

# TOWN OF ASHLAND, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2011

**TOWN OF ASHLAND, NEW HAMPSHIRE  
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**TABLE OF CONTENTS**

	<b>PAGES</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Assets (Exhibit 1)	3
Statement of Activities (Exhibit 2)	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	5
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Assets (Exhibit 4)	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	8
Statement of Net Assets – Proprietary Funds (Exhibit 7)	9
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds (Exhibit 8)	10
Statement of Cash Flows – Proprietary Funds (Exhibit 9)	11
Fiduciary Funds – Statement of Fiduciary Net Assets (Exhibit 10)	12
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets (Exhibit 11)	13
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	14
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 12)	31
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION</b>	32
<b>COMBINING AND INDIVIDUAL FUND SCHEDULES</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet (Exhibit 13)	33
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Exhibit 14)	34
General Fund	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 15)	35
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 16)	36
Schedule of Changes in Unreserved – Undesignated Fund Balance (Non-GAAP Budgetary Basis) (Exhibit 17)	38



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen  
Town of Ashland  
Ashland, New Hampshire 03217

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ashland, as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Ashland's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Proprietary Funds, which represent 100 percent of the assets, net assets, and revenues of the Business-type Activities and the Enterprise Funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Business-type Activities and the Enterprise Funds, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ashland, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. 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 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.

The Town of Ashland has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ashland's financial statements as a whole. The combining nonmajor and individual fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements. They are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

May 22, 2012

*Roberts & Greene, PLLC*

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Statement of Net Assets**  
**December 31, 2011**

	Primary Government			Total
	Governmental Activities	Business-type Activities	Business-type Debt Paid By General Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,340,379	\$ 955,738	\$ -	\$ 2,296,117
Investments	192,889	154,381	-	347,270
Intergovernmental receivable	339,098	-	-	339,098
Other receivables, net of allowance for uncollectibles	493,382	441,872	-	935,254
Inventory	-	122,700	-	122,700
Prepaid items	311	-	-	311
Capital assets, not being depreciated:				
Land	1,465,601	-	-	1,465,601
Capital assets, net of accumulated depreciation/amortization:				
Buildings and building improvements	741,871	-	-	741,871
Equipment	149,491	-	-	149,491
Vehicles	524,476	-	-	524,476
Infrastructure	9,411,318	-	-	9,411,318
Other business-type activities capital assets	-	7,752,195	-	7,752,195
Total assets	<u>14,658,816</u>	<u>9,426,886</u>	<u>-</u>	<u>24,085,702</u>
<b>LIABILITIES</b>				
Accounts payable	75,471	384,243	-	459,714
Accrued payroll and benefits	17,681	-	-	17,681
Accrued interest payable	74,869	-	-	74,869
Intergovernmental payable	1,374,211	-	-	1,374,211
Unearned revenue	2,750	-	-	2,750
Customer deposits	-	13,009	-	13,009
Noncurrent obligations:				
Due within one year:				
Bonds and notes payable	168,774	109,498	-	278,272
Capital leases payable	73,572	-	-	73,572
Accrued landfill postclosure care costs	14,000	-	-	14,000
Due in more than one year:				
Bonds and notes payable	2,171,696	974,834	-	3,146,530
Capital leases payable	150,410	-	-	150,410
Compensated absences	33,606	-	-	33,606
Accrued landfill postclosure care costs	406,000	-	-	406,000
Total liabilities	<u>4,563,040</u>	<u>1,481,584</u>	<u>-</u>	<u>6,044,624</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	11,992,015	6,667,863	(2,260,470)	16,399,408
Restricted for:				
Perpetual care				
Expendable	1,693	-	-	1,693
Nonexpendable	8,750	-	-	8,750
Other purposes	186,550	-	-	186,550
Unrestricted	(2,093,232)	1,277,439	2,260,470	1,444,677
Total net assets	<u>\$ 10,095,776</u>	<u>\$ 7,945,302</u>	<u>\$ -</u>	<u>\$ 18,041,078</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 2**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 544,297	\$ 19,134	\$ 6,676	\$ (518,487)	\$ -	\$ (518,487)
Public safety	814,354	8,578	9,452	(796,324)	-	(796,324)
Highways and streets	1,011,836	-	56,612	(955,224)	-	(955,224)
Sanitation	135,311	51,179	42,223	(41,909)	-	(41,909)
Health	24,393	-	-	(24,393)	-	(24,393)
Welfare	72,066	144	-	(71,922)	-	(71,922)
Culture and recreation	205,561	95,326	10,520	(99,715)	-	(99,715)
Conservation	699	-	-	(699)	-	(699)
Interest on long-term debt	111,684	-	8,773	(102,911)	-	(102,911)
Capital outlay	15,560	-	296,240	280,680	-	280,680
Total governmental activities	2,935,761	174,361	134,256	(2,330,904)	-	(2,330,904)
Business-type activities:						
Water	278,795	165,804	4,419	-	(108,572)	(108,572)
Sewer	342,463	351,415	2,489	-	11,441	11,441
Electric	3,064,292	3,141,475	47,508	-	124,885	124,885
Total business-type activities	3,685,550	3,658,694	54,416	-	27,754	27,754
Total primary government	\$ 6,621,311	\$ 3,833,055	\$ 188,672	\$ (2,330,904)	\$ 27,754	\$ (2,303,150)
General revenues:						
Property taxes				1,816,677	-	1,816,677
Other taxes				100,610	-	100,610
Licenses and permits				289,125	-	289,125
Grants and contributions not restricted to specific programs				92,782	-	92,782
Miscellaneous				33,688	-	33,688
Total general revenues				2,332,882	-	2,332,882
Change in net assets				1,978	27,754	29,732
Net assets, beginning, as restated (see Note III.D.)				10,093,798	7,917,548	18,011,346
Net assets, ending				\$ 10,095,776	\$ 7,945,302	\$ 18,041,078

