

**TOWN OF ASHLAND,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2020**

**TOWN OF ASHLAND**  
**ANNUAL FINANCIAL REPORT**  
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**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	<b>1 - 3</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
A Statement of Net Position .....	4
B Statement of Activities .....	5
<b>Fund Financial Statements</b>	
<i>Governmental Funds</i>	
C-1 Balance Sheet .....	6
C-2 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	7
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	8
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	9
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual (Non-GAAP Budgetary Basis) -- General Fund .....	10
<i>Proprietary Funds</i>	
E-1 Statement of Net Position .....	11
E-2 Statement of Revenues, Expenses, and Changes in Net Position .....	12
E-3 Statement of Cash Flows .....	13
<i>Fiduciary Funds</i>	
F-1 Statement of Fiduciary Net Position .....	14
F-2 Statement of Changes in Fiduciary Net Position .....	15
<b>NOTES TO THE BASIC FINANCIAL STATEMENTS .....</b>	<b>16 - 43</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
G Schedule of the Town's Proportionate Share of Net Pension Liability .....	44
H Schedule of Town Contributions -- Pensions .....	45
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY .....</b>	<b>46</b>
I Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability .....	47
J Schedule of Town Contributions -- Other Postemployment Benefits .....	48
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY .....</b>	<b>49</b>
<b>COMBINING AND INDIVIDUAL FUND SCHEDULES</b>	
<b>Governmental Funds</b>	
<i>Major General Fund</i>	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	50
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis) .....	51 - 52
3 Schedule of Changes in Unassigned Fund Balance.....	53
<i>Nonmajor Governmental Funds</i>	
4 Combining Balance Sheet .....	54
5 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	55
<i>Custodial Funds</i>	
6 Combining Schedule of Fiduciary Net Position .....	56
7 Combining Schedule of Changes in Fiduciary Net Position .....	57
<b>INDEPENDENT AUDITOR'S REPORT OF SIGNIFICANT DEFICIENCY .....</b>	<b>58</b>



# PLODZIK & SANDERSON

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## ***INDEPENDENT AUDITOR'S REPORT***

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the major fund, and aggregate remaining fund information of the Town of Ashland, New Hampshire (the Town) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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 of 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 auditor's 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 unmodified and adverse audit opinions.

### **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
Business-type Activities	Adverse
Major General Fund	Unmodified
Major Water Fund	Adverse
Major Sewer Fund	Adverse
Major Electric Fund	Adverse
Aggregate Remaining Fund Information	Unmodified

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

***Basis for Adverse Opinion on Governmental Activities, Business-type Activities,  
and Major Water, Sewer, And Electric Funds***

As discussed in Note 1-B to the financial statements, management has not updated activity for the current year on their capital assets and related accumulated depreciation records which in the governmental activities, business-type activities and major water, sewer, and electric funds, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets, be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities, business-type activities and major water, sewer, and electric funds. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities, business-type activities and major water, sewer, and electric funds is not reasonably determinable.

As discussed in Notes 1-Q and 14-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the single employer plan in the governmental activities, business-type activities, and major water and sewer funds. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities, business-type activities, and major water and sewer funds. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities, business-type activities, and major water and sewer funds is not readily determinable.

***Adverse Opinion***

In our opinion, because of the significance of the matters described in the “Basis for Adverse Opinion on Governmental Activities, Business-type Activities and Major Water, Sewer, and Electric Funds” paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Ashland, New Hampshire, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major general fund and aggregate remaining fund information of the Town of Ashland, New Hampshire as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

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

**Required Supplementary Information** – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits, and
- Notes to the Required Supplementary Information

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

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

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

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

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

November 30, 2021

*Blodzik & Sanderson*  
*Professional Association*

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2020**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,431,483	\$ 1,723,295	\$ 3,154,778
Investments	198,251	-	198,251
Taxes receivables	593,096	-	593,096
Account receivables	1,000	888,832	889,832
Intergovernmental receivable	249,659	-	249,659
Internal balances	541,934	(541,934)	-
Inventory	-	32,615	32,615
Prepaid items	6,301	-	6,301
Tax deeded property, subject to resale	15,561	-	15,561
Capital assets:			
Land and construction in progress	1,479,456	629,970	2,109,426
Other capital assets, net of depreciation	7,668,159	6,485,775	14,153,934
Total assets	12,184,900	9,218,553	21,403,453
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Amounts related to pensions	696,260	112,223	808,483
Amounts related to other postemployment benefits	7,474	904	8,378
Total deferred outflows of resources	703,734	113,127	816,861
<b>LIABILITIES</b>			
Accounts payable	121,628	507,569	629,197
Accrued salaries and benefits	22,844	10,014	32,858
Retainage payable	-	40,066	40,066
Accrued interest payable	21,744	2,687	24,431
Intergovernmental payable	761	-	761
Long-term liabilities:			
Due within one year	383,234	74,840	458,074
Due in more than one year	3,295,521	1,991,320	5,286,841
Total liabilities	3,845,732	2,626,496	6,472,228
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - donations	1,115	-	1,115
Amounts related to pensions	32,093	199,165	231,258
Amounts related to other postemployment benefits	1,838	819	2,657
Total deferred inflows of resources	35,046	199,984	235,030
<b>NET POSITION</b>			
Net investment in capital assets	7,777,564	5,481,228	13,258,792
Restricted	306,154	-	306,154
Unrestricted	924,138	1,023,972	1,948,110
Total net position	\$ 9,007,856	\$ 6,505,200	\$ 15,513,056

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

**EXHIBIT B**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Statement of Activities*  
For the Fiscal Year Ended December 31, 2020

		Program Revenues		Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
General government	\$ 1,091,097	\$ 329	\$ 95,653	\$ (995,115)	\$ -	\$ (995,115)
Public safety	1,014,665	10,912	-	(1,003,753)	-	(1,003,753)
Highways and streets	684,156	48,552	117,707	(517,897)	-	(517,897)
Sanitation	165,299	-	-	(165,299)	-	(165,299)
Health	3,011	-	-	(3,011)	-	(3,011)
Welfare	36,114	-	-	(36,114)	-	(36,114)
Culture and recreation	206,049	81,488	-	(124,561)	-	(124,561)
Interest on long-term debt	40,482	-	-	(40,482)	-	(40,482)
Total governmental activities	<u>3,240,873</u>	<u>141,281</u>	<u>213,360</u>	<u>(2,886,232)</u>	<u>-</u>	<u>(2,886,232)</u>
<b>Business-type activities:</b>						
Water	211,509	311,819	-	-	100,310	100,310
Sewer	1,383,059	650,765	324,083	-	(408,211)	(408,211)
Electric	2,956,846	3,420,229	-	-	463,383	463,383
Total business-type activities	<u>4,551,414</u>	<u>4,382,813</u>	<u>324,083</u>	<u>-</u>	<u>155,482</u>	<u>155,482</u>
Total	<u>\$ 7,792,287</u>	<u>\$ 4,524,094</u>	<u>\$ 537,443</u>	<u>(2,886,232)</u>	<u>155,482</u>	<u>(2,730,750)</u>
General revenues:						
Taxes:						
Property				2,549,058	-	2,549,058
Other				104,716	-	104,716
Motor vehicle permit fees				399,187	-	399,187
Licenses and other fees				31,669	-	31,669
Grants and contributions not restricted to specific programs				135,041	-	135,041
Unrestricted investment earnings				22,219	2,517	24,736
Miscellaneous				73,022	-	73,022
Total general revenues				<u>3,314,912</u>	<u>2,517</u>	<u>3,317,429</u>
Change in net position				428,680	157,999	586,679
Net position, beginning, as restated (see Note 19)				8,579,176	6,347,201	14,926,377
Net position, ending				<u>\$ 9,007,856</u>	<u>\$ 6,505,200</u>	<u>\$ 15,513,056</u>



