

**TOWN OF ASHLAND,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

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

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

**TABLE OF CONTENTS**

	<b><u>PAGES</u></b>
<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 - 41</b>
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b> 	
G Schedule of the Town's Proportionate Share of Net Pension Liability .....	42
H Schedule of Town Contributions – Pensions .....	43
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY .....</b>	
	44
I Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability .....	45
J Schedule of Town Contributions – Other Postemployment Benefits .....	46
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY .....</b>	
	47

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

**TABLE OF CONTENTS**

	<b><u>PAGES</u></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).....	48
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis).....	49 - 50
3 Schedule of Changes in Unassigned Fund Balance.....	51
<i>Nonmajor Governmental Funds</i>	
4 Combining Balance Sheet .....	52
5 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	53
<b>Fiduciary Funds</b>	
<i>Custodial Funds</i>	
6 Combining Schedule of Fiduciary Net Position .....	54
7 Combining Schedule of Changes in Fiduciary Net Position .....	55
<b>INDEPENDENT AUDITOR'S COMMUNICATION</b>	
<b>OF SIGNIFICANT DEFICIENCY</b> .....	56



# PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

#### *Adverse and Unmodified Opinions*

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Ashland as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### Summary of Opinions

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

#### *Adverse Opinion on Governmental Activities, Business-type Activities, and Proprietary Funds*

In our opinion, because of the significance of the matter described in the "Matter Giving Rise to Adverse Opinion on Governmental Activities, Business-type Activities, and Proprietary 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, as of December 31, 2022, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on General Fund and Aggregate Remaining Fund Information*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major general fund and aggregate remaining fund information of the Town of Ashland as of December 31, 2022, 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.

#### *Basis for Adverse and Unmodified Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town of Ashland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

***Matter Giving Rise to Adverse Opinion on Governmental Activities, Business-type Activities, and Proprietary Funds***

As discussed in Note 13-B to the financial statements, management has not recorded the long-term costs of retirement healthcare costs and obligations for other postemployment benefits for the single employer plan in the governmental activities, business-type activities, and proprietary 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 proprietary funds. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities, business-type activities, and proprietary funds is not readily determinable.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ashland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Ashland's ability to continue as a going concern for a reasonable period of time.

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

***Change in Accounting Principle***

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

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

- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,

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

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

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

**Supplementary Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ashland's basic financial statements. The accompanying 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.

January 9, 2024  
Concord, New Hampshire

*Blodzik & Sanderson*  
*Professional Association*

## ***BASIC FINANCIAL STATEMENTS***

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

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,079,969	\$ 1,978,156	\$ 6,058,125
Investments	176,866	-	176,866
Taxes receivables	460,065	-	460,065
Account receivables	-	985,641	985,641
Intergovernmental receivable	244,572	86,997	331,569
Internal balances	487,358	(487,358)	-
Inventory	-	32,615	32,615
Prepaid items	33,880	15,060	48,940
Tax deeded property, subject to resale	15,561	-	15,561
Capital assets:			
Land and construction in progress	1,447,656	17,240	1,464,896
Other capital assets, net of depreciation	7,921,728	6,190,196	14,111,924
Total assets	<u>14,867,655</u>	<u>8,818,547</u>	<u>23,686,202</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Amounts related to pensions	517,207	84,474	601,681
Amounts related to other postemployment benefits	5,913	966	6,879
Total deferred outflows of resources	<u>523,120</u>	<u>85,440</u>	<u>608,560</u>
<b>LIABILITIES</b>			
Accounts payable	101,403	62,289	163,692
Accrued salaries and benefits	45,815	150	45,965
Accrued interest payable	13,954	2,449	16,403
Intergovernmental payable	2,035,328	-	2,035,328
Notes payable	-	122,344	122,344
Long-term liabilities:			
Due within one year	153,393	74,453	227,846
Due in more than one year	2,823,298	1,761,622	4,584,920
Total liabilities	<u>5,173,191</u>	<u>2,023,307</u>	<u>7,196,498</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - SB 401 and donations	130,730	-	130,730
Unavailable revenue - ARPA	215,137	-	215,137
Amounts related to pensions	42,399	176,542	218,941
Total deferred inflows of resources	<u>388,266</u>	<u>176,542</u>	<u>564,808</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,525,548	4,717,474	13,243,022
Restricted	655,857	-	655,857
Unrestricted	647,913	1,986,664	2,634,577
Total net position	<u>\$ 9,829,318</u>	<u>\$ 6,704,138</u>	<u>\$ 16,533,456</u>

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, 2022**

		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	\$ 1,167,158	\$ 746	\$ 60,910	\$ (1,105,502)	\$ -	\$ (1,105,502)
Public safety	940,528	16,924	-	(923,604)	-	(923,604)
Highways and streets	515,649	47,023	52,842	(415,784)	-	(415,784)
Sanitation	162,927	-	-	(162,927)	-	(162,927)
Health	3,298	-	-	(3,298)	-	(3,298)
Welfare	41,330	-	-	(41,330)	-	(41,330)
Culture and recreation	261,166	122,884	-	(138,282)	-	(138,282)
Interest on long-term debt	31,357	-	-	(31,357)	-	(31,357)
Depreciation- unallocated	717,625	-	-	(717,625)	-	(717,625)
Total governmental activities	<u>3,841,038</u>	<u>187,577</u>	<u>113,752</u>	<u>(3,539,709)</u>	<u>-</u>	<u>(3,539,709)</u>
<b>Business-type activities:</b>						
Water	586,155	329,020	-	-	(257,135)	(257,135)
Sewer	498,874	724,227	-	-	225,353	225,353
Electric	2,820,305	3,185,156	-	-	364,851	364,851
Total business-type activities	<u>3,905,334</u>	<u>4,238,403</u>	<u>-</u>	<u>-</u>	<u>333,069</u>	<u>333,069</u>
Total	<u>\$ 7,746,372</u>	<u>\$ 4,425,980</u>	<u>\$ 113,752</u>	<u>(3,539,709)</u>	<u>333,069</u>	<u>(3,206,640)</u>
General revenues:						
Taxes:						
Property				2,290,881	-	2,290,881
Other				58,821	-	58,821
Motor vehicle permit fees				385,185	-	385,185
Licenses and other fees				22,682	-	22,682
Grants and contributions not restricted to specific programs						
				198,107	-	198,107
Unrestricted investment earnings				12,608	6,429	19,037
Miscellaneous				75,160	-	75,160
Total general revenues				<u>3,043,444</u>	<u>6,429</u>	<u>3,049,873</u>
Transfers				159,361	(159,361)	-
Total general revenues and transfers				<u>3,202,805</u>	<u>(152,932)</u>	<u>3,049,873</u>
Loan forgiveness				-	75,000	75,000
Total general revenues, transfers, and special items				<u>3,362,166</u>	<u>(77,932)</u>	<u>3,124,873</u>
Change in net position				(336,904)	255,137	(81,767)
Net position, beginning, as restated (see Note 18)				10,166,222	6,449,001	16,615,223
Net position, ending				<u>\$ 9,829,318</u>	<u>\$ 6,704,138</u>	<u>\$ 16,533,456</u>

