41,632,548

NOTE 17 - GENERAL FUND UNASSIGNED FUND BALANCE

The General Fund unassigned fund balance of the City at the end of any fiscal year, as established and reported to the State of New Hampshire on form MS-535, "Financial Report of the Budget," and confirmed within the notes of the City's annual audited financial statements, shall for the purposes of this section be designated as the "unassigned fund balance" of the General Fund of the City, and shall be referred to throughout this section as the "unassigned fund balance." The unassigned fund balance for any fiscal year shall be maintained at a minimum level of between 8% and 17% of total General Fund expenditures for the City for that fiscal year.

The unassigned General Fund balance reported on the Balance Sheet is stated in accordance with GAAP, which differs in respect to how unassigned fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is that the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

GAAP basis balance	$ 9,642,290
Use of fund balance for fiscal year 2026	6,200,000
Non-spendable fund balance	8,145,593
Other	67,858
Statutory Balance	$ 24,055,741

NOTE 18 - NEW HAMPSHIRE RETIREMENT SYSTEM

The City follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27,* with respect to the New Hampshire Retirement System (NHRS).

PLAN DESCRIPTION

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

NOTE 18 - NEW HAMPSHIRE RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

BENEFITS PROVIDED

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

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

Years of creditable service as of January 1, 2012	Minimum Service	Minimum Age	Benefit Multiplier
At least 3 but less than 10 years	21	46	2.4%
At least 6 but less than 8 years	22	47	2.3%
At least 4 but less than 6 years	23	48	2.2%
Less than 4 years	24	49	2.1%

CONTRIBUTIONS

Plan members are required to contribute a percentage of their earnable compensation to the pension plan, Contribution rates are 7% for employees and teachers, 11.55% for police, and 11.80% for fire. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, which is 13.27% for employees, 28.68% for police, and 27.75% for fire. The City's contributions to NHRS for the year ended June 30, 2025 were 10,091,271.

NOTE 18 - NEW HAMPSHIRE RETIREMENT SYSTEM (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2025, the City reported a liability of $81,200,128, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024. The proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the most recent measurement date, the City's proportion was 1.57%.

For the year ended June 30, 2025, the City recognized pension expense of $8,214,103.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pension were spotted from the following sources at June 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,807,639	$ 16,328
Changes of assumptions	--	950,333
Difference between projected and actual earnings on pension plan investments	--	1,133,515
Changes in proportion and differences between contributions and proportionate share of contributions	1,425,483	3,771,510
Contributions subsequent to the measurement date	10,091,271	--
	$ 13,324,393	$ 5,871,686

NOTE 18 - NEW HAMPSHIRE RETIREMENT SYSTEM (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

The amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2026. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30	Amount
2026	$ (3,418,823)
2027	3,239,888
2028	(1,467,030)
2029	(992,599)
	$ (2,638,564)

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.25%
Wage inflation	3.00% per year (2.50% for Teachers)
Salary increases	6.00% average, including inflation
Investment rate of return	6.75%, net of plan investment expense, including inflati

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

Actuarial assumptions also reflect benefit changes resulting from CH 340 laws of 2019 (HB 616), which grants a one-time, 1.5% COLA on the first $50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

NOTE 18 - NEW HAMPSHIRE RETIREMENT SYSTEM (CONTINUED)

ACTUARIAL ASSUMPTIONS (CONTINUED)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 - June 30, 2019.

TARGET ALLOCATIONS

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

Asset Class	Target Allocation Percentage		Weighted Average Average Long-Term Expected Real Rate of Return
Bond US Equity	24.00	%	5.40%
Global EX-US Equity	16.00		5.65%
Total domestic equities	40.00		
Real Estate Equity	10.00		4.00%
Private Equity	10.00		6.65%
Total International Equities	20.00		
Private Debt	10.00		5.05%
Total private debt	10.00		
Core US Fixed Income	25.00		2.15%
Total fixed income	25.00		
Infrastructure	5.00		4.35%
Total infrastructure	5.00		
	100.00	%	

NOTE 18 - NEW HAMPSHIRE RETIREMENT SYSTEM (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the 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 and 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
$ 113,526,990	$ 81,200,128	$ 54,270,862

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report.

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (GASB 75)

GASB Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

CITY OPEB PLAN

All the following OPEB disclosures for the City OPEB Plan are based on a measurement date of June 30, 2025. The City contracts with an outside actuary to complete the GASB 75 actuarial valuation and schedule of changes in net OPEB liability. Detailed information can be found in separately issued reports through request of the City's Finance Department.

Plan Description

The City indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the City who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the City's healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the City pays for the retirees.