**EXHIBIT C-1**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2020**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,372,708	\$ 58,775	\$ 1,431,483
Investments	-	198,251	198,251
Taxes receivable	673,096	-	673,096
Accounts receivable	1,000	-	1,000
Intergovernmental receivable	686	-	686
Interfund receivable	541,934	-	541,934
Voluntary tax liens	9,782	-	9,782
Voluntary tax liens reserved until collected	(9,782)	-	(9,782)
Prepaid items	6,301	-	6,301
Tax deeded property, subject to resale	15,561	-	15,561
Total assets	<u>\$ 2,611,286</u>	<u>\$ 257,026</u>	<u>\$ 2,868,312</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 121,628	\$ -	\$ 121,628
Accrued salaries and benefits	22,844	-	22,844
Intergovernmental payable	761	-	761
Total liabilities	<u>145,233</u>	<u>-</u>	<u>145,233</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	157,463	-	157,463
Unavailable revenue - donations	1,115	-	1,115
Total deferred inflows of resources	<u>158,578</u>	<u>-</u>	<u>158,578</u>
<b>FUND BALANCES</b>			
Nonspendable	21,862	54,985	76,847
Restricted	49,128	202,041	251,169
Committed	861,677	-	861,677
Assigned	44,160	-	44,160
Unassigned	1,330,648	-	1,330,648
Total fund balances	<u>2,307,475</u>	<u>257,026</u>	<u>2,564,501</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,611,286</u>	<u>\$ 257,026</u>	<u>\$ 2,868,312</u>

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

*EXHIBIT C-2*  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position*  
*December 31, 2020*

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 2,564,501
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 29,886,180	
Less accumulated depreciation	(20,738,565)	
		9,147,615
Other long-term assets that are not available to pay for current period expenditures and therefore, are not reported in the funds.		
State Aid		248,973
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 696,260	
Deferred inflows of resources related to pensions	(32,093)	
Deferred outflows of resources related to OPEB	7,474	
Deferred inflows of resources related to OPEB	(1,838)	
		669,803
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds.		157,463
Allowance for uncollectible property taxes that is recognized on the full accrual basis but not on the modified accrual.		(80,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(21,744)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 1,066,055	
Unamortized bond premium	54,567	
Capital leases	249,429	
Compensated absences	80,409	
Accrued landfill closure and postclosure care costs	96,000	
Net pension liability	2,024,521	
Other postemployment benefits	107,774	
		(3,678,755)
Net position of governmental activities (Exhibit A)		<u>\$ 9,007,856</u>

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

**EXHIBIT C-3**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2020**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,663,168	\$ -	\$ 2,663,168
Licenses and permits	431,545	-	431,545
Intergovernmental	386,352	-	386,352
Charges for services	141,281	-	141,281
Miscellaneous	83,069	11,439	94,508
Total revenues	3,705,415	11,439	3,716,854
<b>EXPENDITURES</b>			
Current:			
General government	974,623	15,250	989,873
Public safety	860,514	-	860,514
Highways and streets	669,654	-	669,654
Sanitation	172,003	-	172,003
Health	3,011	-	3,011
Welfare	36,114	-	36,114
Culture and recreation	160,232	16,746	176,978
Debt service:			
Principal	129,331	-	129,331
Interest	50,351	-	50,351
Capital outlay	271,057	-	271,057
Total expenditures	3,326,890	31,996	3,358,886
Net change in fund balances	378,525	(20,557)	357,968
Fund balances, beginning	1,928,950	277,583	2,206,533
Fund balances, ending	\$ 2,307,475	\$ 257,026	\$ 2,564,501

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

**EXHIBIT C-4**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended December 31, 2020*

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances of governmental funds (Exhibit C-3)		\$ 357,968
Other long-term assets that are not available to pay for current period expenditures and therefore, are not reported in the funds.		
State Aid		(37,951)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred inflows of resources for tax revenue	\$ (19,603)	
Change in allowance for uncollectible property taxes	10,253	
		(9,350)
Proceeds from issuing long-term liabilities provide current financial resources to Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of bond principal	\$129,331	
Repayment of capital leases	122,867	
Amortization of bond premium	6,063	
		258,261
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 accrued interest expense	\$ 3,806	
Change in compensated absences payable	(30,383)	
Change in accrued landfill postclosure care costs	11,000	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(143,048)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	18,377	
		(140,248)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 428,680</u>

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

**EXHIBIT D**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
*For the Fiscal Year Ended December 31, 2020*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 2,585,764	\$ 2,653,818	\$ 68,054
Licenses and permits	410,000	431,545	21,545
Intergovernmental	197,982	310,480	112,498
Charges for services	133,000	141,281	8,281
Miscellaneous	30,000	58,244	28,244
Total revenues	<u>3,356,746</u>	<u>3,595,368</u>	<u>238,622</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,004,144	896,317	107,827
Public safety	872,293	786,675	85,618
Highways and streets	538,147	543,343	(5,196)
Sanitation	145,622	173,033	(27,411)
Health	3,554	3,011	543
Welfare	55,614	36,114	19,500
Culture and recreation	202,728	141,397	61,331
Conservation	1	-	1
Debt service:			
Principal	129,331	129,331	-
Interest	50,381	50,351	30
Capital outlay	286,931	271,057	15,874
Total expenditures	<u>3,288,746</u>	<u>3,030,629</u>	<u>258,117</u>
Excess of revenues over expenditures	<u>68,000</u>	<u>564,739</u>	<u>496,739</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	55,000	52,779	(2,221)
Transfers out	(254,300)	(254,300)	-
Total other financing sources (uses)	<u>(199,300)</u>	<u>(201,521)</u>	<u>(2,221)</u>
Net change in fund balances	<u>\$ (131,300)</u>	<u>363,218</u>	<u>\$ 494,518</u>
Change in nonspendable fund balance		(3,773)	
Unassigned fund balance, beginning		1,048,666	
Unassigned fund balance, ending		<u>\$ 1,408,111</u>	