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

**EXHIBIT C-1**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2022**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,040,976	\$ 38,993	\$ 4,079,969
Investments	-	176,866	176,866
Taxes receivable	560,065	-	560,065
Intergovernmental receivable	59,911	-	59,911
Interfund receivable	487,358	-	487,358
Prepaid items	33,880	-	33,880
Tax dedeed property, subject to resale	15,561	-	15,561
Total assets	<u>\$ 5,197,751</u>	<u>\$ 215,859</u>	<u>\$ 5,413,610</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 101,403	\$ -	\$ 101,403
Accrued salaries and benefits	45,815	-	45,815
Intergovernmental payable	2,035,328	-	2,035,328
Total liabilities	<u>2,182,546</u>	<u>-</u>	<u>2,182,546</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	121,550	-	121,550
Unavailable revenue - SB 401 and donations	130,730	-	130,730
Unavailable revenue - ARPA	215,137	-	215,137
Total deferred inflows of resources	<u>467,417</u>	<u>-</u>	<u>467,417</u>
<b>FUND BALANCES</b>			
Nonspendable	49,441	11,802	61,243
Restricted	440,435	204,057	644,492
Committed	510,175	-	510,175
Assigned	3,360	-	3,360
Unassigned	1,544,377	-	1,544,377
Total fund balances	<u>2,547,788</u>	<u>215,859</u>	<u>2,763,647</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,197,751</u>	<u>\$ 215,859</u>	<u>\$ 5,413,610</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, 2022**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 2,763,647
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 31,244,047	
Less accumulated depreciation	<u>(21,874,663)</u>	
		9,369,384
Other long-term assets that are not available to pay for current period expenditures and therefore, are not reported in the funds.		
State Aid		184,661
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	\$ 517,207	
Deferred inflows of resources related to pensions	(42,399)	
Deferred outflows of resources related to OPEB	<u>5,913</u>	
		480,721
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.		121,550
Allowance for uncollectible property taxes that is recognized on the full accrual basis but not on the modified accrual.		(100,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(13,954)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 801,395	
Unamortized bond premium	42,441	
Compensated absences	78,188	
Accrued landfill postclosure care costs	74,000	
Net pension liability	1,878,455	
Other postemployment benefits	<u>102,212</u>	
		(2,976,691)
Net position of governmental activities (Exhibit A)		<u><u>\$ 9,829,318</u></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, 2022**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,381,560	\$ -	\$ 2,381,560
Licenses and permits	408,440	-	408,440
Intergovernmental	338,767	-	338,767
Charges for services	187,577	-	187,577
Miscellaneous	79,541	7,217	86,758
Total revenues	<u>3,395,885</u>	<u>7,217</u>	<u>3,403,102</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,013,663	43,183	1,056,846
Public safety	906,784	-	906,784
Highways and streets	584,822	-	584,822
Sanitation	171,599	-	171,599
Health	3,298	-	3,298
Welfare	41,330	-	41,330
Culture and recreation	236,640	25,634	262,274
Debt service:			
Principal	133,331	-	133,331
Interest	39,917	-	39,917
Capital outlay	398,531	-	398,531
Total expenditures	<u>3,529,915</u>	<u>68,817</u>	<u>3,598,732</u>
Deficiency of revenues under expenditures	<u>(134,030)</u>	<u>(61,600)</u>	<u>(195,630)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	159,717	-	159,717
Transfers out	-	(356)	(356)
Total other financing sources (uses)	<u>159,717</u>	<u>(356)</u>	<u>159,361</u>
Net change in fund balances	25,687	(61,956)	(36,269)
Fund balances, beginning	2,522,101	277,815	2,799,916
Fund balances, ending	<u>\$ 2,547,788</u>	<u>\$ 215,859</u>	<u>\$ 2,763,647</u>

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, 2022**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (36,269)
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 440,564	
Depreciation expense	<u>(717,625)</u>	
		(277,061)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (356)	
Transfers out	<u>356</u>	
		-
Other long-term assets that are not available to pay for current period expenditures and therefore, are not reported in the funds.		
State Aid		(26,471)
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		(31,858)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the 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	\$ 133,330	
Repayment of notes payable	26,144	
Amortization of bond premium	<u>6,063</u>	
		165,537
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	\$ 2,497	
Change in compensated absences payable	(14,035)	
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	(130,209)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(35)</u>	
		(130,782)
Changes in net position of governmental activities (Exhibit B)		<u>\$ (336,904)</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, 2022**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,355,728	\$ 2,355,728	\$ 2,349,702	\$ (6,026)
Licenses and permits	421,000	421,000	408,440	(12,560)
Intergovernmental	245,415	245,415	277,420	32,005
Charges for services	175,000	175,000	187,577	12,577
Miscellaneous	47,500	47,500	40,719	(6,781)
Total revenues	<u>3,244,643</u>	<u>3,244,643</u>	<u>3,263,858</u>	<u>19,215</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,030,760	1,058,879	1,013,663	45,216
Public safety	929,935	929,935	845,874	84,061
Highways and streets	557,293	557,293	560,182	(2,889)
Sanitation	156,858	156,858	171,599	(14,741)
Health	3,619	3,619	3,298	321
Welfare	50,073	50,073	41,330	8,743
Culture and recreation	231,938	231,938	222,930	9,008
Conservation	1	1	-	1
Debt service:				
Principal	133,331	133,331	133,331	-
Interest	40,065	40,066	39,917	149
Capital outlay	195,131	398,531	398,531	-
Total expenditures	<u>3,329,004</u>	<u>3,560,524</u>	<u>3,430,655</u>	<u>129,869</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,361)</u>	<u>(315,881)</u>	<u>(166,797)</u>	<u>149,084</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	159,361	390,881	390,881	-
Transfers out	<u>(245,000)</u>	<u>(245,000)</u>	<u>(245,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(85,639)</u>	<u>145,881</u>	<u>145,881</u>	<u>-</u>
Net change in fund balances	<u>\$ (170,000)</u>	<u>\$ (170,000)</u>	<u>(20,916)</u>	<u>\$ 149,084</u>
Decrease in nonspendable fund balance			32,274	
Unassigned fund balance, beginning			1,554,569	
Unassigned fund balance, ending			<u>\$ 1,565,927</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, 2022**