The City's OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The City provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the City and meet the eligibility criteria will receive these benefits.

Plan Membership

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	33
Active employees	619
	652

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

CITY OPEB PLAN (CONTINUED)

Funding Policy

The City's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2025 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75%, average, including inflation
Discount rate	5.20%, previously 4.21%
Healthcare cost trend rates	8.00% for 2025, decreasing 0.25% per year to an ultimate rate of 4.50% for 2040 and later years.
Retirees' share of benefit-related costs	100%
Participation rate	100% active and 100% inactive

The discount rate was based on the long-term municipal bond rate at June 30, 2025.

Mortality rates were based on the SOA Pub-2016 General Headcount Weighted Mortality Table fully generational using scale MP-2021. Surviving Spouses: SOA Pub-2016 Continuing Survivor Headcount Weighted Mortality Table fully generational using scale MP-2021.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study dating back to the 2009 valuation.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

CITY OPEB PLAN (CONTINUED)

Total OPEB Liability

The City's total OPEB liability of $7,570,379 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2025.

Changes in the Total OPEB Liability

The following summarizes the changes to the total OPEB liability for the past year:

Balance, Beginning of Year	$ 9,960,718
Changes for the year:	
Service cost	509,929
Interest	430,506
Differences between expected and actual experience	(2,964,699)
Changes in assumptions	128,738
Benefit payments	(494,813)
Net Change	(2,390,339)
Balance, End of Year	$ 7,570,379

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
$ 8,171,591	$ 7,570,379	$ 7,021,238

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

CITY OPEB PLAN (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

1% Decrease (7.00%)	Current Healthcare Cost Trend Rates (8.00%)	1% Increase (9.00%)
$ 6,847,798	$ 7,570,379	$ 8,411,796

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

For the year ended June 30, 2025, the City recognized an OPEB expense of $(215,341). At June 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 726,478	$ 5,017,265
Change in assumptions	808,802	303,324
	$ 1,535,280	$ 5,320,589

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

CITY OPEB PLAN (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Year Ended June 30	Amount
2026	$ (966,613)
2027	(696,007)
2028	(525,386)
2029	(534,047)
2030	(292,306)
Thereafter	(770,950)
	$ (3,785,309)

NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY PLAN

Plan Description

In addition to the OPEB plan discussed above, the City participates in the New Hampshire Retirement System's (NHRS) Medical Subsidy Plan. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their website at http://www.nhrs.org.

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY PLAN (CONTINUED)

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

1 Person - $375.56
2 Person - $751.12
1 Person Medicare Supplement - $236.84
2 Person Medicare Supplement - $473.68

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the NHRS Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The City contributed 0.31% of gross payroll for Group I employees, 1.54% of gross payroll for Group I teachers, 3.66% of gross payroll for Group II fire and police department members, respectively. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the NHRS Medical Subsidy Plan.

Actuarial Assumptions and Other Inputs

Actuarial assumptions are the same in the New Hampshire Retirement System footnote.

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY PLAN (CONTINUED)

Net OPEB Liability, Expense, and Deferred Outflows and Inflows (Continued)

The City's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2024 was $4,919,925.

For the year ended June 30, 2025, the City recognized an OPEB expense related to the NHRS Medical Subsidy of $229,652. At June 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual OPEB investments	$ --	$ 1,165
Contributions subsequent to the measurement date	594,470	--
Total	$ 594,470	$ 1,165

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as an increase (decrease) in OPEB expense as follows:

Year Ended June 30	Amount
2026	$ (10,397)
2027	15,384
2028	(3,968)
2029	(2,184)
	$ (1,165)

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (GASB 75) (CONTINUED)

NEW HAMPSHIRE RETIREMENT SYSTEM MEDICAL SUBSIDY PLAN (CONTINUED)

Net OPEB Liability, Expense, and Deferred Outflows and Inflows (Continued)

The following presents the net OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
$ 5,382,319	$ 4,919,924	$ 4,600,456

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and (Inflows)

The following consolidates the City's total OPEB liability and related deferred outflows/inflows, and the City's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at June 30, 2025:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Total OPEB Expense
City OPEB Plan	$ 7,570,379	$ 1,535,280	$ 5,320,589	$ (215,341)
Proportionate share of NHRS Medical Subsidy	4,919,924	594,470	1,165	229,652
	$ 12,490,303	$ 2,129,750	$ 5,321,754	$ 14,311

NOTE 20 - COMMITMENTS AND CONTINGENCIES

OUTSTANDING LEGAL ISSUES

On an ongoing basis, there are typically pending legal issues in which the City is involved. The City's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent to June 30, 2025, the City issued a $5,000,000 Tax Anticipation Note with Profile Bank at an interest rate of 3.99% and a $6,000,000 Tax Anticipation Note with Bank of New Hampshire at an interest rate of 4.875%, both matured on February 28, 2026.