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

**EXHIBIT E-1**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2020**

	Business-type Activities			
	Enterprise Funds			Total
	Water	Sewer	Electric	Enterprise Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 225,487	\$ 1,022,444	\$ 475,364	\$ 1,723,295
Accounts receivable	45,772	107,276	735,784	888,832
Internal balances	44,900	2,361	-	47,261
Inventory	-	-	32,615	32,615
Capital assets:				
Land and construction in progress	4,011	546,164	79,795	629,970
Other capital assets, net of depreciation	2,889,779	1,577,992	2,018,004	6,485,775
Total assets	3,209,949	3,256,237	3,341,562	9,807,748
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Amounts related to pensions	12,793	62,085	37,345	112,223
Amounts related to other postemployment benefits	137	666	101	904
Total deferred outflows of resources	12,930	62,751	37,446	113,127
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	5,015	11,086	491,468	507,569
Accrued salaries and benefits	1,178	3,336	5,500	10,014
Retainage payable	-	40,066	-	40,066
Accrued interest payable	-	2,687	-	2,687
Internal balances	89,523	215,996	283,676	589,195
Long term liabilities:				
Due within one year	-	71,562	3,278	74,840
Due in more than one year	39,177	1,767,295	184,848	1,991,320
Total liabilities	134,893	2,112,028	968,770	3,215,691
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Amounts related to pensions	590	2,862	195,713	199,165
Amounts related to other postemployment benefits	34	164	621	819
Total deferred inflows of resources	624	3,026	196,334	199,984
<b>NET POSITION</b>				
Net investment in capital assets	2,893,790	489,639	2,097,799	5,481,228
Unrestricted	193,572	714,295	116,105	1,023,972
Total net position	\$ 3,087,362	\$ 1,203,934	\$ 2,213,904	\$ 6,505,200

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

**EXHIBIT E-2**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Business-type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
Operating revenues:			
User charges	\$ 305,942	\$ 628,128	\$ 2,901,783
Miscellaneous	5,877	22,637	518,446
Total operating revenues	311,819	650,765	3,420,229
Operating expenses:			
Salaries and wages	67,139	178,294	330,330
Operation and maintenance	144,370	1,162,991	2,626,151
Total operating expenses	211,509	1,341,285	2,956,481
Operating gain (loss)	100,310	(690,520)	463,748
Nonoperating revenue (expense):			
Intergovernmental revenues	-	24,083	-
Interest income	238	1,701	578
Capital contributions	-	300,000	-
Interest expense	-	(41,774)	(365)
Total nonoperating revenues (expenses)	238	284,010	213
Change in net position	100,548	(406,510)	463,961
Net position, beginning	2,986,814	1,610,444	1,749,943
Net position, ending	\$ 3,087,362	\$ 1,203,934	\$ 2,213,904

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

**EXHIBIT E-3**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended December 31, 2020**

	Business-type Activities		
	Enterprise Funds		Total
	Water	Sewer	Electric
Cash flows from operating activities:			
Receipts from customers and users	\$ 305,415	\$ 642,123	\$ 3,185,370
Payments to employees	(59,797)	(81,178)	(350,104)
Payments to suppliers	(144,370)	(1,653,848)	(2,759,998)
Net cash provided by (used for) operating activities	101,248	(1,092,903)	75,268
Cash flows from capital and related financing activities:			
Proceeds from grant	-	24,083	-
Proceeds from State of NH State Revolving Loan	-	751,124	-
Principal paid on bonds	-	(65,483)	(58,578)
Interest paid	-	(39,087)	(365)
Net cash provided by (used for) capital and related financing activities	-	670,637	(58,943)
Cash flows from non-capital financing activities:			
Interfund borrowings	69,498	142,331	280,497
Cash flows from investing activities:			
Interest received	238	1,701	576
Net change in cash	170,984	(278,234)	297,398
Cash, beginning	54,503	1,300,678	177,966
Cash, ending	\$ 225,487	\$ 1,022,444	\$ 475,364
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating gain (loss)	\$ 100,310	\$ (690,520)	\$ 463,748
Adjustments to reconcile operating gain (loss) to net cash provided by (used for) operating activities:			
Change in other receivables	(6,404)	(8,642)	(234,859)
Change in accounts payable	2,833	(431,295)	(133,847)
Change in accrued salaries and benefits	1,178	3,336	1,641
Change in retainage payable	-	(59,562)	-
Change in compensated absences	-	14,206	12,161
Change in net pension liability and deferred outflows/inflows of resources	3,665	75,046	(29,461)
Change in net OPEB liability and deferred outflows/inflows of resources	(334)	4,528	(4,115)
Total adjustments	938	(402,383)	(388,480)
Net cash provided by (used for) operating activities	\$ 101,248	\$ (1,092,903)	\$ 75,268

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



**EXHIBIT F-1**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2020**

	Private Purpose Trust Funds	All Custodial Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 2,373,130	\$ 2,373,130
Investments	17,356	69,765	87,121
Total assets	17,356	2,442,895	2,460,251
<b>LIABILITIES</b>			
Intergovernmental payables:			
Amounts due to local school districts	-	1,963,448	1,963,448
<b>NET POSITION</b>			
Restricted	\$ 17,356	\$ 479,447	\$ 496,803

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

**EXHIBIT F-2**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Private Purpose Trust Funds	All Custodial Funds	Total
<b>ADDITIONS</b>			
Investment earnings	\$ 1,759	\$ 4,749	\$ 6,508
Tax collections for other governments	-	4,512,761	4,512,761
Total additions	1,759	4,517,510	4,519,269
<b>DEDUCTIONS</b>			
Administrative expenses	-	5,000	5,000
Payments of taxes to other governments	-	4,512,761	4,512,761
Scholarships	1,325	-	1,325
Total deductions	1,325	4,517,761	4,519,086
Change in net position	434	(251)	183
Net position, beginning	16,922	479,698	496,620
Net position, ending	\$ 17,356	\$ 479,447	\$ 496,803

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

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

	<u>NOTE</u>
<b>Summary of Significant Accounting Policies .....</b>	<b>1</b>
Reporting Entity .....	1-A
Basis of Accounting and Measurement Focus .....	1-B
Cash and Cash Equivalents .....	1-C
Statement of Cash Flows .....	1-D
Investments .....	1-E
Receivables .....	1-F
Inventory .....	1-G
Prepaid Items .....	1-H
Capital Assets .....	1-I
Interfund Activities .....	1-J
Property Taxes .....	1-K
Accounts Payable .....	1-L
Deferred Outflows/Inflows of Resources .....	1-M
Long-term Obligations .....	1-N
Compensated Absences .....	1-O
Defined Benefit Pension Plan .....	1-P
Postemployment Benefits Other Than Pensions .....	1-Q
Net Position/Fund Balances .....	1-R
Use of Estimates .....	1-S
<b>Stewardship, Compliance, and Accountability .....</b>	<b>2</b>
Budgetary Information .....	2-A
Budgetary Reconciliation to GAAP Basis .....	2-B

**DETAILED NOTES ON ALL FUNDS**

<b>Cash and Cash Equivalents .....</b>	<b>3</b>
<b>Investments .....</b>	<b>4</b>
<b>Taxes Receivable .....</b>	<b>5</b>
<b>Other Receivables .....</b>	<b>6</b>
<b>Capital Assets .....</b>	<b>7</b>
<b>Interfund Balances .....</b>	<b>8</b>
<b>Intergovernmental Payables .....</b>	<b>9</b>
<b>Deferred Outflows/Inflows of Resources .....</b>	<b>10</b>
<b>Capital Lease Obligations .....</b>	<b>11</b>
<b>Long-term Liabilities .....</b>	<b>12</b>
<b>Defined Benefit Pension Plan .....</b>	<b>13</b>
<b>Postemployment Benefits Other Than Pensions .....</b>	<b>14</b>
New Hampshire Retirement System (NHRS) .....	14-A
Town of Ashland Retiree Health Benefit Program .....	14-B
<b>Encumbrances .....</b>	<b>15</b>
<b>State Aid to Water Pollution Projects .....</b>	<b>16</b>
<b>Net Position .....</b>	<b>17</b>
<b>Governmental Fund Balances .....</b>	<b>18</b>