	Business-type Activities			
	Enterprise Funds			Total
	Water	Sewer	Electric	Enterprise Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 293,634	\$ 1,167,481	\$ 517,041	\$ 1,978,156
Accounts receivable	66,365	151,343	767,933	985,641
Intergovernmental receivable	-	86,997	-	86,997
Prepaid items	-	12,120	2,940	15,060
Inventory	-	-	32,615	32,615
Capital assets:				
Land and construction in progress	4,011	13,229	-	17,240
Other capital assets, net of depreciation	2,076,633	3,355,986	757,577	6,190,196
Total assets	2,440,643	4,787,156	2,078,106	9,305,905
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Amounts related to pensions	42,237	42,237	-	84,474
Amounts related to other postemployment benefits	483	483	-	966
Total deferred outflows of resources	42,720	42,720	-	85,440
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	100	-	62,189	62,289
Accrued salaries and benefits	-	-	150	150
Accrued interest payable	-	2,449	-	2,449
Internal balances	43,549	228,183	215,626	487,358
Notes payable	-	122,344	-	122,344
Long term liabilities:				
Due within one year	-	74,453	-	74,453
Due in more than one year	161,750	1,582,729	17,143	1,761,622
Total liabilities	205,399	2,010,158	295,108	2,510,665
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Amounts related to pensions	3,462	3,462	169,618	176,542
<b>NET POSITION</b>				
Net investment in capital assets	2,080,644	1,879,253	757,577	4,717,474
Unrestricted	193,858	937,003	855,803	1,986,664
Total net position	\$ 2,274,502	\$ 2,816,256	\$ 1,613,380	\$ 6,704,138

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, 2022**

	Business-type Activities			
	Enterprise Funds			Total
	Water	Sewer	Electric	Enterprise Funds
Operating revenues:				
User charges	\$ 324,247	\$ 717,509	\$ 3,185,156	\$ 4,226,912
Miscellaneous	4,773	6,718	-	11,491
Total operating revenues	<u>329,020</u>	<u>724,227</u>	<u>3,185,156</u>	<u>4,238,403</u>
Operating expenses:				
Salaries and wages	114,427	116,397	317,288	548,112
Operation and maintenance	311,573	181,683	2,449,112	2,942,368
Depreciation	160,155	169,984	53,905	384,044
Total operating expenses	<u>586,155</u>	<u>468,064</u>	<u>2,820,305</u>	<u>3,874,524</u>
Operating gain (loss)	<u>(257,135)</u>	<u>256,163</u>	<u>364,851</u>	<u>363,879</u>
Nonoperating revenue (expense):				
Interest income	587	4,103	1,739	6,429
Loan forgiveness	-	75,000	-	75,000
Interest expense	-	(30,810)	-	(30,810)
Total nonoperating revenues (expenses)	<u>587</u>	<u>48,293</u>	<u>1,739</u>	<u>50,619</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>(159,361)</u>	<u>-</u>	<u>(159,361)</u>
Change in net position	(256,548)	145,095	366,590	255,137
Net position, beginning, as restated (see Note 18)	2,531,050	2,671,161	1,246,790	6,449,001
Net position, ending	<u>\$ 2,274,502</u>	<u>\$ 2,816,256</u>	<u>\$ 1,613,380</u>	<u>\$ 6,704,138</u>

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, 2022**

	Business-type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
			Total Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 318,772	\$ 694,162	\$ 2,949,491
Payments to employees	(116,397)	(247,480)	(391,868)
Payments to suppliers	(194,596)	(190,613)	(2,395,597)
Net cash provided by operating activities	7,779	256,069	162,026
Cash flows from capital and related financing activities:			
Proceeds from State of NH State Revolving Loan	-	46,904	-
Principal paid on bonds	-	(72,993)	-
Acquisition and construction of fixed assets	-	(59,152)	-
Interest paid	-	(30,930)	-
Net cash used for capital and related financing activities	-	(116,171)	-
Cash flows from non-capital financing activities:			
Interfund borrowings	26,204	(87,520)	28,317
Cash flows from investing activities:			
Interest received	587	4,103	1,739
Net change in cash	34,570	56,481	192,082
Cash, beginning	259,064	1,111,000	324,959
Cash, ending	\$ 293,634	\$ 1,167,481	\$ 517,041
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by Operating Activities</b>			
Operating gain (loss)	\$ (257,135)	\$ 256,163	\$ 364,851
Adjustments to reconcile operating gain (loss) to net cash provided by operating activities:			
Depreciation expense	160,156	169,984	53,905
Change in other receivables	(18,313)	(30,065)	(235,665)
Change in prepaid items	580	(8,930)	4,869
Change in accounts payable	-	-	48,646
Change in compensated absences	-	1,466	4,153
Change in net pension liability and deferred outflows/inflows of resources	114,627	(122,488)	(78,791)
Change in net OPEB liability and deferred outflows/inflows of resources	7,864	(10,061)	58
Total adjustments	264,914	(94)	(202,825)
Net cash provided by operating activities	\$ 7,779	\$ 256,069	\$ 162,026

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, 2022**

	Private Purpose Trust Funds	All Custodial Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 213	\$ 358,759	\$ 358,972
Investments	15,711	69,803	85,514
Intergovernmental receivable	-	2,031,046	2,031,046
Total assets	<u>15,924</u>	<u>2,459,608</u>	<u>2,475,532</u>
<b>LIABILITIES</b>			
Due to the Ashland School District	-	1,499,414	1,499,414
Due to the Pemi-Baker School District	-	531,632	531,632
Total liabilities	<u>-</u>	<u>2,031,046</u>	<u>2,031,046</u>
<b>NET POSITION</b>			
Restricted	<u>\$ 15,924</u>	<u>\$ 428,562</u>	<u>\$ 444,486</u>

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, 2022**

	Private Purpose Trust Funds	All Custodial Funds	Total
<b>ADDITIONS</b>			
Investment earnings	\$ 510	\$ 3,440	\$ 3,950
Change in fair market value	(3,407)	-	(3,407)
Tax collections for other governments	-	4,707,427	4,707,427
Motor vehicles fees collected for State	-	108,685	108,685
Total additions	(2,897)	4,819,552	4,816,655
<b>DEDUCTIONS</b>			
Administrative expenses	-	217,430	217,430
Payments of taxes to other governments	-	4,707,427	4,707,427
Motor vehicle fees paid to State	-	108,685	108,685
Scholarships	1,000	-	1,000
Total deductions	1,000	5,033,542	5,034,542
Change in net position	(3,897)	(213,990)	(217,887)
Net position, beginning	19,821	642,552	662,373
Net position, ending	\$ 15,924	\$ 428,562	\$ 444,486

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, 2022**

	<b><u>NOTE</u></b>
<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
Compensated Absences .....	1-N
Long-term Obligations .....	1-O
Defined Benefit Pension Plan .....	1-P
Postemployment Benefits Other Than Pensions (OPEB) .....	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
Accounting Change .....	2-C

