

**ASHLAND WATER AND SEWER DEPARTMENT  
TOWN OF ASHLAND, NEW HAMPSHIRE**

**Annual Financial Statements**

**For the Year Ended December 31, 2018**

**ASHLAND WATER AND SEWER DEPARTMENT  
TOWN OF ASHLAND, NEW HAMPSHIRE**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen  
Ashland Water and Sewer Department  
Town of Ashland, New Hampshire

Additional Offices:  
Nashua, NH  
Andover, MA  
Greenfield, MA  
Ellsworth, ME

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

We have audited the accompanying financial statements of the water and sewer enterprise funds of the Ashland Water and Sewer Department (the Department) (of the Town of Ashland, New Hampshire), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

The Department's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of Ashland Water and Sewer Department are intended to represent the net position, and the changes in net position and cash flows, of only that portion of the business-type activities of the Town of Ashland, New Hampshire that is attributable to the transactions of Ashland Water and Sewer Department. They do not purport to, and do not, present fairly the net position of the Town of Ashland, New Hampshire as of December 31, 2018, and the changes in its net position and its cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Water and Sewer Enterprise Funds of the Ashland Water and Sewer Department, as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying supplementary information appearing on pages 15 and 16 is presented for purposes of additional analysis and is not a required part of the basic financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Melanson Heath*

June 7, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Ashland Water and Sewer Department (the "Department") (enterprise funds of the Town of Ashland, New Hampshire), we offer readers this narrative overview and analysis of the financial activities of the Department for the fiscal year ended December 31, 2018.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements, which include (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses, and Changes in Fund Net Position, (3) the Cash Flow Statements and (4) Notes to Financial Statements.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/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 Revenues, Expenses, and Changes in Fund Net Position presents information showing how the Department's net position changed during the most recent 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 user fees and earned but unused vacation leave).

The Statement of Cash Flows provides information about the cash receipts and cash payments during the accounting period. It also provides information about the investing and financial activities for the same period. A review of our Statement of Cash Flows indicates that the cash receipts from operating activities cover our operating expenses.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Other 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.

## B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$3,001,963 and \$3,370,663 (i.e., net position), a change of \$(137,819) and \$147,577 in comparison to the prior year, for water and sewer, respectively.
- At the end of the current fiscal year, unrestricted net position was \$108,173 and \$1,246,507, a change of \$12,938 and \$(269,820) in comparison to the prior year, for water and sewer, respectively.

## C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>NET POSITION</u>					
	<u>Water</u>		<u>Sewer</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 106,899	\$ 110,981	\$ 1,494,003	\$ 1,548,864	\$ 1,600,902	\$ 1,659,845
Capital assets	<u>2,893,790</u>	<u>3,044,547</u>	<u>2,124,156</u>	<u>1,706,759</u>	<u>5,017,946</u>	<u>4,751,306</u>
Total assets	3,000,689	3,155,528	3,618,159	3,255,623	6,618,848	6,411,151
Current liabilities	<u>(1,274)</u>	<u>15,746</u>	<u>247,496</u>	<u>32,537</u>	<u>246,222</u>	<u>48,283</u>
Total liabilities	(1,274)	15,746	247,496	32,537	246,222	48,283
Net position:						
Net investment in capital assets	2,893,790	3,044,547	2,124,156	1,706,759	5,017,946	4,751,306
Unrestricted	<u>108,173</u>	<u>95,235</u>	<u>1,246,507</u>	<u>1,516,327</u>	<u>1,354,680</u>	<u>1,611,562</u>
Total net position	<u>\$ 3,001,963</u>	<u>\$ 3,139,782</u>	<u>\$ 3,370,663</u>	<u>\$ 3,223,086</u>	<u>\$ 6,372,626</u>	<u>\$ 6,362,868</u>

As noted, net position may serve over time as a useful indicator of a Department's financial position. At the close of the most recent fiscal year, total net position for water and sewer was \$3,001,963 and \$3,370,663 a change of \$(137,819) and \$147,577 from the prior year, respectively.

The largest portion of water and sewer net position, \$2,893,790 and \$2,124,156, respectively, reflects our investment in capital assets (e.g., land, buildings, improvements, infrastructure, vehicles, machinery and equipment), 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.

The remaining balance of water and sewer unrestricted net position of \$108,173 and \$1,246,507, respectively, may be used to meet the Department's ongoing obligations to citizens and creditors.