***TOWN OF ASHLAND, NEW HAMPSHIRE***  
***NOTES TO THE BASIC FINANCIAL STATEMENTS***  
***AS OF AND FOR THE FISCAL YEAR ENDED***  
***DECEMBER 31, 2020***

Prior Period Adjustment .....	19
Risk Management.....	20
Contingent Liabilities.....	21
COVID-19 .....	22
Subsequent Events.....	23

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

The financial statements of the Town of Ashland, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

***1-A Reporting Entity***

The Town of Ashland is a municipal corporation governed by an elected 5-member Board of Selectmen and Town Manager. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

***1-B Basis of Accounting and Measurement Focus***

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

***Government-wide Financial Statements*** – The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the current year changes to capital assets and related accumulated depreciation, which have been omitted because the Town was not able to complete the current year activity in their capital asset records. The capital asset schedules presented in Note 7 represents the prior year ending figures. In addition, long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town's single employer plan have also been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded capital asset additions, capital asset disposals, depreciation expense nor other postemployment benefit expense of the Town's single employer plan in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

***Governmental Fund Financial Statements*** – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

taxes, licenses, and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The Town reports the following major governmental fund:

**General Fund** – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the library, COVID fund, and expendable trust funds are consolidated in the general fund.

Additionally, the Town reports the following fund types:

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

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

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

**Proprietary Fund Financial Statements** – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary funds:

**Water Fund** – accounts for the activities related to the operation of the water treatment plant, wells, and water system.

**Sewer Fund** – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines.

**Electric Fund** – accounts for electric utility services provided to Town residents.

**Fiduciary Fund Financial Statements** – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, which are custodial in nature. These funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

The Town reports the following fiduciary funds:

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

**Custodial Fund** – are custodial in nature and do not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

***1-C Cash and Cash Equivalents***

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

***1-D Statement of Cash Flows***

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

***1-E Investments***

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

**Fair Value Measurements of Investments** – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

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

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

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

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

***1-F Receivables***

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

***1-G Inventory***

The inventories of the Town are valued at cost using the first-in/first-out (FIFO) method. The inventories of the Town's electric fund consist of expendable materials and supplies held for consumption. The cost is recorded as expenses when consumed rather than when purchased.

***1-H Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses/expenditures as the items are used. The nonspendable fund balance at the governmental fund level is equal to the amount of prepaid items at year-end to indicate that portion of the governmental fund balance that is nonspendable.

***1-I Capital Assets***

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

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value.

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



**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

Capital Asset Classes:	<u>Years</u>
Buildings and building improvements	10-40
Machinery and equipment	7-15
Vehicles	5-15
Infrastructure	50

***1-J Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***Interfund Transfers*** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

***1-K Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 19, 2020, and November 17, 2020, and due on July 1, 2020, and December 21, 2020. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on April 15, 2020.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Ashland and Pemi-Baker School Districts, and Grafton County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2020, utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$243,794,836
For all other taxes	\$250,961,136

The tax rates and amounts assessed for the year ended December 31, 2020, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$10.39	\$2,608,019
School portion:		
State of New Hampshire	\$1.96	477,838
Local	\$14.37	3,606,262
County portion	\$1.71	428,661
Total	<u>\$28.43</u>	<u>\$7,120,780</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

***1-L Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2020.

***1-M Deferred Outflows/Inflows of Resources***

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town's reporting period.

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

***1-N Long-term Obligations***

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

***1-O Compensated Absences***

***Vacation*** - The Town's policy allows certain employees to earn varying amounts of vacation based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by the Town's personnel policy. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

***Sick Leave*** - The Town's policy allows certain employees to earn varying amounts of sick time as set forth by the Town's personnel policy. A liability for those amounts is recorded in the government-wide and proprietary fund financial statements.

***1-P Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

***1-Q Postemployment Benefits Other Than Pensions***

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

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

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

***1-R Net Position/Fund Balances***

***Government-wide Statements*** – Equity is classified as net position and displayed in three components:

**Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

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

**Unrestricted net position** – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

***Fund Balance Classifications*** – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory, or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

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

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

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

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

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

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 10% to 15% of the actual GAAP basis expenditures and other financing sources and uses.

***1-S Use of Estimates***

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts, the useful lives and impairment of tangible and intangible capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

***NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY***

***2-A Budgetary Information***

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town’s operations. At its annual meeting, the Town adopts a budget for the current year for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2020, \$131,300 of the beginning general fund unassigned fund balance was applied for this purpose.

***2-B Budgetary Reconciliation to GAAP Basis***

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

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$3,648,147
Adjustments:	
Basis differences:	
Library	18,698
COVID	75,872
GASB Statement No. 54:	
To record revenue of the blended expendable trust fund	6,127
To eliminate transfers between general and expendable trust funds	(52,779)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	19,603
Change in allowance for uncollectible property taxes	(10,253)
Per Exhibit C-3 (GAAP basis)	<u>\$3,705,415</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$2,776,329
Adjustments:	
Basis differences:	
COVID	75,872
Encumbrances, beginning	12,305
Encumbrances, ending	(44,160)
GASB Statement No. 54:	
To record expenditures of the blended expendable trust fund	252,244
To eliminate transfers between general and expendable trust funds	254,300
Per Exhibit C-3 (GAAP basis)	<u>\$3,326,890</u>

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At December 31, 2020, the reported amount of the Town's deposits was \$5,527,908 and the bank balance was \$5,947,322. The entire balance was covered by federal depository insurance or by collateral held by the pledging bank or pledging bank's trust department in the Town's name.

**Custodial Credit Risk – Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$3,154,778
Cash per Statement of Fiduciary Net Position (Exhibit F-1)	2,373,130
Total cash and cash equivalents	<u>\$5,527,908</u>

**NOTE 4 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Since investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

The Town has the following recurring fair value measurements and maturities as of December 31, 2020:

	Valuation Measurement Method	Reported Balance	Less Than 1 Year	1-5 Years	6-10 Years	After 10 Years	Exempt from Disclosure
Investments type:							
Common stock	Level 1	\$ 69,765	\$ -	\$ -	\$ -	\$ -	\$ 69,765
Equity mutual funds	Level 1	213,712	-	-	-	-	213,712
Fixed income mutual funds	Level 2	1,895	-	-	-	-	1,895
Total fair value		<u>\$285,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,372</u>

**Interest Rate Risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Board of Selectmen's investment policy restricts investments in fixed income securities to United States Treasury Securities maturing in less than one year or short-term obligations of United States Government agencies, fully insured or collateralized certificates of deposits of banks incorporated under the laws of the State of New Hampshire, the New Hampshire Public Deposit Investment pool, and repurchase agreements with banks chartered by the State of New Hampshire and fully collateralized by United States Treasury Bills and such other instruments as may be specifically authorized by the Revised Statutes of the State of New Hampshire. The Trustees of Trust funds limits the average maturity of debt securities so that they do not exceed ten years and additionally, the duration of the investment holding period does not exceed five years.