Subsequent to June 30, 2025, the City issued a $7,518,590 Series B general obligation bond on July 15, 2025, maturing August 15, 2045, with an interest rate of 4.25%; a $2,472,000 Series C general obligation bond on July 15, 2025, maturing August 15, 2035, with an interest rate of 5.25%; and a $12,054,000 Series A general obligation bond on January 15, 2026, maturing from 2026 to 2039, with an interest rate of 4.75%.

Management has evaluated subsequent events through April 6, 2026, which is the date of the financial statements were available to be issued, and has disclosed all material activity above.

CITY OF ROCHESTER, NEW HAMPSHIRE

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
Revenues				
Property taxes	$ 60,871,482	$ 60,871,482	$ 61,434,234	$ 562,752
Penalties, interest, and other taxes	918,052	918,052	1,194,673	276,621
Charges for services	8,018,434	7,898,934	8,527,271	628,337
Intergovernmental	35,388,959	35,388,959	34,185,262	(1,203,697)
Licenses and permits	6,219,255	6,219,255	7,268,631	1,049,376
Investment income	750,000	750,000	2,458,500	1,708,500
Miscellaneous	364,758	484,258	1,582,877	1,098,619
Total Revenues	112,530,940	112,530,940	116,651,448	4,120,508
Expenditures				
General government	10,185,233	10,120,233	10,167,274	(47,041)
Public safety	19,212,461	19,212,461	18,599,669	612,792
Highway and streets	3,983,500	4,048,500	3,884,853	163,647
Education	72,658,978	72,658,978	71,195,289	1,463,689
Health and welfare	681,270	681,270	651,698	29,572
Culture and recreation	2,575,274	2,576,274	2,803,984	(227,710)
Community services	4,400	3,400	2,632	768
Debt service	6,866,990	6,866,990	7,247,548	(380,558)
Total Expenditures	116,168,106	116,168,106	114,552,947	1,615,159
Excess of Revenues Over Expenditures	(3,637,166)	(3,637,166)	2,098,501	5,735,667
Other Financing Sources (Uses)				
Use of fund balance	7,956,000	11,316,000	11,316,000	--
Transfers in	50,000	50,000	50,000	--
Transfers out	(4,368,834)	(7,728,834)	(7,825,478)	(96,644)
Total Other Financing Sources (Uses)	3,637,166	3,637,166	3,540,522	(96,644)
Overall Budgetary Excess	$ --	$ --	$ 5,639,023	$ 5,639,023

See independent auditors' report.

CITY OF ROCHESTER, NEW HAMPSHIRE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR GENERAL FUND BUDGET

FOR THE YEAR ENDED JUNE 30, 2025

Budgetary Basis

The general fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

	Revenues	Expenditures	Other Financing Sources (Uses)
GAAP basis	$ 117,092,721	$ 114,761,753	$ (8,615,478)
Recognize use of fund balance as funding source	--	--	11,316,000
Remove capital reserve fund activity in the General Fund	(158,673)	(12,059)	840,000
Other	(282,600)	(196,747)	--
Budgetary Basis	$ 116,651,448	$ 114,552,947	$ 3,540,522

See independent auditors' report.

CITY OF ROCHESTER, NEW HAMPSHIRE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Unaudited)

New Hampshire Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2025	June 30, 2024	1.56589573%	$ 81,200,128	$ 52,218,580	155.50%	70.33%
June 30, 2024	June 30, 2023	1.59259706%	89,158,040	50,697,651	175.86%	67.18%
June 30, 2023	June 30, 2022	1.62310056%	93,103,181	49,221,020	189.15%	65.12%
June 30, 2022	June 30, 2021	1.62155050%	71,865,807	47,787,398	150.39%	72.22%
June 30, 2021	June 30, 2020	1.66097007%	106,238,154	46,395,532	228.98%	58.72%
June 30, 2020	June 30, 2019	1.63891551%	78,858,955	44,996,128	175.26%	65.59%
June 30, 2019	June 30, 2018	1.66624032%	80,232,845	44,196,673	181.54%	64.73%
June 30, 2018	June 30, 2017	1.66577884%	81,922,884	44,449,577	184.31%	62.66%
June 30, 2017	June 30, 2016	1.64702675%	87,582,232	42,596,488	205.61%	58.30%
June 30, 2016	June 30, 2015	1.62067092%	64,203,318	41,436,575	154.94%	65.47%

See independent auditors' report.