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 3**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2011**

	General	River Street Bridge	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,302,407	\$ -	\$ 37,972	\$ 1,340,379
Investments	-	-	192,889	192,889
Receivables, net of allowance for unavailable/uncollectible amounts:				
Taxes	482,490		-	482,490
Accounts	2,011		-	2,011
Intergovernmental	14,991	140,564	-	155,555
Interfund receivable	146,471	-	1,331	147,802
Prepaid items	311	-	-	311
Total assets	<u>\$ 1,948,681</u>	<u>\$ 140,564</u>	<u>\$ 232,192</u>	<u>\$ 2,321,437</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 75,448	\$ -	\$ 23	\$ 75,471
Accrued salaries and benefits	16,996	-	685	17,681
Intergovernmental payable	1,374,211	-	-	1,374,211
Interfund payable	1,331	146,471	-	147,802
Deferred revenue	419,658	-	-	419,658
Total liabilities	<u>1,887,644</u>	<u>146,471</u>	<u>708</u>	<u>2,034,823</u>
Fund balances:				
Nonspendable	-	-	54,985	54,985
Restricted for:				
General government	-	-	1,693	1,693
Culture and recreation	4,964	-	148,786	153,750
Committed to:				
General government	26,115	-	-	26,115
Public safety	630	-	605	1,235
Culture and recreation	13,950	-	21,522	35,472
Conservation	-	-	3,893	3,893
Capital outlay	4,587	48,849	-	53,436
Unassigned, reported in:				
General fund	10,791	-	-	10,791
Capital project fund	-	(54,756)	-	(54,756)
Total fund balances	<u>61,037</u>	<u>(5,907)</u>	<u>231,484</u>	<u>286,614</u>
Total liabilities and fund balances	<u>\$ 1,948,681</u>	<u>\$ 140,564</u>	<u>\$ 232,192</u>	<u>\$ 2,321,437</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 4**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Assets**  
**December 31, 2011**

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Total fund balances of governmental funds (Exhibit 3)		\$ 286,614
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 28,397,538	
Less accumulated depreciation	<u>(16,104,781)</u>	12,292,757
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (147,802)	
Payables	<u>147,802</u>	-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue	416,908	
Allowance for unavailable amounts	8,881	
Long-term water pollution grant receivable	<u>183,543</u>	609,332
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(74,869)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 2,340,470	
Capital leases outstanding	223,982	
Compensated absences payable	33,606	
Accrued landfill postclosure care costs	<u>420,000</u>	(3,018,058)
Total net assets of governmental activities (Exhibit 1)		<u><u>\$ 10,095,776</u></u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 5**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2011**