**Credit Risk** - The Board of Selectmen have no formal policy on managing credit risk; however, state law limits investments as explained in Note I-E. The Trustees of Trust Funds policy limits all fixed income security purchases shall have a minimum quality of "A" by Moody's Investor Services or Standard and Poor's Corporation. As of December 31, 2020, the Trustees of Trust Fund's had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure
Common stock	\$ 69,765	\$ 69,765
Equity mutual funds	213,712	213,712
Fixed income mutual funds	1,895	1,895
Total	<u>\$285,372</u>	<u>\$ 285,372</u>

**Custodial Credit Risk** – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Board of Selectmen's and Trustees of Trust Funds' investment policies do not directly address this risk.

**Concentration of Credit Risk** – The Board of Selectmen's investment policy does not directly address this risk. The Trustees of Trust Funds' investment policy states that for fixed income securities, concentration in any one issuer shall not exceed ten percent except in obligations of the United States and/or the State of New Hampshire and its subdivisions. For equity securities, the purchase of a single security shall not exceed five percent of the equity portion of the portfolio. The maximum exposure to any one name, because of price appreciation, should not exceed twenty percent of the equities. More than 5% of the Trustees of Trust Fund's investments are in Wells Fargo and UBS. These investments are 80% and 13%, respectively, of the Trustees of Trust Fund's total investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 198,251
Investments per Statement of Fiduciary Net Position (Exhibit F-1)	87,121
Total investments	<u>\$285,372</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. The amount has been reduced by an allowance for an estimated uncollectible amount of \$89,782. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2020	\$ 474,468	\$ 474,468
Unredeemed (under tax lien):		
Levy of 2019	58,572	58,572
Levy of 2018	57,175	57,175
Levies of 2017 and prior	82,881	82,881
Elderly	9,782	9,782
Less: allowance for estimated uncollectible taxes	(89,782) *	(9,782)
Net taxes receivable	<u>\$ 593,096</u>	<u>\$ 673,096</u>

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

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2020, consisted of accounts (billings for water, sewer, electric, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2020 for the Town's individual major funds are as follows:

	Governmental					
	Governmental Activities	Fund General	Water	Sewer	Electric	Total
Receivables:						
Accounts	\$ 1,000	\$ 1,000	\$ 45,772	\$ 107,276	\$ 735,784	\$ 888,832
Intergovernmental	249,659 *	686	-	-	-	-
Total receivables	<u>\$ 250,659</u>	<u>\$ 1,686</u>	<u>\$ 45,772</u>	<u>\$ 107,276</u>	<u>\$ 735,784</u>	<u>\$ 888,832</u>

\*See Note 16 – State Aid Water Pollution Projects for additional detail on the \$248,973 due from the State of New Hampshire included in the amount of \$249,659.

**NOTE 7 – CAPITAL ASSETS**

The Town has not updated their capital assets and accumulated depreciation records for governmental activities, business-type activities, and the water, sewer, and electric funds as of December 31, 2020. The lack of current year capital asset and accumulated depreciation records resulted in an adverse opinion for the governmental activities, business-type activities, water, sewer, and electric funds. See note 1-B. As a result, there is no capital asset activity to present for the year ended December 31, 2020.

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

The prior year ending balance is presented as follows:

**Governmental activities:**

At cost:

Not being depreciated:

Land	\$ 1,447,656
Construction in progress	31,800
Total capital assets not being depreciated	<u>1,479,456</u>

Being depreciated:

Buildings and building improvements	1,968,894
Vehicles	1,512,725
Machinery and equipment	1,085,609
Infrastructure	23,839,496
Total capital assets being depreciated	<u>28,406,724</u>
Total all capital assets	<u>29,886,180</u>

Less accumulated depreciation:

Buildings and building improvements	(1,419,090)
Vehicles	(1,234,091)
Machinery and equipment	(605,607)
Infrastructure	(17,479,777)
Total accumulated depreciation	<u>(20,738,565)</u>

Net book value, capital assets being depreciated 7,668,159

Net book value, all governmental activities capital assets \$ 9,147,615

**Business-type activities:**

At cost:

Not being depreciated:

Land	\$ 21,440
Construction in progress	608,530
Total capital assets not being depreciated	<u>629,970</u>

Being depreciated:

Distribution mains	1,185,846
Services	781,986
Structures and equipment	5,705,216
Systems improvements	5,324,234
North Ashland road expansion	2,326,340
Intangible property	967,915
Total capital assets being depreciated	<u>16,291,537</u>
Total all capital assets	<u>16,921,507</u>

Less accumulated depreciation:

Distribution mains	(6,220,782)
Services	(175,040)
Structures and equipment	(2,468,670)
North Ashland road expansion	(919,844)
Intangible property	(21,426)
Total accumulated depreciation	<u>(9,805,762)</u>

Net book value, capital assets being depreciated 6,485,775

Net book value, all business-type activities capital assets \$7,115,745



**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

*Capital assets continued:*

**Water:**

At cost:	
Not being depreciated:	
Land	\$ 4,011
Being depreciated:	
Distribution mains	121,060
Services	294,677
Structures and equipment	456,058
Systems improvements	5,324,234
Intangible property	176,525
Total capital assets being depreciated	6,372,554
Total all capital assets	6,376,565
Less accumulated depreciation:	
Distribution mains	(3,482,775)
Net book value, capital assets being depreciated	2,889,779
Net book value, all water fund	
business-type activities capital assets	\$ 2,893,790

**Sewer:**

At cost:	
Not being depreciated:	
Land	\$ 13,229
Construction in progress	532,935
Total capital assets not being depreciated	546,164
Being depreciated:	
Distribution mains	1,064,786
Services	180,534
Structures and equipment	2,327,933
Intangible property	742,746
Total capital assets being depreciated	4,315,999
Total all capital assets	4,862,163
Less accumulated depreciation:	
Distribution mains	(2,738,007)
Net book value, capital assets being depreciated	1,577,992
Net book value, all sewer fund	
business-type activities capital assets	\$ 2,124,156

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

*Capital assets continued:*

**Electric:**

At cost:

Not being depreciated:

Land	\$ 4,200
Construction in progress	75,595
Total capital assets not being depreciated	<u>79,795</u>

Being depreciated:

Services	306,775
Structures and equipment	2,921,225
North Ashland road expansion	2,326,340
Intangible property	48,644
Total capital assets being depreciated	<u>5,602,984</u>
Total all capital assets	<u>5,682,779</u>

Less accumulated depreciation:

Services	(175,040)
Structures and equipment	(2,468,670)
North Ashland road expansion	(919,844)
Intangible property	(21,426)
Total accumulated depreciation	<u>(3,584,980)</u>

Net book value, capital assets being depreciated 2,018,004

Net book value, all electric fund

business-type activities capital assets \$ 2,097,799

**NOTE 8 – INTERFUND BALANCES**

**Interfund Balances** - The composition of interfund balances as of December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
Governmental Fund - General	Business-Type Activities - Water	\$ 87,162
Governmental Fund - General	Business-Type Activities - Sewer	171,096
Governmental Fund - General	Business-Type Activities - Electric	283,676
		<u>541,934</u>
Business-Type Activities - Water	Business-Type Activities - Sewer	47,261
		<u>\$ 589,195</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2020, consist of the following:

	Governmental Fund General	Fiduciary Funds
Miscellaneous fees due to the State of New Hampshire	\$ 761	\$ -
Taxes due to the Ashland School District	-	1,368,969
Taxes due to the Pemi Baker School District	-	594,479
Total intergovernmental payables due	<u>\$ 761</u>	<u>\$ 1,963,448</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of at December 31, 2020 consist of amounts related to pensions totaling \$808,483 and amounts related to OPEB totaling \$8,378. For further discussion on these amounts, see Note 13 and 14 respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund	Business-type Activities and Proprietary Funds			
			Water	Sewer	Electric	Total
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 157,463	\$ -	\$ -	\$ -	\$ -
Deferred donations	1,115	1,115	-	-	-	-
Amounts related to pensions, see Note 13	32,093	-	590	2,862	195,713	199,165
Amounts related to OPEB, see Note 14	1,838	-	34	164	621	819
Total deferred inflows of resources	<u>\$ 35,046</u>	<u>\$ 158,578</u>	<u>\$ 624</u>	<u>\$ 3,026</u>	<u>\$ 196,334</u>	<u>\$ 199,984</u>

**NOTE 11 – CAPITAL LEASE OBLIGATIONS**

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

	Present Value of Remaining Payments as of December 31, 2020
Capital lease obligations:	
Fire Truck	\$ 198,101
Loader	51,328
Total capital lease obligations	<u>\$ 249,429</u>

The annual requirements to amortize the capital leases payable as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2021	\$ 231,372
2022	27,141
Total requirements	258,513
Less: interest	9,084
Present value of remaining payments	<u>\$ 249,429</u>

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

**NOTE 12 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 1,195,386	\$ -	\$ (129,331)	\$ 1,066,055	\$ 131,330
Premium	60,630	-	(6,063)	54,567	6,063
Total bonds payable	<u>1,256,016</u>	<u>-</u>	<u>(135,394)</u>	<u>1,120,622</u>	<u>137,393</u>

(Continued)

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

*Long-term liabilities continued:*

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Capital leases	372,296	-	(122,867)	249,429	223,285
Compensated absences	50,026	30,383	-	80,409	11,556
Accrued landfill postclosure care costs	107,000	-	(11,000)	96,000	11,000
Net pension liability	1,323,421	701,100	-	2,024,521	-
Net other postemployment benefits	126,127	-	(18,353)	107,774	-
Total long-term liabilities	<u>\$ 3,234,886</u>	<u>\$ 731,483</u>	<u>\$ (287,614)</u>	<u>\$ 3,678,755</u>	<u>\$ 383,234</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 58,578	\$ 2,000,000	\$ (424,061)	\$ 1,634,517	\$ 71,562
Compensated absences	-	26,367	-	26,367	3,278
Net pension liability	411,092	144,244	(164,668)	390,668	-
Net other postemployment benefits	14,938	4,817	(5,147)	14,608	-
Total long-term liabilities	<u>\$ 484,608</u>	<u>\$ 2,149,061</u>	<u>\$ (593,876)</u>	<u>\$ 2,066,160</u>	<u>\$ 74,840</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2020	Current Portion
<b>Governmental activities:</b>						
General obligation bonds:						
Water system	\$ 300,000	2008	2027	4.50%	\$ 84,576	\$ 12,084
Water	\$ 1,092,191	2009	2026	4.50%	385,479	64,246
River St Improvement R1/R2	\$ 944,000	2012	2029	2.00% - 5.00%	596,000	55,000
					<u>1,066,055</u>	<u>131,330</u>
Bond premium					54,567	6,063
Total					<u>\$ 1,120,622</u>	<u>\$ 137,393</u>
<b>Business-type activities:</b>						
General obligation bonds:						
Headworks and septic receiving	\$ 2,000,000	2020	2039	2.00%	<u>\$ 1,634,517</u>	<u>\$ 71,562</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2020, including interest payments, are as follows:

<b>Governmental activities:</b>			
Fiscal Year Ending			
December 31,	Principal	Interest	Total
2021	\$ 131,330	\$ 45,214	\$ 176,544
2022	133,330	39,968	173,298
2023	136,330	34,643	170,973
2024	139,330	28,597	167,927
2025	142,330	22,402	164,732
2026-2029	383,406	37,710	421,116
Totals	<u>\$ 1,066,056</u>	<u>\$ 208,534</u>	<u>\$ 1,274,590</u>

(Continued)

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

*General obligation bonds continued:*

**Business-type activities:**

Fiscal Year Ending December 31,	Principal	Interest	Total
2021	\$ 71,562	\$ 32,690	\$ 104,252
2022	72,993	31,259	104,252
2023	74,453	29,799	104,252
2024	75,942	28,310	104,252
2025	77,461	26,791	104,252
2026-2030	411,171	110,089	521,260
2031-2035	453,968	67,294	521,262
2036-2039	396,967	20,044	417,011
Totals	<u>\$ 1,634,517</u>	<u>\$ 346,276</u>	<u>\$ 1,980,793</u>

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

**Accrued Landfill Postclosure Care Costs** – The Town ceased operating its landfill in prior years. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$96,000 as of December 31, 2020, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

**NOTE 13 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time State employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

**Benefits Provided** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

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

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service.

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

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

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

**Contributions** - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$87,371, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2020 the Town reported a liability of \$2,415,189 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town's proportion was 0.03776005% which was an increase of 0.00171188% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$365,902. At December 31, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 267,598	\$ 205,325
Changes in assumptions	238,910	-
Net difference between projected and actual investment earnings on pension plan investments	149,382	-
Differences between expected and actual experience	65,221	25,933
Contributions subsequent to the measurement date	87,372	-
Total	<u>\$ 808,483</u>	<u>\$ 231,258</u>

The \$87,372 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2021	\$ 95,854
2022	124,742
2023	141,948
2024	127,309
Thereafter	-
Totals	<u>\$ 489,853</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

Inflation:	2.00%
Salary increases:	5.60% average, including inflation
Wage inflation:	2.75% (2.25% for teachers)
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

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

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

Measurement	1% Decrease	Current Single	1% Increase
Date	5.75%	Rate Assumption	7.75%
June 30, 2020	\$ 3,126,688	\$ 2,415,189	\$ 1,833,801

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

**NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2020 Comprehensive Annual Financial Report, which can be found on the system's website at [www.nhrs.org](http://www.nhrs.org).

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

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

Maximum medical subsidy rates paid during fiscal year 2020 were as follows:

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

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

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$7,135, which was paid in full.



**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At December 31, 2020, the Town reported a liability of \$122,382 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town's proportion was 0.02795946% which was a decrease of 0.00421693% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$4,131. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 2,302
Net difference between projected and actual investment earnings on OPEB plan investments	458	-
Changes in assumptions	786	-
Differences between expected and actual experience	-	355
Contributions subsequent to the measurement date	7,134	-
Total	<u>\$ 8,378</u>	<u>\$ 2,657</u>

The \$7,134 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2021	\$ (1,835)
2022	135
2023	162
2024	125
Thereafter	-
Totals	<u>\$ (1,413)</u>

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

Inflation:	2.00%
Salary increases:	5.60% average, including inflation
Wage inflation:	2.75% (2.25%) for teachers
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation for determining solvency contributions

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

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

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

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2020, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

Measurement Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 132,893	\$ 122,382	\$ 113,255

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

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

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

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town's contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2020, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town's single employer plan are unknown.