	<u>CHANGES IN NET POSITION</u>					
	<u>Water Activities</u>		<u>Sewer Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Charges for services:						
User charges	\$ 212,616	\$ 192,408	\$ 221,660	\$ 206,467	\$ 434,276	\$ 398,875
Septage Fees	-	-	508,305	520,974	508,305	520,974
Miscellaneous:						
Interest on investments	932	435	7,196	3,373	8,128	3,808
Other	6,639	4,051	5,158	4,351	11,797	8,402
Total revenues	<u>220,187</u>	<u>196,894</u>	<u>742,319</u>	<u>735,165</u>	<u>962,506</u>	<u>932,059</u>
Expenses:						
Water distribution and treatment:						
Administration	1,541	2,594	-	-	1,541	2,594
Operations	205,708	202,418	-	-	205,708	202,418
Depreciation	150,757	142,679	-	-	150,757	142,679
Sanitation:						
Administration	-	-	3,664	3,561	3,664	3,561
Operations	-	-	475,541	459,318	475,541	459,318
Depreciation	-	-	115,537	107,460	115,537	107,460
Total expenses	<u>358,006</u>	<u>347,691</u>	<u>594,742</u>	<u>570,339</u>	<u>952,748</u>	<u>918,030</u>
Change in net position	(137,819)	(150,797)	147,577	164,826	9,758	14,029
Net position - beginning of year	<u>3,139,782</u>	<u>3,290,579</u>	<u>3,223,086</u>	<u>3,058,260</u>	<u>6,362,868</u>	<u>6,348,839</u>
Net position - end of year	<u>\$ 3,001,963</u>	<u>\$ 3,139,782</u>	<u>\$ 3,370,663</u>	<u>\$ 3,223,086</u>	<u>\$ 6,372,626</u>	<u>\$ 6,362,868</u>

#### **D. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for water and sewer at year end amounted to \$2,893,790 and \$2,124,156 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, system, infrastructure, vehicles, and machinery and equipment.

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

New Construction In Progress:	
New Septage Receiving Station	\$ 532,935

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

#### **REQUESTS FOR INFORMATION**

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

Town of Ashland, NH  
20 Highland Street  
Ashland, New Hampshire 03217



ASHLAND WATER AND SEWER  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 92,080	\$ 1,431,522	\$ 1,523,602
Receivables, net of allowance for doubtful accounts	14,819	77,096	91,915
Other assets	<u>14,615</u>	<u>-</u>	<u>14,615</u>
Total current assets	121,514	1,508,618	1,630,132
Noncurrent:			
Capital assets:			
Land and construction in progress	4,011	546,164	550,175
Other capital assets, net of accumulated depreciation	<u>2,889,779</u>	<u>1,577,992</u>	<u>4,467,771</u>
Total noncurrent assets	<u>2,893,790</u>	<u>2,124,156</u>	<u>5,017,946</u>
<b>TOTAL ASSETS</b>	3,015,304	3,632,774	6,648,078
<b>LIABILITIES</b>			
Current:			
Accounts payable	7,753	248,994	256,747
Due to other governments	<u>5,588</u>	<u>13,117</u>	<u>18,705</u>
Total current liabilities	<u>13,341</u>	<u>262,111</u>	<u>275,452</u>
<b>TOTAL LIABILITIES</b>	13,341	262,111	275,452
<b>NET POSITION</b>			
Net investment in capital assets	2,893,790	2,124,156	5,017,946
Unrestricted	<u>108,173</u>	<u>1,246,507</u>	<u>1,354,680</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,001,963</u>	<u>\$ 3,370,663</u>	<u>\$ 6,372,626</u>

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

ASHLAND WATER AND SEWER

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2018

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
User charges	\$ 212,616	\$ 221,660	\$ 434,276
Septage fees	-	508,305	508,305
Other	<u>6,639</u>	<u>5,158</u>	<u>11,797</u>
Total Operating Revenues	219,255	735,123	954,378
<b>Operating Expenses:</b>			
Operating expenses	207,249	479,205	686,454
Depreciation	<u>150,757</u>	<u>115,537</u>	<u>266,294</u>
Total Operating Expenses	<u>358,006</u>	<u>594,742</u>	<u>952,748</u>
Operating Income (Loss)	(138,751)	140,381	1,630
<b>Nonoperating Revenues (Expenses):</b>			
Investment income	<u>932</u>	<u>7,196</u>	<u>8,128</u>
Total Nonoperating Revenues (Expenses), Net	<u>932</u>	<u>7,196</u>	<u>8,128</u>
Change in Net Position	(137,819)	147,577	9,758
Net Position at Beginning of Year	<u>3,139,782</u>	<u>3,223,086</u>	<u>6,362,868</u>
Net Position at End of Year	<u>\$ 3,001,963</u>	<u>\$ 3,370,663</u>	<u>\$ 6,372,626</u>