	General	River Street Bridge	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,871,641	\$ -	\$ -	\$ 1,871,641
Licenses, permits and fees	289,125	-	-	289,125
Intergovernmental	232,899	296,240	-	529,139
Charges for services	156,022	-	-	156,022
Miscellaneous	51,400	-	984	52,384
<b>Total revenues</b>	<b>2,601,087</b>	<b>296,240</b>	<b>984</b>	<b>2,898,311</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	504,322	-	1,950	506,272
Public safety	762,332	-	-	762,332
Highways and streets	563,673	-	-	563,673
Sanitation	134,041	-	-	134,041
Health	24,393	-	-	24,393
Welfare	72,066	-	-	72,066
Culture and recreation	153,821	-	63,207	217,028
Conservation	500	-	199	699
<b>Debt service:</b>				
Principal	217,758	-	-	217,758
Interest	114,783	-	-	114,783
Capital outlay	283,239	370,358	-	653,597
<b>Total expenditures</b>	<b>2,830,928</b>	<b>370,358</b>	<b>65,356</b>	<b>3,266,642</b>
Deficiency of revenues under expenditures	(229,841)	(74,118)	(64,372)	(368,331)
<b>Other financing sources (uses):</b>				
Transfers in	316	10,731	52,519	63,566
Transfers out	(63,250)	-	(316)	(63,566)
Inception of capital leases	73,277	-	-	73,277
<b>Total other financing sources and uses</b>	<b>10,343</b>	<b>10,731</b>	<b>52,203</b>	<b>73,277</b>
Net change in fund balances	(219,498)	(63,387)	(12,169)	(295,054)
Fund balances, beginning	280,535	57,480	243,653	581,668
Fund balances, ending	<u>\$ 61,037</u>	<u>\$ (5,907)</u>	<u>\$ 231,484</u>	<u>\$ 286,614</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 6**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2011**