**NOTE 15 – ENCUMBRANCES**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2020 and are as follows:

General fund:	
General government	\$ 2,000
Public safety	1,750
Highways and streets	38,478
Sanitation	1,932
Total	<u>\$ 44,160</u>

**NOTE 16 – STATE AID TO WATER POLLUTION PROJECTS**

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities. At December 31, 2020 the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending December 31,	Principal	Interest	Total
2021	\$ 37,384	\$ 4,532	\$ 41,916
2022	36,818	4,155	40,973
2023	36,425	3,686	40,111
2024	36,032	3,152	39,184
2025	35,639	2,592	38,231
2026-2029	66,675	4,847	71,522
Total	<u>\$ 248,973</u>	<u>\$ 22,964</u>	<u>\$ 271,937</u>

**NOTE 17 – NET POSITION**

Net position reported Statement of Net Position at December 31, 2020 include the following:

	Government-wide Financial Statements			Fiduciary Funds
	Governmental Activities	Business-type Activities	Total	
Net investment in capital assets:				
Net book value, capital assets	\$ 9,147,615	\$ 7,115,745	\$ 16,263,360	\$ -
Less:				
General obligation bonds/notes payable	(1,066,055)	(1,634,517)	(2,700,572)	-
Unamortized bond premiums	(54,567)	-	(54,567)	-
Capital leases payable	(249,429)	-	(249,429)	-
Total net investment in capital assets	<u>7,777,564</u>	<u>5,481,228</u>	<u>13,258,792</u>	<u>-</u>

(Continued)

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

*Net position continued:*

	Government-wide Financial Statements			Fiduciary
	Governmental Activities	Business-type Activities	Total	Funds
Restricted net position:				
Permanent fund principal	54,985	-	54,985	-
Permanent fund income	148,524	-	148,524	-
Library	49,128	-	49,128	-
Special revenue funds	53,517	-	53,517	-
Individuals, organizations and other governments	-	-	-	496,803
Total restricted net position	306,154	-	306,154	496,803
Unrestricted	924,138	1,023,972	1,948,110	-
Total net position	\$ 9,007,856	\$ 6,505,200	\$ 15,513,056	\$ 496,803

None of the net position is restricted by enabling legislation.

**NOTE 18 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Prepaid items	\$ 6,301	\$ -	\$ 6,301
Tax deeded property	15,561	-	15,561
Permanent fund - principal balance	-	54,985	54,985
Total nonspendable fund balance	21,862	54,985	76,847
<b>Restricted:</b>			
Library	49,128	-	49,128
Permanent - income balance	-	148,524	148,524
Other special revenue funds:			
Community Day	-	148	148
Playground	-	746	746
DARE	-	220	220
Conservation Commission	-	7,322	7,322
4th of July	-	17,698	17,698
Fire Apparatus	-	27,383	27,383
Total restricted fund balance	49,128	202,041	251,169
<b>Committed:</b>			
Expendable trusts	861,677	-	861,677
<b>Assigned:</b>			
Encumbrances	44,160	-	44,160
<b>Unassigned</b>	1,330,648	-	1,330,648
Total governmental fund balances	\$ 2,307,475	\$ 257,026	\$ 2,564,501

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**NOTE 19 – PRIOR PERIOD ADJUSTMENT**

Net position at January 1, 2020, was restated to give retroactive effect to the following prior period adjustment:

	Governmental Activities
To restate for previously unrecognized intergovernmental receivable	\$ 174,305
Net position, as previously reported	8,404,871
Net position, as restated	<u>\$ 8,579,176</u>

**NOTE 20 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020, to December 31, 2020, by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2020 the Town paid \$53,033 and \$27,735 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

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

**NOTE 21 – CONTINGENT LIABILITIES**

There are various legal claims and suits pending against the Town which arose in the normal course of the government's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

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

**NOTE 22 – COVID-19**

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

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$75,872. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

***TOWN OF ASHLAND, NEW HAMPSHIRE***  
***NOTES TO THE BASIC FINANCIAL STATEMENTS***  
***AS OF AND FOR THE FISCAL YEAR ENDED***  
***DECEMBER 31, 2020***

***NOTE 23 – SUBSEQUENT EVENTS***

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through November 30, 2021, the date the December 31, 2020 financial statements were available to be issued, no events occurred that require recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT G**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,					
	2015	2016	2017	2018	2019	2020
Town's proportion of the net pension liability	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Town's proportionate share of the net pension liability	\$ 1,477,435	\$ 1,929,014	\$ 1,808,622	\$ 1,707,329	\$ 1,734,513	\$ 2,415,189
Town's covered payroll	\$ 899,469	\$ 913,258	\$ 936,569	\$ 1,017,642	\$ 1,123,782	\$ 1,065,151
Town's proportionate share of the net pension liability as a percentage of its covered payroll	164.26%	211.22%	193.11%	167.77%	154.35%	226.75%
Plan fiduciary net position as a percentage of the total pension liability	65.50%	58.30%	62.66%	64.73%	65.59%	58.72%



**EXHIBIT H**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$120,376	\$130,052	\$142,481	\$ 158,090	\$ 160,139	\$ 167,746
Contributions in relation to the contractually required contributions	120,376	130,052	142,481	158,090	160,139	167,746
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$881,078	\$908,428	\$938,671	\$1,038,045	\$1,123,782	\$1,064,151
Contributions as a percentage of covered payroll	13.66%	14.32%	15.18%	15.23%	14.25%	15.76%

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at December 31, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-215 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

**Other Information:**

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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**EXHIBIT I**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,			
	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.02%	0.03%	0.03%	0.03%
Town's proportionate share of the net OPEB liability (asset)	\$ 91,192	\$ 132,832	\$ 141,065	\$ 122,382
Town's covered payroll	\$ 936,569	\$ 1,017,642	\$ 1,123,782	\$ 1,064,151
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.74%	13.05%	12.55%	11.50%
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.53%	7.75%	7.74%

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

**EXHIBIT J**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,			
	2017	2018	2019	2020
Contractually required contribution	\$ 12,699	\$ 16,670	\$ 14,684	\$ 12,978
Contributions in relation to the contractually required contribution	12,699	16,670	14,684	12,978
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 938,671	\$ 1,038,045	\$ 1,123,782	\$ 1,064,151
Contributions as a percentage of covered payroll	1.35%	1.61%	1.31%	1.22%

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

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2/0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2020*

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,483,970	\$ 2,549,102	\$ 65,132
Yield	4,680	10,952	6,272
Payment in lieu of taxes	58,114	58,074	(40)
Interest and penalties on taxes	39,000	35,690	(3,310)
Total from taxes	<u>2,585,764</u>	<u>2,653,818</u>	<u>68,054</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	1,000	927	(73)
Motor vehicle permit fees	382,000	402,995	20,995
Building permits	22,000	22,370	370
Other	5,000	5,253	253
Total from licenses, permits, and fees	<u>410,000</u>	<u>431,545</u>	<u>21,545</u>
Intergovernmental:			
State:			
Shared revenues	34,858	71,720	36,862
Meals and rooms distribution	106,215	106,215	-
Highway block grant	56,029	56,023	(6)
Water pollution grants	-	28,826	28,826
State and federal forest land reimbursement	43	43	-
Other	837	45,810	44,973
Federal:			
Other	-	1,843	1,843
Total from intergovernmental	<u>197,982</u>	<u>310,480</u>	<u>112,498</u>
Charges for services:			
Income from departments	<u>133,000</u>	<u>141,281</u>	<u>8,281</u>
Miscellaneous:			
Interest on investments	3,500	4,646	1,146
Other	26,500	53,598	27,098
Total from miscellaneous	<u>30,000</u>	<u>58,244</u>	<u>28,244</u>
Other financing sources:			
Transfers in	<u>55,000</u>	<u>52,779</u>	<u>(2,221)</u>
Total revenues and other financing sources	<u>3,411,746</u>	<u>\$ 3,648,147</u>	<u>\$ 236,401</u>
Amounts voted from fund balance	<u>131,300</u>		
Total revenues, other financing sources, and use of fund balance	<u>\$ 3,543,046</u>		