***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 and Transfers .....</b>	<b>8</b>
<b>Intergovernmental Payables.....</b>	<b>9</b>
<b>Deferred Outflows/Inflows of Resources.....</b>	<b>10</b>
<b>Long-term Liabilities .....</b>	<b>11</b>
<b>Defined Benefit Pension Plan .....</b>	<b>12</b>
<b>Postemployment Benefits Other Than Pensions (OPEB) .....</b>	<b>13</b>
New Hampshire Retirement System (NHRS).....	13-A
Town of Ashland Retiree Health Benefit Program .....	13-B
<b>State Aid to Water Pollution Projects.....</b>	<b>14</b>
<b>Encumbrances .....</b>	<b>15</b>
<b>Governmental and Business-type Activities and Fiduciary Funds Net Position.....</b>	<b>16</b>
<b>Governmental Fund Balances .....</b>	<b>17</b>
<b>Prior Period Adjustments.....</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, 2022***

<b>Risk Management.....</b>	<b>19</b>
<b>Tax Abatements.....</b>	<b>20</b>
<b>Subsequent Events.....</b>	<b>21</b>

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

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

The financial statements of the Town of 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 long-term costs of retirement healthcare and obligations for other postemployment benefits which have been omitted because the liability and expense has not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded other postemployment benefit expense in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, 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 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.

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

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** – is used to record activity of 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 and for the non-major funds aggregated.

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 (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The Town also reports the following fiduciary funds:

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

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

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

***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. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

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.

**Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency.

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

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



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

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 of such inventories is recorded as an expense 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.

**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.

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

	<u>Years</u>
<b>Capital Asset Classes:</b>	
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 “due to/from other funds” (i.e., the current portion of interfund loans). 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.

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

**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. Warrants for the year were issued on May 2, 2022 and November 10, 2022, and due on July 1, 2022 and December 15, 2022. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

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

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, 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, 2022 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 248,717,452
For all other taxes	\$ 257,990,052

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$9.57	\$ 2,469,218
School portion:		
State of New Hampshire	\$1.46	362,653
Local	\$14.90	3,843,979
County portion	\$1.94	500,795
Total	<u>\$27.87</u>	<u>\$ 7,176,645</u>

**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, 2022.

**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) until then. The Town has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

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

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

***1-N Compensated Absences***

General leave for the Town includes vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the Town's personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

***1-O 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 are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium.

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

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

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

***1-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.

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 (OPEB)***

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

**New Hampshire Retirement System Plan** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions

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

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 pronouncement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**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, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

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

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

**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/expenditures during the period reported. These estimates include assessing the useful lives and impairment of 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 US generally accepted accounting principles.

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

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 2022, \$135,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$35,000 was voted from unassigned fund balance as a transfer to the capital reserve funds.

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

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for the major general fund. 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)	\$ 3,654,739
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record revenue of the blended expendable trust fund	1,702
To eliminate transfers between general and expendable trust funds	(231,520)
To record revenue of the blended funds	98,823
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	31,858
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,555,602</u>
	(Continued)

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

*Budgetary reconciliation to GAAP basis continued:*

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 3,185,655
Adjustments:	
Basis differences:	
Encumbrances, ending	(3,360)
GASB Statement No. 54:	
To record expenditures of the blended funds	102,620
To eliminate transfers between general and expendable trust funds	245,000
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,529,915</u>

**2-C Accounting Change**

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

The Town has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 87 and have determined that none of the agreements have met the requirements of the pronouncement.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits and certificates of deposit are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$6,417,097 and the bank balances totaled \$6,644,113.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 6,058,125
Cash per Statement of Fiduciary Net Position (Exhibit F-1)	358,972
Total cash and cash equivalents	<u>\$ 6,417,097</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. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

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

The Town has the following recurring fair value measurements and maturities as of December 31, 2022:

	Valuation Measurement Method	Reported Balance	Exempt from Disclosure
Investments type:			
Equity mutual funds	Level 1	\$ 262,380	\$ 262,380

**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 retiring 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 1-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.

**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.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 176,866
Investments per Statement of Fiduciary Net Position (Exhibit F-1)	85,514
Total investments	<u>\$ 262,380</u>

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2022. The amount has been reduced by an allowance for an estimated uncollectible amount of \$100,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2022	\$ 402,220	\$ 402,220
Levy of 2021	22,049	22,049
Unredeemed (under tax lien):		
Levy of 2021	50,178	50,178
Levy of 2020	63,216	63,216
Levies of 2019 and prior	22,402	22,402
Less: allowance for estimated uncollectible taxes	(100,000) *	-
Net taxes receivable	<u>\$ 460,065</u>	<u>\$ 560,065</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).

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

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2022, 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, 2022 for the Town's individual major funds are as follows:

	Governmental Activities	Governmental Fund General	Proprietary Funds				Fiduciary Funds
			Water	Sewer	Electric	Total	
Receivables:							
Accounts	\$ -	\$ -	\$ 66,365	\$ 151,343	\$ 767,933	\$ 985,641	\$ -
Intergovernmental	244,572	59,911	-	86,997	-	86,997	2,031,046
Total receivables	<u>\$ 244,572</u>	<u>\$ 59,911</u>	<u>\$ 66,365</u>	<u>\$ 238,340</u>	<u>\$ 767,933</u>	<u>\$ 1,072,638</u>	<u>\$ 2,031,046</u>

<sup>1</sup> Governmental Activities - intergovernmental receivable which represents State Aid for projects, see additional information in Note 14.

<sup>2</sup> Fiduciary Funds - intergovernmental receivables represent property taxes collected on behalf of the Ashland and Pemi-Baker School Districts. These amounts are collected and are part of the Town's general fund cash at year-end. The general fund reports an offsetting intergovernmental payable for this amount at year-end, see Note 9.

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 is as follows:

	Balance, beginning (as restated)	Additions	Deletions	Balance, ending
<b>Governmental activities:</b>				
At cost:				
Not being depreciated:				
Land	\$ 1,447,656	\$ -	\$ -	\$ 1,447,656
Being depreciated:				
Buildings and building improvements	2,953,064	27,340	-	2,980,404
Infrastructure	23,949,060	227,901	-	24,176,961
Equipment	1,009,113	185,323	(120,491)	1,073,945
Vehicles	1,565,081	-	-	1,565,081
Total capital assets being depreciated	<u>29,476,318</u>	<u>440,564</u>	<u>(120,491)</u>	<u>29,796,391</u>
Total all capital assets	<u>30,923,974</u>	<u>440,564</u>	<u>(120,491)</u>	<u>31,244,047</u>
Less accumulated depreciation:				
Buildings and building improvements	(1,256,774)	(59,283)	-	(1,316,057)
Infrastructure	(18,666,543)	(471,527)	-	(19,138,070)
Equipment	(553,443)	(77,827)	120,491	(510,779)
Vehicles	(800,769)	(108,988)	-	(909,757)
Total accumulated depreciation	<u>(21,277,529)</u>	<u>(717,625)</u>	<u>120,491</u>	<u>(21,874,663)</u>
Net book value, capital assets being depreciated	<u>8,198,789</u>	<u>(277,061)</u>	<u>-</u>	<u>7,921,728</u>
Net book value, all governmental activities capital assets	<u>\$ 9,646,445</u>	<u>\$ (277,061)</u>	<u>\$ -</u>	<u>\$ 9,369,384</u>