CITY OF ROCHESTER, NEW HAMPSHIRE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
(Unaudited)

New Hampshire Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2025	$ 10,091,271	$ 10,091,271	$ --	$ 53,785,137	18.76%
June 30, 2024	9,463,238	9,463,238	--	52,218,580	18.12%
June 30, 2023	9,397,997	9,579,325	(181,328)	50,697,651	18.54%
June 30, 2022	7,449,830	7,449,830	--	49,221,020	15.14%
June 30, 2021	7,378,727	7,378,727	--	47,787,398	15.44%
June 30, 2020	7,448,054	7,448,054	--	46,395,532	16.05%
June 30, 2019	7,136,810	7,136,810	--	44,996,128	15.86%
June 30, 2018	7,041,107	7,041,107	--	44,196,673	15.93%
June 30, 2017	6,102,796	6,102,796	--	44,449,577	13.73%
June 30, 2016	5,577,595	5,577,595	--	42,596,488	13.09%

See independent auditors' report.

CITY OF ROCHESTER, NEW HAMPSHIRE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS

(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

Fiscal Year	Measurement Date	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Net OPEB Liability
June 30, 2025	June 30, 2024	1.60973943%	$ 4,919,924	$ 52,162,845	9.43%	14.01%
June 30, 2024	June 30, 2023	1.60973943%	5,500,803	50,643,539	10.86%	12.80%
June 30, 2023	June 30, 2022	1.64364571%	6,211,134	49,168,484	12.63%	10.64%
June 30, 2022	June 30, 2021	1.60241418%	6,416,977	47,736,392	13.44%	11.06%
June 30, 2021	June 30, 2020	1.64196629%	7,187,036	46,346,012	15.51%	7.74%
June 30, 2020	June 30, 2019	1.58716319%	4,919,924	44,996,128	10.93%	7.53%
June 30, 2019	June 30, 2018	1.62732660%	7,450,646	44,196,673	16.86%	7.53%
June 30, 2018	June 30, 2017	1.77367901%	8,109,863	44,449,577	18.25%	7.91%
June 30, 2017	June 30, 2016	1.74038496%	8,425,295	42,596,488	19.78%	5.21%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

Fiscal Year	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2025	$ 594,470	$ 594,470	$ --	$ 53,785,138	1.11%
June 30, 2024	565,239	565,239	--	52,218,581	1.08%
June 30, 2023	692,123	692,123	--	50,697,651	1.37%
June 30, 2022	770,042	770,042	--	49,221,020	1.56%
June 30, 2021	762,155	762,155	--	47,787,398	1.59%
June 30, 2020	777,704	777,704	--	46,395,532	1.68%
June 30, 2019	725,304	725,304	--	44,996,128	1.61%
June 30, 2018	720,077	720,077	--	44,196,673	1.63%
June 30, 2017	1,051,047	1,051,047	--	44,449,577	2.36%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.

CITY OF ROCHESTER, NEW HAMPSHIRE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	$ 509,929	$ 445,741	$ 469,499	$ 650,926	$ 566,969	$ 645,002	$ 728,467	$ 910,490
Interest	430,506	349,301	377,607	288,157	357,415	425,262	444,800	383,537
Changes of benefit terms	--	--	--	--	--	--	--	(699,644)
Differences between expected and actual experience	(2,964,699)	934,042	(1,335,215)	(1,400,249)	(576,927)	(1,349,244)	(1,904,445)	(1,587,781)
Changes of assumptions	128,738	430,075	176,309	(533,665)	646,213	(15,796)	(260,388)	74,498
Benefit payments, including refunds of member contributions	(494,813)	(416,508)	(461,529)	(407,450)	(427,863)	(437,888)	(423,910)	(476,432)
Net Change in Total OPEB Liability	(2,390,339)	1,742,651	(773,329)	(1,402,281)	565,807	(732,664)	(1,415,476)	(1,395,332)
Total OPEB Liability - Beginning	9,960,718	8,218,067	8,991,396	10,393,677	9,827,870	10,560,534	11,976,010	13,371,342
Total OPEB Liability - Ending	$ 7,570,379	$ 9,960,718	$ 8,218,067	$ 8,991,396	$ 10,393,677	$ 9,827,870	$ 10,560,534	$ 11,976,010
Covered Employee Payroll	$ 43,867,460	$ 44,167,583	$ 35,630,348	$ 42,042,154	$ 35,849,736	$ 34,721,294	$ 44,809,485	$ 42,256,611
Total OPEB Liability as a Percentage of Covered Employee Payroll	17%	23%	23%	21%	29%	28%	24%	28%

Does not include New Hampshire Retirement System Medical Subsidy.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report

CBIZ CPAs

CBIZ CPAs P.C.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and City Council
City of Rochester, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rochester, New Hampshire (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item SD-2024-001 and SD-2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's responses were not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

CBIZ CPAs P.C.