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Net change in fund balances of governmental funds (Exhibit 5)		\$ (295,054)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 761,970	
Depreciation expense	<u>(615,754)</u>	146,216
The net effect of the disposal of capital assets is to decrease net assets.		
		(58,628)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (63,566)	
Transfers out	<u>63,566</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue	\$ 43,593	
Change in elderly lien receivable	2,053	
Change in long-term grant receivable	<u>(6,218)</u>	39,428
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Inception of capital leases	\$ (73,277)	
Repayment of bond principal	167,161	
Repayment of capital lease principal	<u>74,813</u>	168,697
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.		
Decrease in accrued interest expense	\$ 3,099	
Increase in compensated absences payable	<u>(1,780)</u>	1,319
Change in net assets of governmental activities (Exhibit 2)		<u>\$ 1,978</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 7**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			
	Water Utility	Sewer Utility	Electric Utility	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 166,953	\$ 593,638	\$ 195,147	\$ 955,738
Investments	21,773	22,166	110,442	154,381
Receivables, net of allowance	21,570	22,992	397,310	441,872
Inventories	-	-	122,700	122,700
Capital assets, net of accumulated depreciation	3,756,871	1,984,194	2,011,130	7,752,195
Total assets	<u>3,967,167</u>	<u>2,622,990</u>	<u>2,836,729</u>	<u>9,426,886</u>
<b>LIABILITIES</b>				
Current liabilities				
Municipal revenue bond payable - current	-	-	109,498	109,498
Accounts payable	6,951	7,825	369,467	384,243
Customer deposits	-	-	13,009	13,009
Total current liabilities	<u>6,951</u>	<u>7,825</u>	<u>491,974</u>	<u>506,750</u>
Long-term liability				
Municipal revenue bond payable	-	-	974,834	974,834
Total liabilities	<u>6,951</u>	<u>7,825</u>	<u>1,466,808</u>	<u>1,481,584</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of debt	3,756,871	1,984,194	926,798	6,667,863
Unrestricted	203,345	630,971	443,123	1,277,439
Total net assets	<u>\$ 3,960,216</u>	<u>\$ 2,615,165</u>	<u>\$ 1,369,921</u>	<u>\$ 7,945,302</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 8**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			
	Water Utility	Sewer Utility	Electric Utility	Total
Operating revenues:				
User charges	\$ 165,804	\$ 351,415	\$ 3,100,245	\$ 3,617,464
Street lighting	-	-	41,230	41,230
Miscellaneous	3,725	-	40,729	44,454
Total revenues	<u>169,529</u>	<u>351,415</u>	<u>3,182,204</u>	<u>3,703,148</u>
Operating expenses:				
Administration	32,919	33,388	254,864	321,171
Operations	105,043	214,085	2,631,096	2,950,224
Depreciation and amortization	140,833	94,990	129,812	365,635
Total expenditures	<u>278,795</u>	<u>342,463</u>	<u>3,015,772</u>	<u>3,637,030</u>
Operating income (loss)	<u>(109,266)</u>	<u>8,952</u>	<u>166,432</u>	<u>66,118</u>
Nonoperating revenues (expenses):				
Gain on sale of asset	-	-	6,779	6,779
Interest income	694	2,489	194	3,377
Interest expense	-	-	(48,520)	(48,520)
Total other financing sources and uses	<u>694</u>	<u>2,489</u>	<u>(41,547)</u>	<u>(38,364)</u>
Change in net fund assets	(108,572)	11,441	124,885	27,754
Net assets, beginning	<u>4,068,788</u>	<u>2,603,724</u>	<u>1,245,036</u>	<u>7,917,548</u>
Net assets, ending	<u>\$ 3,960,216</u>	<u>\$ 2,615,165</u>	<u>\$ 1,369,921</u>	<u>\$ 7,945,302</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 9**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**December 31, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			
	Water Utility	Sewer Utility	Electric Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and other	\$ 167,281	\$ 352,654	\$ 3,219,873	\$ 3,739,808
Payments to suppliers	(113,548)	(217,075)	(2,717,489)	(3,048,112)
Payments to employees	(22,950)	(22,950)	(254,795)	(300,695)
Net cash flows provided by (used in) operating activities	<u>30,783</u>	<u>112,629</u>	<u>247,589</u>	<u>391,001</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Change in interfund balance, net	-	-	-	-
Net cash flows provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Repayment of debt	-	-	(104,945)	(104,945)
Proceeds on sale of asset	-	-	11,112	11,112
Interest paid on municipal revenue bond	-	-	(48,520)	(48,520)
Acquisition of capital assets	(16,882)	(20,294)	(61,270)	(98,446)
Net cash flows used for capital and related financing activities	<u>(16,882)</u>	<u>(20,294)</u>	<u>(203,623)</u>	<u>(240,799)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investments redeemed	-	83,627	502	84,129
Interest income	694	2,489	194	3,377
Net cash provided by (used in) investing activities	<u>694</u>	<u>86,116</u>	<u>696</u>	<u>87,506</u>
Net increase (decrease) in cash	14,595	178,451	44,662	237,708
Cash - beginning of year	152,358	415,187	150,485	718,030
Cash - end of year	<u>\$ 166,953</u>	<u>\$ 593,638</u>	<u>\$ 195,147</u>	<u>\$ 955,738</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (109,266)	\$ 8,952	\$ 166,432	\$ 66,118
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	140,833	94,990	129,812	365,635
(Increase) decrease in assets:				
Accounts receivable	(2,248)	1,239	36,796	35,787
Inventory	-	-	(5,800)	(5,800)
Increase (decrease) in liabilities:				
Accounts payable	1,464	7,448	(80,524)	(71,612)
Customer deposits	-	-	873	873
Net cash flows provided by (used in) operating activities	<u>\$ 30,783</u>	<u>\$ 112,629</u>	<u>\$ 247,589</u>	<u>\$ 391,001</u>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 10**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2011**

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	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 595	\$ 66,093
Investments	12,352	-
Total assets	12,947	66,093
Liabilities:		
Due to other governmental units	-	66,093
Net assets:		
Held in trust for specific purposes	\$ 12,947	\$ -

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 11**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2011**

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	<u>Private Purpose Trust</u>
Additions:	
Investment earnings:	
Interest and dividends	\$ 135
Net decrease in fair value of investments	<u>(645)</u>
Change in net assets	(510)
Net assets, beginning	<u>13,457</u>
Net assets, ending	<u><u>\$ 12,947</u></u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Ashland (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2011.

**I.B. Financial Reporting Entity – Basis of Presentation**

**I.B.1. *Entity Defined***

The Town of Ashland is a municipal corporation governed by a board of selectmen consisting of three members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

**I.B.2. *Government-Wide and Fund Financial Statements***

*Government-Wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Individual funds are not displayed.

The statement of activities reports the direct expenses of a given function or segment offset by program revenues directly connected with the functional or segment program. Direct expenses are those that are clearly identifiable with a specific function or segment. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

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

*Fund Financial Statements*

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

**I.B.3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. As well, the proprietary funds apply all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued in or before 1989, unless those pronouncements conflict with or contradict the GASB.