(Continued)



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

*Capital assets continued:*

	Balance, beginning (as restated)	Additions	Deletions	Balance, ending
<b>Business-type activities:</b>				
At cost:				
Not being depreciated:				
Land	\$ 17,240	\$ -	\$ -	\$ 17,240
Being depreciated:				
Buildings	5,205,843	-	-	5,205,843
Building improvements	5,352,119	-	-	5,352,119
Equipment	2,525,909	59,152	-	2,585,061
Vehicles	2,377,975	-	-	2,377,975
Infrastructure	2,704,588	-	-	2,704,588
Total capital assets being depreciated	18,166,434	59,152	-	18,225,586
Total all capital assets	18,183,674	59,152	-	18,242,826
Less accumulated depreciation:				
Buildings	(2,439,648)	(111,709)	-	(2,551,357)
Building improvements	(3,461,449)	(133,803)	-	(3,595,252)
Equipment	(2,054,287)	(49,735)	-	(2,104,022)
Vehicles	(1,573,176)	(62,376)	-	(1,635,552)
Infrastructure	(2,122,785)	(26,422)	-	(2,149,207)
Total accumulated depreciation	(11,651,345)	(384,045)	-	(12,035,390)
Net book value, capital assets being depreciated	6,515,089	(324,893)	-	6,190,196
Net book value, all business-type activities capital assets	\$ 6,532,329	\$ (324,893)	\$ -	\$ 6,207,436

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

<b>Governmental activities:</b>	
Unallocated	\$ 717,625
<b>Business-type activities:</b>	
Water	\$ 160,156
Sewer	169,984
Electric	53,905
Total depreciation expense	\$ 384,045

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

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

Receivable Fund	Payable Fund	Amount
Governmental Fund - General	Business-type Activities - Water	\$ 43,549
Governmental Fund - General	Business-type Activities - Sewer	228,183
Governmental Fund - General	Business-type Activities - Electric	215,626
		\$ 487,358

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.

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

**Interfund Transfers** - The composition of interfund transfers for the year ended December 31, 2022 is as follows:

	Transfers In:	
	General Fund	Other Governmental Funds
Transfers out:		
General fund	\$ -	\$ 356
Proprietary - Sewer Fund	159,717	-
Total	<u>\$ 159,717</u>	<u>\$ 356</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2022 consist of the following:

	Governmental Activities	Governmental Fund General	Fiduciary Funds
Other intergovernmental payables	\$ 4,282	\$ 4,282	\$ -
Property taxes due to the custodial funds	2,031,046 <sup>3</sup>	2,031,046 <sup>3</sup>	-
Property taxes due to the Ashland School District	-	-	1,499,414 <sup>4</sup>
Property taxes due to the Pemi-Baker School District	-	-	531,632 <sup>4</sup>
Total intergovernmental payables due	<u>\$ 2,035,328</u>	<u>\$ 2,035,328</u>	<u>\$ 2,031,046</u>

<sup>3</sup>. Property taxes due to the custodial fund represent amounts collected by the Town on behalf of Ashland and Pemi-Baker School Districts and are reported as a component of general fund cash at year-end.

<sup>4</sup>. Property taxes due to the Ashland and Pemi-Baker School Districts represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next calendar year.

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

Deferred outflows of resources of at December 31, 2022 consist of amounts related to pensions totaling \$601,681 and amounts related to OPEB totaling \$6,879. For further discussion on these amounts, see Note 12 and 13, 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	\$ -	\$ 121,550	\$ -	\$ -	\$ -	\$ -
Deferred donations and SB 401 (highway block grant and bridge aid)	130,730	130,730	-	-	-	-
American Rescue Plan Act (ARPA)	215,137	215,137	-	-	-	-
Amounts related to pensions, see Note 12	42,399	-	3,462	3,462	169,618	176,542
Total deferred inflows of resources	<u>\$ 388,266</u>	<u>\$ 467,417</u>	<u>\$ 3,462</u>	<u>\$ 3,462</u>	<u>\$ 169,618</u>	<u>\$ 176,542</u>

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

**NOTE 11 – LONG-TERM LIABILITIES**

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

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year	Due In More Than One Year
<b>Governmental activities:</b>						
Bonds payable:						
Direct placements	\$ 934,725	\$ -	\$ (133,330)	\$ 801,395	\$ 136,330	\$ 665,065
Premium	48,504	-	(6,063)	42,441	6,063	36,378
Total bonds payable	983,229	-	(139,393)	843,836	142,393	701,443
Notes payable - direct borrowings	26,144	-	(26,144)	-	-	-
Compensated absences	64,153	14,035	-	78,188	-	78,188
Accrued landfill postclosure care costs	85,000	-	(11,000)	74,000	11,000	63,000
Net pension liability	1,460,925	417,530	-	1,878,455	-	1,878,455
Net other postemployment benefits	102,807	-	(595)	102,212	-	102,212
Total long-term liabilities	<u>\$ 2,722,258</u>	<u>\$ 431,565</u>	<u>\$ (177,132)</u>	<u>\$ 2,976,691</u>	<u>\$ 153,393</u>	<u>\$ 2,823,298</u>
<b>Business-type activities:</b>						
Notes payable - direct borrowings	\$ 1,562,955	\$ -	\$ (72,993)	\$ 1,489,962	\$ 74,453	\$ 1,415,509
Compensated absences	16,994	5,620	-	22,614	-	22,614
Net pension liability	272,026	34,779	-	306,805	-	306,805
Net other postemployment benefits	19,143	-	(2,449)	16,694	-	16,694
Total long-term liabilities	<u>\$ 1,871,118</u>	<u>\$ 40,399</u>	<u>\$ (75,442)</u>	<u>\$ 1,836,075</u>	<u>\$ 74,453</u>	<u>\$ 1,761,622</u>
<b>Business-type activities:</b>						
Notes payable - direct borrowings (not yet in repayment)	<u>\$ 63,443</u>	<u>\$ 133,901</u>	<u>\$ (75,000)</u>	<u>\$ 122,344</u>	<u>\$ -</u>	<u>\$ 122,344</u>