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

ASHLAND WATER AND SEWER

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Fund	Sewer Fund	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Receipts from customers and users	\$ 218,449	\$ 732,027	\$ 950,476
Payments to vendors and employees	<u>(201,335)</u>	<u>(273,859)</u>	<u>(475,194)</u>
Net Cash Provided By (Used For) Operating Activities	17,114	458,168	475,282
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>			
Interfund lending	<u>(22,934)</u>	<u>29,172</u>	<u>6,238</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(22,934)	29,172	6,238
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Acquisition and construction of capital assets	<u>-</u>	<u>(532,934)</u>	<u>(532,934)</u>
Net Cash (Used For) Provided By Capital and Related Financing Activities	-	(532,934)	(532,934)
<b><u>Cash Flows From Investing Activities:</u></b>			
Investment income	<u>932</u>	<u>7,196</u>	<u>8,128</u>
Net Cash Provided By Investing Activities	<u>932</u>	<u>7,196</u>	<u>8,128</u>
Net Change in Cash and Short-Term Investments	(4,888)	(38,398)	(43,286)
Cash and Short-Term Investments, Beginning of Year	<u>96,968</u>	<u>1,469,920</u>	<u>1,566,888</u>
Cash and Short-Term Investments, End of Year	<u>\$ 92,080</u>	<u>\$ 1,431,522</u>	<u>\$ 1,523,602</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u></b>			
Operating income (loss)	\$ (138,751)	\$ 140,381	\$ 1,630
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	150,757	115,537	266,294
Changes in assets and liabilities:			
User fees	(806)	(3,096)	(3,902)
Accounts payable	<u>5,914</u>	<u>205,346</u>	<u>211,260</u>
Net Cash Provided By Operating Activities	<u>\$ 17,114</u>	<u>\$ 458,168</u>	<u>\$ 475,282</u>

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

**Ashland Water and Sewer**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies**

The accounting policies of the Ashland Water and Sewer (the Department) (enterprise funds of the Town of Ashland, New Hampshire) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

**A. Reporting Entity**

The Department is an enterprise fund of the Town of Ashland, New Hampshire. The financial statements present only the Department and do not purport to, and do not, present fairly the financial position of the Town of Ashland, New Hampshire and the changes in its financial position, and cash flows where applicable, as of and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**B. Basic Financial Statements**

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information on the activities of the Department, which rely to a significant extent on user fees. For the most part, the effect of interfund activity has been removed from these statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Statement of Net Position is 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.

The Statement of Revenues, Expenses, and Changes in Net Position 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 the Department's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the Department 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.

*D. Cash and Short-Term Investments*

Deposits with financial institutions consist primarily of demand deposits, money market accounts, and savings accounts. The interest earnings attributable to each fund type are included under investment income.

For purposes of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

*E. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the Statement of Net Position. Capital assets are defined by the Department as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Building improvements	10-50
Machinery and equipment	5-20
Vehicles	5-10
Improvements	10-20
Water distribution system	75-100
Sewer system	75-100

*F. Equity*

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 their use either through the enabling legislation adopted by the Department or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

**G. Use of Estimates**

The preparation of basic financial statements in conformity with generally accepted accounting principles 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 the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**2. Cash and Short-Term Investments**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Department’s deposits may not be returned to it. RSA 48:16 limits “deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Department 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 Department does not have a deposit policy for custodial credit risk.

Pursuant to NH Statute, “the treasurer shall insure that prior to acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the” Department. The Department does not have a deposit policy for custodial credit risk.

As of December 31, 2018, none of the Department’s bank balance of \$1,557,750 was exposed to custodial credit risk as uninsured or uncollateralized.

**3. User Fee Receivables**

Receivables for user charges at December 31, 2018 consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Water	\$ 14,819	\$ -	\$ 14,819
Sewer	<u>77,096</u>	<u>-</u>	<u>77,096</u>
Total	<u>\$ 91,915</u>	<u>\$ -</u>	<u>\$ 91,915</u>