For 2011, the Town has implemented GASB Statement No. 54, which results in the Expendable Trust Funds being reported within the General Fund, and governmental fund equity being reported in different components.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

The agency funds are custodial in nature and do not measure results of operations.

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. For property tax revenue recognition, this is a change from prior years when six months had been used rather than sixty days. This change was made to comply with a directive from GASB. However, for purposes of setting the tax rate, these taxes are not deferred in accordance with the directions of the New Hampshire Department of Revenue Administration.

Expenditures are recorded when the related fund liability is incurred, except for general obligation bond and capital lease principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are property taxes, intergovernmental amounts and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

***1.B.4. Fund Types and Major Funds***

*Governmental Funds*

The Town reports the following major governmental funds:

*General Fund* – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

*River Street Bridge Fund* – Reports as a capital project fund, and used to report the financial activity associated with the River Street bridge project.

In addition, the Town reports seven nonmajor governmental funds, although the Expendable Trust Fund is reported within the General Fund in the basic financial statements beginning in 2011, with the implementation of GASB Statement No. 54.

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

*Proprietary Funds*

The Town reports the following major proprietary funds:

*Water Utility Fund* – Accounts for the financial activity associated with the provision of water to the residents of the Town.

*Sewer Utility Fund* – Accounts for the financial activity associated with sewage collection and disposal in the Town.

*Electric Utility Fund* – Accounts for the activities of the Town’s electric distribution operations.

*Fiduciary Funds*

The Town also reports the following fiduciary funds:

*Private Purpose Trust Funds* – Account for financial resources of the Town used only for the benefit of other entities or individuals.

*Agency Funds* – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town’s agency funds are used to account for the various capital reserve accounts held by the trustees of trust funds on behalf of the local school district.

**I.C. Assets, Liabilities, and Net Assets or Fund Equity**

**I.C.1. Cash and Investments**

The laws of the State of New Hampshire require that the Town’s treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen or the Board of Commissioners for the enterprise funds. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments are stated at fair value based on quoted market prices.

New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

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

**I.C.2. *Receivables***

Receivables include taxes, and amounts due for water, sewer and electric service provided to users. An allowance for doubtful accounts has been reflected for the Electric Utility Fund, which is estimated at 2.4% of customer receivables, and amounts to \$10,000 at December 31, 2011.

**I.C.3. *Inventories***

Inventories consist of materials and supplies, primarily poles and transformers, and are valued at the lower of cost or market on a first-in, first-out basis.

**I.C.4. *Capital Assets and Depreciation***

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Buildings and Building Improvements	20-40
Equipment	5-10
Vehicles	10
Infrastructure	50
Business-type Assets	5-50

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

**I.C.5. *Long-Term Debt***

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

**I.C.6. *Equity Balances***

The government-wide statement of net assets reports net assets in the following components:

- Invested in capital assets, net of related debt, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets. There is an additional column on the statement of net assets to reflect debt carried by the governmental activities that was used to finance business-type capital assets.
- Restricted for perpetual care, expendable, which consists of the income earned on nonexpendable endowments reported in the permanent funds that is to be used for perpetual care.
- Restricted for perpetual care, nonexpendable, which consists of the principal of endowments in the permanent funds that must be permanently invested, with the income used for perpetual care.
- Restricted for other purposes, which consists of the balance of the permanent funds.
- Unrestricted, which consists of the remaining balance of net assets.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds.
- Restricted, which represents the expendable portion of the permanent funds and the library fund, whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen.
- Unassigned, which is comprised of the total of the fund balances less any amounts categorized above.

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

**I.D. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**II. Stewardship, Compliance and Accountability**

**Budgetary Information**

An annual budget was adopted on a basis consistent with generally accepted accounting principles for the General Fund, as well as the enterprise funds. Unless encumbered, all governmental fund appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. During 2011, \$87,505 of the unreserved fund balance from 2010 was used to reduce the tax rate.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures in the General Fund are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

**III. Detailed Notes on Funds and Government-Wide Statements**

**III.A. Assets**

**III.A.1. Investments**

As of December 31, 2011, the Town had \$205,241 invested in mutual funds. The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 192,889
Fiduciary funds - statement of fiduciary net assets (Exhibit 10)	12,352
Total	<u>\$ 205,241</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

*Investment Policies*

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town does not have an investment policy that places any further restrictions on its investment choices.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town does not have an investment policy that addresses limiting interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have an investment policy that addresses concentration of credit risk. As of December 31, 2011, the Town had \$39,950 in the Income Fund of America, Inc., Class A; \$33,465 in the Permanent Portfolio Fund; \$32,535 in the First Eagle Funds, Inc., Global Fund Class I; \$25,922 in the Capital World Growth & Income Fund, Class F-1; \$16,771 in the Alliance Bernstein High Income Fund, Inc.; and \$15,286 in the Prudential Jennison Natural Resources Fund, Class Z. These investments represent 19.46%, 16.31%, 15.85%, 12.63%, 8.17%, and 7.45% respectively of the Town's total investments.