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

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2022	Current Portion
<b>Governmental activities:</b>						
Bonds payable:						
Direct placements:						
Water system	\$ 300,000	2008	2027	4.50%	\$ 60,408	\$ 12,084
Water	\$ 1,092,191	2009	2026	4.50%	256,987	64,246
River St Improvement R1/R2	\$ 944,000	2012	2029	2.00% - 5.00%	484,000	60,000
					801,395	136,330
Bond premium					42,441	6,063
Total					<u>\$ 843,836</u>	<u>\$ 142,393</u>
<b>Business-type activities:</b>						
Notes payable - direct borrowings:						
Headworks and septic receiving	\$ 2,000,000	2020	2039	2.00%	<u>\$ 1,489,962</u>	<u>\$ 74,453</u>

(Continued)

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

Long-term bonds/notes continued:

	Original Amount
<b>Business-type activities:</b>	
Notes payable - direct borrowing (not yet in repayment):	
Energy audit - CS-33064-08	\$ 100,000
Wastewater treatment facility - CS-33064-09	22,344
Total	<u>\$ 122,344</u>

**\*State Revolving Loan Fund Program** - Drawdowns received under the various State Revolving Loan Fund programs will be consolidated by promissory notes upon substantial completion of the related projects. As of June 30, 2022, drawdowns received. To date totaling \$122,344 are recorded on the Town's financial statements, inclusive of any anticipated forgiveness on the loans. Additionally, the Town had received \$75,000 of Water Pollution Control Revolving Loan Fund Program this year of which the Town received loan forgiveness for this entire amount. The notes, plus interest, will be repaid from the sewer fund.

The annual requirements to amortize all general obligation bonds/notes outstanding as of December 31, 2022, including interest payments, are as follows:

**Governmental activities:**

Fiscal Year Ending December 31,	Bonds - Direct Placements		
	Principal	Interest	Total
2023	\$ 136,330	\$ 34,643	\$ 170,973
2024	139,330	28,597	167,927
2025	142,330	22,402	164,732
2026	146,333	16,056	162,389
2027	85,072	10,154	95,226
2028-2029	152,000	11,500	163,500
Totals	<u>\$ 801,395</u>	<u>\$ 123,352</u>	<u>\$ 924,747</u>

**Business-type activities:**

Fiscal Year Ending December 31,	Notes Payable - Direct Borrowings		
	Principal	Interest	Total
2023	\$ 74,453	\$ 29,799	\$ 104,252
2024	75,942	28,310	104,252
2025	77,461	26,791	104,252
2026	79,010	25,242	104,252
2027	80,590	23,662	104,252
2028-2032	427,783	93,478	521,261
2033-2037	472,308	48,953	521,261
2038-2039	202,415	6,092	208,507
Totals	<u>\$ 1,489,962</u>	<u>\$ 282,327</u>	<u>\$ 1,772,289</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.

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

**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 \$74,000 as of December 31, 2022. The estimated total current cost of the landfill postclosure care (\$74,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2022. 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 12 – DEFINED BENEFIT PENSION PLAN**

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

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

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

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

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

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

**Contributions** – The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2022, the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$220,584, 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, 2022**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2022 the Town reported a liability of \$2,185,260 (\$1,878,455 for the governmental activities and \$306,805 for the business-type activities) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the Town's proportion was 0.04% which was the same as its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$318,413. At December 31, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 247,637	\$ 210,553
Changes in assumptions	116,238	-
Net difference between projected and actual investment earnings on pension plan investments	82,819	-
Differences between expected and actual experience	41,013	8,388
Contributions subsequent to the measurement date	113,975	-
Total	<u>\$ 601,682</u>	<u>\$ 218,941</u>

The \$113,975 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2023	\$ 107,797
2024	93,080
2025	(37,144)
2026	105,032
2027	-
Thereafter	-
Totals	<u>\$ 268,765</u>

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

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

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

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

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

**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 long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	100.00%	7.30%

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

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

Measurement Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 2,932,069	\$ 2,185,261	\$ 1,564,359

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

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

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

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

**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 2022 were as follows:

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

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

**Contributions** - The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2022, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$13,250, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** - At December 31, 2022, the Town reported a liability of \$118,906 (\$102,212 for the governmental activities and \$16,694 for the business-type activities) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the Town's proportion was 0.03% which was the same as its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$8,450. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 325	\$ -
Contributions subsequent to the measurement date	6,554	-
Total	<u>\$ 6,879</u>	<u>\$ -</u>



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

The \$6,554 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2023	\$ 54
2024	14
2025	(128)
2026	385
2027	-
Thereafter	-
Totals	<u>\$ 325</u>

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

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

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

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

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

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

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

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

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

Measurement Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 129,093	\$ 118,906	\$ 110,034

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

**13-B Town of 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.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2022, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town. The amounts that should be recorded as the net OPEB liability and the OPEB expense is unknown.

**NOTE 14 – 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, 2022 the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending December 31,	Principal	Interest	Total
2023	\$ 35,904	\$ 4,144	\$ 40,048
2024	35,512	3,686	39,198
2025	35,118	3,152	38,270
2026	25,088	2,592	27,680
2027	13,996	2,002	15,998
2028-2030	39,043	2,845	41,888
Total	<u>\$ 184,661</u>	<u>\$ 18,421</u>	<u>\$ 203,082</u>

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

**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, 2022. These amounts total \$3,360 and are related to the highways and streets function of the Town.

**NOTE 16 – GOVERNMENTAL, BUSINESS-TYPE ACTIVITIES, AND FIDUCIARY FUNDS NET POSITION**

Governmental, business-type activities, and fiduciary fund net position reported on the Statements of Net Position at December 31, 2022 include the following:

	Government-wide Financial Statements			Fiduciary
	Governmental Activities	Business-type Activities	Total	Funds
Net investment in capital assets:				
Net book value, capital assets	\$ 9,369,384	\$ 6,207,436	\$ 15,576,820	\$ -
Less:				
General obligation bonds payable	(801,395)	-	(801,395)	-
Unamortized bond premiums	(42,441)	-	(42,441)	-
Notes payable	-	(1,489,962)	(1,489,962)	-
Total net investment in capital assets	<u>8,525,548</u>	<u>4,717,474</u>	<u>13,243,022</u>	<u>-</u>
Restricted net position:				
Permanent fund principal	11,802	-	11,802	-
Permanent fund income	166,850	-	166,850	-
Library	439,998	-	439,998	-
Special revenue funds	37,207	-	37,207	-
Individuals, organizations, and other governments	-	-	-	444,486
Total restricted net position	<u>655,857</u>	<u>-</u>	<u>655,857</u>	<u>444,486</u>
Unrestricted	<u>647,913</u>	<u>1,986,664</u>	<u>2,634,577</u>	<u>-</u>
Total net position	<u>\$ 9,829,318</u>	<u>\$ 6,704,138</u>	<u>\$ 16,533,456</u>	<u>\$ 444,486</u>