Merrimack, New Hampshire
April 6, 2026

Schedule of Findings and Responses

SD-2024-001 Develop Plan for Enterprise Fund Cash Flow and Repayment

Criteria:
Sound internal control requires that management have procedures in place to evaluate the Sewer Fund's and the Water Fund's (the enterprise funds) fiscal dependency on the General Fund's cash flow.

Condition and Context:
To date, the City's enterprise funds have borrowed approximately $7.2m from the General Fund, without a formal repayment plan.

Cause:
Enterprise fund revenues have not kept pace with operating costs, including debt service.

Effect or Potential Effect:
Without a formal plan to repay the general fund, management is unable to evaluate the collectability of the amounts owed to the general fund, or if the borrowing should be considered permanent.

Recommendation:
The City needs to develop a plan to formally address the cash flow of the enterprise funds and determine the collectability of the amounts owed to the general fund.

Views of Responsible Official:
Corrective action implementation is still pending approval by the Utility Advisory Board and City Council. A combination of financial remedies is likely. The first recommendation, scheduled for the Finance Committee on September 9, 2025, is to subsidize the Administrative & Legal Allocations to the Water & Sewer Funds for FY27 and FY28 with General Fund resources. The annual reallocation amount is $139,383 for each fund, which will reduce the combined cash deficit by $557,532 over two years. The second recommendation, set for the Finance Committee on October 14, 2025, is to implement a quarterly flat rate demand charge of $35 for Water and $30 for Sewer, totaling $65 combined. This is projected to generate additional annual revenue of $1,120,000 for the Water Fund and $745,000 for the Sewer Fund. The third recommendation is to consider an inclining block rate structure, which assigns usage tiers and higher rates for increased consumption to encourage conservation or manage capacity constraints. The fourth recommendation is for the Water and Sewer funds to secure a loan to repay the deficit, with the General Fund receiving the loan proceeds and clearing the Due From receivable; rate adjustments would also be required to cover the new debt service. The planned implementation date for corrective action is October 2026, and the Director of Finance is responsible for oversight of these actions.

Schedule of Findings and Responses (Continued)

SD-2024-002 Missing NHRS Enrollment Forms for Eligible Employees

Criteria:
Sound internal control over payroll and retirement reporting requires that the employer maintain complete and accurate personnel files, including NHRS enrollment forms for all eligible employees. This supports compliance with state retirement system requirements and ensures accurate census data is provided for GASB 68 financial reporting.

Condition and Context:
During census data testing for the Contributory Retirement System, the school department was unable to provide NHRS enrollment forms for multiple employees who appeared eligible based on payroll records. Despite requests, forms for certain individuals could not be located.

Cause:
Personnel file maintenance and record retention procedures appear insufficient to ensure that all NHRS enrollment forms are completed and retained for eligible employees.

Effect or Potential Effect:
Missing NHRS enrollment forms increases the risk that census data submitted for retirement system compliance may be incomplete or inaccurate, potentially resulting in reporting errors or compliance issues. While alternative audit procedures indicated payroll and retirement withholdings were accurate, the deficiency represents a breakdown in internal control over employee records and retirement plan administration.

Recommendation:
We recommend that management strengthen procedures to ensure all required NHRS enrollment forms are completed and properly retained in the personnel files of eligible employees. Periodic reviews should be conducted to verify that all necessary documentation is maintained to support retirement system compliance and financial reporting.

Views of Responsible Official:
The SAU 54 Human Resources team is in the process of auditing, reorganizing, and consolidating personnel records. In addition, Standard Operating Procedures (SOPs) for personnel record acquisition, organization, and retention are being developed, with completion targeted by July 1, 2026. Mandatory training for SAU 54 Human Resources Team members responsible for personnel records is scheduled with Primex on March 26, 2026. An updated draft of Board Policy EHB-R: Local Records Retention Schedule is on the School Board Governance Committee Agenda for review during the meeting scheduled for March 19, 2026. Each year after implementation, these SOPs will be reviewed and updated as needed to ensure compliance with reporting requirements. The comprehensive audit and development of SOPs are expected to be completed no later than July 1, 2026. The review and update of Board Policy EHB-R is anticipated to be presented for a second reading and adoption by May 14, 2026. The person responsible for corrective action is Katharine Keough, Director of Human Resources.