**III.A.2. Receivables, Uncollectible Accounts and Deferred Revenue**

*Property Taxes Receivable and Property Tax Calendar*

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a tax lien for the balance of the uncollected 2010 property taxes on May 18.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Ashland School District, the Pemi-Baker Regional School District and Grafton County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

The net assessed valuation as of April 1, 2011, upon which the 2011 property tax levy was based was:

For the New Hampshire education tax	\$ 258,416,529
For all other taxes	\$ 264,255,259

The tax rates and amounts assessed for the year ended December 31, 2011 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$7.46	\$ 1,969,206
School portion:		
State of New Hampshire	\$2.19	566,854
Local	\$9.07	2,396,883
County portion	\$1.39	368,443
Total property taxes assessed		<u>\$ 5,301,386</u>

The following details the taxes receivable at year-end:

Property:		
Levy of 2011		\$ 417,277
Unredeemed (under tax lien):		
Levy of 2010		92,853
Levy of 2009		60,021
Levy of 2008		9,885
Levy of 2007		2,454
Less: allowance for estimated uncollectible taxes		(100,000)
Net taxes receivable		<u>\$ 482,490</u>

*Other Receivables and Uncollectible/Unavailable Amounts*

Significant receivables include amounts due from customers primarily for utility services, and a grant for the capital project. The fund financial statements report accounts receivable net of any allowance for uncollectible/unavailable accounts and revenues net of uncollectibles. The allowance amounts consist of all of the elderly and welfare liens, and 2.4% of the Electric Department customer receivables. Related amounts are shown in the following table:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Accounts	\$ 2,011	\$ 451,872
Intergovernmental	155,555	-
Liens	8,881	-
Less: allowance for uncollectible or unavailable amounts	(8,881)	(10,000)
Net total receivables	<u>\$ 157,566</u>	<u>\$ 441,872</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

*Deferred Revenue*

Deferred revenue of \$419,658 at December 31, 2011 represents uncollected taxes (\$416,908) that were not expected to be collected within sixty days from year-end; and revenue received in advance (\$2,750). In the Governmental Activities and on the budgetary statements, the taxes are not deferred.

**III.A.3. Capital Assets**

*Changes in Capital Assets*

The following table provides a summary of changes in capital assets of the governmental activities:

	Balance, beginning, as restated	Net Changes	Balance, ending
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 1,465,601	\$ -	\$ 1,465,601
Construction in progress	31,000	(31,000)	-
Total capital assets not being depreciated	<u>1,496,601</u>	<u>(31,000)</u>	<u>1,465,601</u>
Being depreciated:			
Buildings and building improvements	1,676,917	37,014	1,713,931
Equipment	281,850	63,686	345,536
Vehicles	1,270,557	(62,020)	1,208,537
Infrastructure	23,205,075	458,858	23,663,933
Total capital assets being depreciated	<u>26,434,399</u>	<u>497,538</u>	<u>26,931,937</u>
Total all capital assets	<u>27,931,000</u>	<u>466,538</u>	<u>28,397,538</u>
Less accumulated depreciation:			
Buildings and building improvements	(924,082)	(47,978)	(972,060)
Equipment	(194,876)	(1,169)	(196,045)
Vehicles	(816,113)	132,052	(684,061)
Infrastructure	(13,790,760)	(461,855)	(14,252,615)
Total accumulated depreciation	<u>(15,725,831)</u>	<u>(378,950)</u>	<u>(16,104,781)</u>
Net book value, capital assets being depreciated	10,708,568	118,588	10,827,156
Net book value, all capital assets	<u>\$ 12,205,169</u>	<u>\$ 87,588</u>	<u>\$ 12,292,757</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

As of December 31, 2011, the capital assets of the business-type activities were as follow:

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>
Business-type activities:				
Land	\$ 4,011	\$ 13,229	\$ 4,200	\$ 21,440
Distribution mains	121,060	1,007,092	-	1,128,152
Services	294,677	180,534	162,042	637,253
Structures and equipment	318,879	2,040,154	2,714,624	5,073,657
Intangible property	176,525	742,746	48,644	967,915
North Ashland Road expansion	-	-	1,903,500	1,903,500
Water tank and lines	817,100	-	-	817,100
Water system improvements	4,507,133	-	-	4,507,133
	<u>6,239,385</u>	<u>3,983,755</u>	<u>4,833,010</u>	<u>15,056,150</u>
Accumulated depreciation	<u>(2,482,514)</u>	<u>(1,999,561)</u>	<u>(2,821,880)</u>	<u>(7,303,955)</u>
Net capital assets	<u><u>\$ 3,756,871</u></u>	<u><u>\$ 1,984,194</u></u>	<u><u>\$ 2,011,130</u></u>	<u><u>\$ 7,752,195</u></u>

*Depreciation and Amortization Expense*

Depreciation and amortization expense was charged to functions and programs of the Town as follows:

Governmental activities:	
General government	\$ 7,394
Public safety	77,796
Highways and streets	513,036
Sanitation	1,675
Culture and recreation	15,853
Total governmental activities	<u>615,754</u>
Business-type activities:	
Water	140,833
Sewer	94,146
Electric	94,145
Total business-type activities	<u>329,124</u>
Total depreciation and amortization expense	<u><u>\$ 944,878</u></u>

**III.A.4. Restricted Net Assets**

The government-wide statement of net assets includes restricted net assets of \$10,443 for perpetual care and \$186,550 for culture and recreation representing public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures.

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

**III.B. Liabilities**

**III.B.1 Intergovernmental Payables**

Amounts due to other governments at December 31, 2011 consist of:

Balance of the 2011-2012 district assessment due to the Ashland School District	\$ 906,242
Balance of the 2011-2012 district assessment due to the Pemi-Baker Regional School District	467,495
Other miscellaneous fees	474
Total	<u><u>\$ 1,374,211</u></u>

**III.B.2 Long-Term Debt**

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These bonds are backed by the full faith and credit of the Town. Municipal revenue bonds were utilized to fund the purchase and construction of the Electric Department's North Ashland Road expansion project in 2005. Long-term debt also includes capital leases, compensated absences and the accrued landfill postclosure care costs.

Debt currently outstanding is as follows:

Governmental activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2011	Current Portion
General obligation bonds payable:						
Water	\$ 448,000	1987	2012	5.400	\$ 15,000	\$ 15,000
Water system	\$ 300,000	1996	2026	4.501	193,337	12,084
Water	\$ 1,600,000	1999	2024	4.501	963,699	64,247
Water and sewer mains	\$ 1,384,005	2001	2030	4.500	1,088,434	37,443
Highway improvements	\$ 400,000	2003	2013	3.000	80,000	40,000
					<u>2,340,470</u>	<u>168,774</u>
Capital leases payable:						
Ladder truck	\$ 438,699	2005	2014	4.450	165,748	52,856
Fire Department copier	\$ 6,480	2009	2013	-	3,240	1,620
Police Department cruiser	\$ 23,153	2011	2014	5.600	19,348	6,101
Fire Department defibrillator	\$ 23,951	2011	2014	6.900	18,763	7,671
Police Department Expedition	\$ 26,533	2011	2014	5.600	16,883	5,324
					<u>223,982</u>	<u>73,572</u>
Compensated absences payable					33,606	-
Accrued landfill postclosure care costs					420,000	14,000
					<u><u>\$ 3,018,058</u></u>	<u><u>\$ 256,346</u></u>

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

Business-type activities:

The Electric Department is indebted to the Franklin Savings Bank for a Municipal Revenue Bond Note with an original amount of \$1,700,000 which was utilized to fund the purchase and construction of the North Ashland Road expansion in 2005. As of December 31, 2011, the total balance due was \$1,084,332.

The terms of repayment call for 180 monthly payments of \$12,789, which includes principal and interest through May 2020. Interest is stated at 4.25%. This note is secured by all revenue received or to be received on goods or services produced by the Electric Department.

In addition, Community Guaranty Savings Bank is a participant in this revenue bond note in the original amount of \$599,998 of the total \$1,700,000. As of December 31, 2011, the outstanding balance due to Community Guaranty Savings Bank was \$382,704 which is included in the total balance due reflected above.