**NOTE 17 – GOVERNMENTAL FUND BALANCES**

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

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Prepaid items	\$ 33,880	\$ -	\$ 33,880
Tax deeded property	15,561	-	15,561
Permanent fund - principal balance	-	11,802	11,802
Total nonspendable fund balance	<u>49,441</u>	<u>11,802</u>	<u>61,243</u>
<b>Restricted:</b>			
Library	439,998	-	439,998
Grants	437	-	437
Permanent - income balance	-	166,850	166,850
Other special revenue funds:			
Community Day	-	148	148
Playground	-	746	746
DARE	-	220	220
Conservation Commission	-	7,322	7,322
Fire Apparatus	-	28,771	28,771
Total restricted fund balance	<u>440,435</u>	<u>204,057</u>	<u>644,492</u>

(Continued)

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

*Governmental fund balances continued:*

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Committed:</b>			
Expendable trusts	510,175	-	510,175
<b>Assigned:</b>			
Encumbrances	3,360	-	3,360
<b>Unassigned</b>	1,544,377	-	1,544,377
Total governmental fund balances	<u>\$ 2,547,788</u>	<u>\$ 215,859</u>	<u>\$ 2,763,647</u>

**NOTE 18 – PRIOR PERIOD ADJUSTMENTS**

Net position at January 1, 2022 was restated to give retroactive effect to the following prior period adjustment:

	Governmental Activities	Business-type Activities			Total
		Water Fund	Sewer Fund	Electric Fund	
To restate for capital assets not updated in previous years	\$ 508,253	\$ (652,991)	\$ 1,355,891	\$ (1,286,317)	\$ (583,417)
Net position, as previously reported	9,657,969	3,184,041	1,315,270	2,533,107	7,032,418
Net position, as restated	<u>\$ 10,166,222</u>	<u>\$ 2,531,050</u>	<u>\$ 2,671,161</u>	<u>\$ 1,246,790</u>	<u>\$ 6,449,001</u>

**NOTE 19 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2022, the Town was a member of the New Hampshire Public Risk Management Exchange (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, 2022 to December 31, 2022 by Primex<sup>3</sup>, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex<sup>3</sup>. 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 fiscal year 2022 the Town paid \$68,924 and \$27,848 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 20 – TAX ABATEMENTS**

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

The Town had no such tax abatement programs as of December 31, 2022.

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

**NOTE 21 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through January 9, 2024, the date the December 31, 2022 financial statements were available to be issued, and the following events occurred that require recognition or disclosure:

- In 2023, \$50,000 of the notes payable related to the NH DES CS-33064-08 (Energy Audit) project was forgiven.
- At the March 2023 annual meeting, Warrant Articles #7 and 9 were approved and appropriated by use of fund balance as of December 31, 2022. The total appropriated was \$91,643.

***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, 2022*  
**Unaudited**

Fiscal year-end	December 31. 2015	December 31. 2016	December 31. 2017	December 31. 2018	December 31. 2019	December 31. 2020	December 31. 2021	December 31. 2022
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's prportion of the net pension liability	0.04%	0.04%	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	\$ 1,732,951	\$ 2,185,260
Town's covered payroll (as of the measurement date)	\$ 899,469	\$ 913,258	\$ 936,569	\$ 1,017,642	\$ 1,123,782	\$ 1,065,151	\$ 1,233,175	\$ 1,344,925
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%	140.53%	162.48%
Plan fiduciary net position as a percentage of the total pension liability	65.50%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%

**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, 2022**  
**Unaudited**

Fiscal year-end	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 120,376	\$ 130,052	\$ 142,481	\$ 158,090	\$ 160,139	\$ 167,746	\$ 198,904	\$ 220,584
Contributions in relation to the contractually required contributions	(120,376)	(130,052)	(142,481)	(158,090)	(160,139)	(167,746)	(198,904)	(220,584)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year-end)	\$ 881,078	\$ 908,428	\$ 938,671	\$ 1,038,045	\$ 1,123,782	\$ 1,064,151	\$ 1,330,396	\$ 1,223,554
Contributions as a percentage of covered payroll	13.66%	14.32%	15.18%	15.23%	14.25%	15.76%	14.95%	18.03%



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

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

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

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

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

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, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**EXHIBIT 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, 2022*  
**Unaudited**

Fiscal year-end	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net OPEB liability	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
Town's proportionate share of the net OPEB liability (asset)	\$ 91,192	\$ 132,832	\$ 141,065	\$ 122,382	\$ 121,949	\$ 118,906
Town's covered payroll (as of the measurement date)	\$ 936,569	\$ 1,017,642	\$ 1,123,782	\$ 1,064,151	\$ 1,233,175	\$ 1,344,925
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%	9.89%	8.84%
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

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

**EXHIBIT 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, 2022**  
**Unaudited**

Fiscal year-end	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 12,699	\$ 16,670	\$ 14,684	\$ 12,978	\$ 14,183	\$ 13,250
Contributions in relation to the contractually required contribution	<u>(12,699)</u>	<u>(16,670)</u>	<u>(14,684)</u>	<u>(12,978)</u>	<u>(14,183)</u>	<u>(13,250)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll (as of the fiscal year-end)	<u>\$ 938,671</u>	<u>\$ 1,038,045</u>	<u>\$ 1,123,782</u>	<u>\$ 1,064,151</u>	<u>\$ 1,330,396</u>	<u>\$ 1,223,554</u>
Contributions as a percentage of covered payroll	1.35%	1.61%	1.31%	1.22%	1.07%	1.08%

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

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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

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

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

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

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, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2022*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 2,267,557	\$ 2,290,881	\$ 23,324
Yield	34,000	35,345	1,345
Payment in lieu of taxes	15,171	-	(15,171)
Interest and penalties on taxes	39,000	23,476	(15,524)
Total from taxes	<u>2,355,728</u>	<u>2,349,702</u>	<u>(6,026)</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	1,000	957	(43)
Motor vehicle permit fees	400,000	385,185	(14,815)
Building permits	15,000	15,897	897
Other	5,000	6,401	1,401
Total from licenses, permits, and fees	<u>421,000</u>	<u>408,440</u>	<u>(12,560)</u>
<b>Intergovernmental:</b>			
State:			
Meals and rooms distribution	171,126	171,126	-
Highway block grant	55,582	55,366	(216)
Water pollution grants	-	26,981	26,981
State and federal forest land reimbursement	40	-	(40)
Other	18,667	23,947	5,280
Total from intergovernmental	<u>245,415</u>	<u>277,420</u>	<u>32,005</u>
<b>Charges for services:</b>			
Income from departments	<u>175,000</u>	<u>187,577</u>	<u>12,577</u>
<b>Miscellaneous:</b>			
Interest on investments	2,500	4,754	2,254
Other	45,000	35,965	(9,035)
Total from miscellaneous	<u>47,500</u>	<u>40,719</u>	<u>(6,781)</u>
<b>Other financing sources:</b>			
Transfers in	<u>390,881</u>	<u>390,881</u>	<u>-</u>
Total revenues	3,635,524	<u>\$ 3,654,739</u>	<u>\$ 19,215</u>
Unassigned fund balance used to reduce tax rate	135,000		
Amounts voted from fund balance	35,000		
Total revenues and use of fund balance	<u>\$ 3,805,524</u>		

See Independent Auditor's Report.