#### 4. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Water:</b>				
Capital assets, being depreciated:				
Distribution mains	\$ 121,060	\$ -	\$ -	\$ 121,060
Services	294,677	-	-	294,677
Structures and equipment	456,058	-	-	456,058
Intangible property	176,525	-	-	176,525
System improvements	<u>5,324,234</u>	<u>-</u>	<u>-</u>	<u>5,324,234</u>
Total capital assets, being depreciated	6,372,554	-	-	6,372,554
Less accumulated depreciation:	<u>(3,332,018)</u>	<u>(150,757)</u>	<u>-</u>	<u>(3,482,775)</u>
Total accumulated depreciation	<u>(3,332,018)</u>	<u>(150,757)</u>	<u>-</u>	<u>(3,482,775)</u>
Total capital assets, being depreciated, net	3,040,536	(150,757)	-	2,889,779
Capital assets, not being depreciated:				
Land	<u>4,011</u>	<u>-</u>	<u>-</u>	<u>4,011</u>
Total capital assets, not being depreciated	<u>4,011</u>	<u>-</u>	<u>-</u>	<u>4,011</u>
Water capital assets, net	<u>\$ 3,044,547</u>	<u>\$ (150,757)</u>	<u>\$ -</u>	<u>\$ 2,893,790</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Sewer:</b>				
Capital assets, being depreciated:				
Distribution mains	\$ 1,064,786	\$ -	\$ -	\$ 1,064,786
Services	180,534	-	-	180,534
Structures and equipment	2,327,933	-	-	2,327,933
Intangible property	<u>742,746</u>	<u>-</u>	<u>-</u>	<u>742,746</u>
Total capital assets, being depreciated	4,315,999	-	-	4,315,999
Less accumulated depreciation:	<u>(2,622,469)</u>	<u>(115,538)</u>	<u>-</u>	<u>(2,738,007)</u>
Total accumulated depreciation	<u>(2,622,469)</u>	<u>(115,538)</u>	<u>-</u>	<u>(2,738,007)</u>
Total capital assets, being depreciated, net	1,693,530	(115,538)	-	1,577,992
Capital assets, not being depreciated:				
Land	13,229	-	-	13,229
Construction in progress	<u>-</u>	<u>532,935</u>	<u>-</u>	<u>532,935</u>
Total capital assets, not being depreciated	<u>13,229</u>	<u>532,935</u>	<u>-</u>	<u>546,164</u>
Sewer capital assets, net	<u>\$ 1,706,759</u>	<u>\$ 417,397</u>	<u>\$ -</u>	<u>\$ 2,124,156</u>

Depreciation expense was charged to the Department as follows:

Water fund	\$ 150,757
Sewer fund	<u>115,537</u>
Total depreciation expense	<u>\$ 266,294</u>

#### 5. Accounts Payable

Accounts payable and accrued expenses represent 2018 expenditures paid in 2019.

**6. Due to Other Governments**

Although self-balancing funds are maintained, payroll and shared utility transactions flow through the Town of Ashland general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The Department's interfund receivables, due to the Town of Ashland, total \$5,588 and \$13,117 for water and sewer, respectively, at December 31, 2018.

**7. Unassigned Fund Balances on the Budgetary Basis Reported to State of New Hampshire**

The unrestricted net position reported on the Statement of Net Position is stated in accordance with generally accepted accounting principles (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. The major difference is the State of New Hampshire Form MS-535 reports assets and liabilities with a focus on near-term inflows and outflows of spendable financial resources, as well as on balances of spendable resources available at the end of the year. The remaining unassigned fund balance may be used as a funding source to offset subsequent year appropriations in excess of anticipated revenues. Supplementary information appearing on pages 15 and 16 is presented to reflect the current year operations on a budgetary basis.

**8. Commitments and Contingencies**

Outstanding Legal Issues - On an ongoing basis, there are typically pending legal issues in which the Department is involved. The Department'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 Department expects such amounts, if any, to be immaterial.



ASHLAND WATER AND SEWER

WATER FUND

SCHEDULE OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues and Other Sources:</b>				
Charges for services:				
User charges	\$ 178,191	\$ 178,191	\$ 212,616	\$ 34,425
Miscellaneous:				
Interest on investments	-	-	932	932
Other	-	-	6,639	6,639
	<u>178,191</u>	<u>178,191</u>	<u>220,187</u>	<u>41,996</u>
Total Revenues and Other Sources				
<b>Expenditures and Other Uses:</b>				
Water distribution and treatment:				
Water services	<u>178,191</u>	<u>178,191</u>	<u>207,249</u>	<u>(29,058)</u>
Total Expenditures and Other Uses	<u>178,191</u>	<u>178,191</u>	<u>207,249</u>	<u>(29,058)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>12,938</u>	\$ <u>12,938</u>

See Independent Auditors' Report.

ASHLAND WATER AND SEWER

SEWER FUND

SCHEDULE OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Other Sources:</b>				
Charges for services:				
User charges	\$ 422,401	\$ 422,401	\$ 221,660	\$ (200,741)
Septage Fees	-	-	508,305	508,305
Miscellaneous:				
Interest on investments	-	-	7,196	7,196
Other	-	-	5,158	5,158
Total Revenues and Other Sources	<u>422,401</u>	<u>422,401</u>	<u>742,319</u>	<u>319,918</u>
<b>Expenditures and Other Uses:</b>				
Sanitation:				
Solid waste collection and disposal	<u>422,401</u>	<u>422,401</u>	<u>479,205</u>	<u>(56,804)</u>
Total Expenditures and Other Uses	<u>422,401</u>	<u>422,401</u>	<u>479,205</u>	<u>(56,804)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,114</u>	<u>\$ 263,114</u>

See Independent Auditors' Report.