**SCHEDULE 2**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2020**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 142,103	\$ 130,678	\$ 2,000	\$ 9,425
Election and registration	-	46,311	43,426	-	2,885
Financial administration	-	125,029	118,780	-	6,249
Revaluation of property	-	42,610	34,519	-	8,091
Legal	-	20,000	28,575	-	(8,575)
Personnel administration	-	464,120	385,655	-	78,465
Planning and zoning	-	13,185	6,986	-	6,199
General government buildings	12,305	38,052	46,815	-	3,542
Cemeteries	-	50	-	-	50
Insurance, not otherwise allocated	-	87,680	81,039	-	6,641
Other	-	25,004	30,149	-	(5,145)
Total general government	12,305	1,004,144	906,622	2,000	107,827
Public safety:					
Police	-	487,945	422,069	1,750	64,126
Ambulance	-	51,282	50,977	-	305
Fire	-	307,535	299,743	-	7,792
Building inspection	-	22,531	11,536	-	10,995
Emergency management	-	3,000	600	-	2,400
Total public safety	-	872,293	784,925	1,750	85,618
Highways and streets:					
Administration	-	211,305	214,206	-	(2,901)
Highways and streets	-	221,537	183,742	38,478	(683)
Street lighting	-	42,000	42,000	-	-
Other	-	63,305	64,917	-	(1,612)
Total highways and streets	-	538,147	504,865	38,478	(5,196)
Sanitation:					
Solid waste disposal	-	145,622	171,101	1,932	(27,411)
Health:					
Administration	-	2,354	2,011	-	343
Pest control	-	1,200	1,000	-	200
Total health	-	3,554	3,011	-	543
Welfare:					
Administration and direct assistance	-	26,710	7,210	-	19,500
Vendor payments and other	-	28,904	28,904	-	-
Total welfare	-	55,614	36,114	-	19,500
Culture and recreation:					
Parks and recreation	-	123,510	73,323	-	50,187
Library	-	68,528	67,013	-	1,515
Patriotic purposes	-	10,690	1,061	-	9,629
Total culture and recreation	-	202,728	141,397	-	61,331
Conservation	-	1	-	-	1
Debt service:					
Principal of long-term debt	-	129,331	129,331	-	-
Interest on long-term debt	-	50,380	50,351	-	29
Interest on tax anticipation notes	-	1	-	-	1
Total debt service	-	179,712	179,682	-	30

(Continued)



**SCHEDULE 2 (continued)**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2020**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Capital outlay	-	286,931	271,057	-	15,874
Other financing uses:					
Transfers out	-	254,300	254,300	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 12,305	\$ 3,543,046	\$ 3,253,074	\$ 44,160	\$ 258,117

**SCHEDULE 3**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2020**

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,048,666
Changes:		
Amounts voted from fund balance		(131,300)
2020 Budget summary:		
Revenue surplus (Schedule 1)	\$ 236,401	
Unexpended balance of appropriations (Schedule 2)	<u>258,117</u>	
2020 Budget surplus		494,518
Change in nonspendable fund balance		<u>(3,773)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,408,111
<b>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(157,463)
Elimination of the allowance for uncollectible taxes		<u>80,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,330,648</u></u>

**SCHEDULE 4**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2020**

	Special Revenue Funds	Permanent Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 53,517	\$ 5,258	\$ 58,775
Investments	-	198,251	198,251
Total assets	<u>\$ 53,517</u>	<u>\$ 203,509</u>	<u>\$ 257,026</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ -	\$ 54,985	\$ 54,985
Restricted	53,517	148,524	202,041
Total fund balances	<u>\$ 53,517</u>	<u>\$ 203,509</u>	<u>\$ 257,026</u>

**SCHEDULE 5**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2020**

	Special Revenue Funds	Permanent Fund	Total
<b>Revenues:</b>			
Miscellaneous	\$ 235	\$ 11,204	\$ 11,439
<b>Expenditures:</b>			
Current:			
General government	-	15,250	15,250
Culture and recreation	16,746	-	16,746
Total expenditures	16,746	15,250	31,996
Net change in fund balances	(16,511)	(4,046)	(20,557)
Fund balances, beginning	70,028	207,555	277,583
Fund balances, ending	\$ 53,517	\$ 203,509	\$ 257,026

**SCHEDULE 6**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Custodial Funds*  
*Combining Schedule of Fiduciary Net Position*  
*December 31, 2020*

	Custodial Funds		Total
	Taxes	Trust Funds	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,963,448	\$409,682	\$ 2,373,130
Investments	-	69,765	69,765
Total assets	1,963,448	479,447	2,442,895
<b>LIABILITIES</b>			
Intergovernmental payables:			
School	1,963,448	-	1,963,448
<b>NET POSITION</b>			
Restricted	\$ -	\$479,447	\$ 479,447

**SCHEDULE 7**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
*Custodial Funds*  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Custodial Funds		Total
	Taxes	Trust Funds	
<b>ADDITIONS</b>			
Investment earnings	\$ -	\$ 4,749	\$ 4,749
Tax collections for other governments	4,512,761	-	4,512,761
Total additions	4,512,761	4,749	4,517,510
<b>DEDUCTIONS</b>			
Administrative expenses	-	5,000	5,000
Payments of taxes to other governments	4,512,761	-	4,512,761
Total deductions	4,512,761	5,000	4,517,761
Change in net position	-	(251)	(251)
Net position, beginning	-	479,698	479,698
Net position, ending	\$ -	\$ 479,447	\$ 479,447



## **PLODZIK & SANDERSON**

*Professional Association/Accountants & Auditors*

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### ***INDEPENDENT AUDITOR'S REPORT OF SIGNIFICANT DEFICIENCY***

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ashland, New Hampshire (the Town) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

#### **2020-01 Electric Fund Receivables**

Upon review of the internal controls over the electric fund receivables we noted that the Town is not reconciling the receivable account on a monthly basis. In addition, we noted that collections received in December 2020 and posted to the general ledger were not applied to customers' accounts until January 2021. Therefore, the receivable balance per the general ledger was significantly lower than the receivable listing from the billing system. Upon further discussion with Town staff, we noted that the aged receivable report from the billing system is available for a single point in time, but the Town failed to run the report as of December 31, 2020. As a result, the ability of the Town to verify the composition and quality of its receivables was significantly impaired. The billing process and having accurate data on outstanding receivables is critical to the Town's operations. We recommend that the Town establish procedures to reconcile the billing system reports to the general ledger on a monthly basis and that appropriate management level personnel review the reconciliations for accuracy and to document evidence of their review.

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

November 30, 2021

*Plodzik & Sanderson  
Professional Association*