**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, 2022*

	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:				
General government:				
Executive	\$ 186,860	\$ 163,957	\$ -	\$ 22,903
Election and registration	46,745	45,598	-	1,147
Financial administration	161,926	136,768	-	25,158
Revaluation of property	15,102	34,263	-	(19,161)
Legal	20,500	37,960	-	(17,460)
Personnel administration	461,960	445,698	-	16,262
Planning and zoning	13,030	8,711	-	4,319
General government buildings	65,945	53,120	-	12,825
Cemeteries	50	-	-	50
Insurance, not otherwise allocated	61,760	62,588	-	(828)
Other	25,001	25,000	-	1
Total general government	1,058,879	1,013,663	-	45,216
Public safety:				
Police	487,031	435,321	-	51,710
Ambulance	66,306	66,306	-	-
Fire	342,208	316,622	-	25,586
Building inspection	33,390	26,745	-	6,645
Emergency management	1,000	880	-	120
Total public safety	929,935	845,874	-	84,061
Highways and streets:				
Administration	244,671	239,668	3,360	1,643
Highways and streets	240,422	245,369	-	(4,947)
Other	72,200	71,785	-	415
Total highways and streets	557,293	556,822	3,360	(2,889)
Sanitation:				
Solid waste disposal	156,858	171,599	-	(14,741)
Health:				
Administration	2,419	2,198	-	221
Pest control	1,200	1,100	-	100
Total health	3,619	3,298	-	321
Welfare:				
Administration and direct assistance	17,567	8,824	-	8,743
Vendor payments and other	32,506	32,506	-	-
Total welfare	50,073	41,330	-	8,743
Culture and recreation:				
Parks and recreation	140,194	130,593	-	9,601
Library	88,743	89,316	-	(573)
Patriotic purposes	1,001	1,021	-	(20)
Other	2,000	2,000	-	-
Total culture and recreation	231,938	222,930	-	9,008
Conservation	1	-	-	1

(Continued)

**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, 2021**

	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:				
Principal of long-term debt	133,331	133,331	-	-
Interest on long-term debt	40,065	39,917	-	148
Interest on tax anticipation notes	1	-	-	1
Total debt service	<u>173,397</u>	<u>173,248</u>	<u>-</u>	<u>149</u>
Capital outlay	<u>398,531</u>	<u>398,531</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Transfers out	<u>245,000</u>	<u>245,000</u>	<u>-</u>	<u>-</u>
Total appropriations, expenditures, and encumbrances	<u>\$ 3,805,524</u>	<u>\$ 3,672,295</u>	<u>\$ 3,360</u>	<u>\$ 129,869</u>

See Independent Auditor's Report.



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

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,554,569
Changes:		
Unassigned fund balance used to reduce 2022 tax rate		(135,000)
Amounts voted from fund balance		(35,000)
2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 19,215	
Unexpended balance of appropriations (Schedule 2)	129,869	
2022 Budget surplus		149,084
Decrease in nonspendable fund balance		32,274
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,565,927
<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		(121,550)
Elimination of the allowance for uncollectible taxes		100,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		\$ 1,544,377

See Independent Auditor's Report.

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

	Special Revenue Funds	Permanent Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 37,207	\$ 1,786	\$ 38,993
Investments	-	176,866	176,866
Total assets	<u>\$ 37,207</u>	<u>\$ 178,652</u>	<u>\$ 215,859</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ -	\$ 11,802	\$ 11,802
Restricted	<u>37,207</u>	<u>166,850</u>	<u>204,057</u>
Total fund balances	<u>\$ 37,207</u>	<u>\$ 178,652</u>	<u>\$ 215,859</u>

See Independent Auditor's Report.

**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, 2022**

	Special Revenue Funds	Permanent Fund	Total
<b>Revenues:</b>			
Miscellaneous	\$ 1,476	\$ 5,741	\$ 7,217
<b>Expenditures:</b>			
Current:			
General government	-	43,183	43,183
Culture and recreation	17,633	8,001	25,634
Total expenditures	17,633	51,184	68,817
Deficiency of revenues under expenditures	(16,157)	(45,443)	(61,600)
<b>Other financing uses:</b>			
Transfers out	-	(356)	(356)
Net change in fund balances	(16,157)	(45,799)	(61,956)
Fund balances, beginning	53,364	224,451	277,815
Fund balances, ending	\$ 37,207	\$ 178,652	\$ 215,859

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

	Custodial Funds		Total
	Taxes	Trust Funds	
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 358,759	\$ 358,759
Investments	-	69,803	69,803
Intergovernmental receivables	2,031,046	-	2,031,046
Total assets	2,031,046	428,562	2,459,608
<b>LIABILITIES</b>			
Due to the Ashland School District	1,499,414	-	1,499,414
Due to the Pemi-Baker School District	531,632	-	531,632
Total liabilities	2,031,046	-	2,031,046
<b>NET POSITION</b>			
Restricted	\$ -	\$ 428,562	\$ 428,562

See Independent Auditor's Report.

**SCHEDULE 7**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2022**

	Custodial Funds		
	Taxes	Trust Funds	Total
<b>ADDITIONS</b>			
Investment earnings	\$ -	\$ 3,440	\$ 3,440
Tax collections for other governments	4,707,427	-	4,707,427
Collection of motor vehicle fees for State	108,685	-	108,685
Total additions	4,816,112	3,440	4,819,552
<b>DEDUCTIONS</b>			
Administrative expenses	-	217,430	217,430
Payments of taxes to other governments	4,707,427	-	4,707,427
Payments of motor vehicle fees to State	108,685	-	108,685
Total deductions	4,816,112	217,430	5,033,542
Change in net position	-	(213,990)	(213,990)
Net position, beginning	-	642,552	642,552
Net position, ending	\$ -	\$ 428,562	\$ 428,562

See Independent Auditor's Report.



## PLODZIK & SANDERSON

*Professional Association/Certified Public Accountants*

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

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

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

In planning and performing our audit of the basic financial statements of the Town of Ashland as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Ashland'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 Town of Ashland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ashland's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

#### **2021-01 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 2022 and posted to the general ledger were not applied to customers' accounts until January 2023. 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, 2022. 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 the Board of Selectmen, Town Manager, management, and others within the Town of Ashland, and is not intended to be and should not be used by anyone other than these specified parties.

January 9, 2024  
Concord, New Hampshire

*Plodzik & Sanderson*  
*Professional Association*