*Changes in Long-Term Liabilities*

The following is a summary of changes in governmental activities' long-term liabilities for the year ended December 31, 2011:

	General Obligation Bonds Payable	Capital Leases Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Total
Balance, beginning	\$ 2,507,631	\$ 225,518	\$ 31,826	\$ 420,000	\$ 3,184,975
Additions	-	73,277	1,780	-	75,057
Reductions	(167,161)	(74,813)	-	-	(241,974)
Balance, ending	<u>\$ 2,340,470</u>	<u>\$ 223,982</u>	<u>\$ 33,606</u>	<u>\$ 420,000</u>	<u>\$ 3,018,058</u>

*This note continues on the following page.*

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

*Debt Service Requirements to Maturity*

The annual service requirements to maturity for the Town's debt as of year-end are as follow:

Governmental activities, general obligation bonds and notes:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 168,774	\$ 97,997	\$ 266,771
2013	155,459	90,812	246,271
2014	117,220	84,815	202,035
2015	119,060	79,929	198,989
2016	120,983	74,961	195,944
2017-2021	636,923	297,114	934,037
2022-2026	699,762	158,129	857,891
2027-2030	322,289	35,915	358,204
Totals	<u>\$ 2,340,470</u>	<u>\$ 919,672</u>	<u>\$ 3,260,142</u>

Governmental activities, capital leases:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 73,572	\$ 10,486	\$ 84,058
2013	77,120	6,857	83,977
2014	73,290	3,329	76,619
Totals	<u>\$ 223,982</u>	<u>\$ 20,672</u>	<u>\$ 244,654</u>

Business-type activities, municipal revenue bond:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 109,498	\$ 43,967	\$ 153,465
2013	114,243	39,222	153,465
2014	119,194	34,271	153,465
2015	124,359	29,106	153,465
2016	129,749	23,716	153,465
2017-2020	487,289	37,100	524,389
Totals	<u>\$ 1,084,332</u>	<u>\$ 207,382</u>	<u>\$ 1,291,714</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

**III.C. Balances and Transfers – Payments Within the Reporting Entity**

**III.C.1. Receivables and Payables**

The outstanding balance between funds reported as “interfund receivable/payable” consists of the \$146,471 overdraft of pooled cash by the River Street Bridge Capital Project Fund, which is considered to be loaned from the General Fund until grant revenue is received, and \$1,331 due to the Scribner Library Fund from the General Fund which represents the balance of the 2011 appropriation.

**III.C.2. Transfers**

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, funding capital projects, and closing capital reserve accounts. The government-wide statement of activities eliminates transfers reported within the activities columns. Because the Expendable Trust Funds are reported in the General Fund in accordance with GAAP, transfers between the General Fund and the Expendable Trust Funds are not reflected in the basic financial statements.

The following schedule reports transfers within the reporting entity:

	Transfers In			Total
	General Fund	River Street Bridge Fund	Nonmajor Funds	
Transfers out:				
General fund	\$ -	\$ 10,731	\$ 52,519	\$ 63,250
Nonmajor funds	316	-	-	316
	\$ 316	\$ 10,731	\$ 52,519	\$ 63,566

**III.D. Restatement of Beginning Equity Balances**

The beginning equity balances were restated as follow:

	Governmental Activities	General Fund	River Street Bridge Fund
To adjust capital assets and accumulated depreciation	\$ (3,142,960)	\$ -	\$ -
To remove liability refunded	1,477	-	1,477
To adjust deferred tax revenue for 60-day rule	-	(268,315)	-
To include balance of expendable trust fund	-	72,736	-
Net assets/fund balances, as previously reported	13,235,281	476,114	56,003
Net assets/fund balances, as restated	\$ 10,093,798	\$ 280,535	\$ 57,480

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

**IV. Other Information**

**IV.A. Risk Management**

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the Local Government Center Property-Liability Trust, Inc., which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

***Local Government Center Property-Liability Trust, Inc. (the Trust)*** – This Trust is organized to provide certain property and liability protection to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30.

Contributions paid in 2011 for fiscal year 2012 ending June 30, 2012, to be recorded as an insurance expenditure/expense totaled \$46,352. There were no unpaid contributions for the year ending June 30, 2012 and due in 2011. The Town also paid \$29,725 for workers' compensation coverage for the year 2011. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

**IV.B. Retirement Pensions**

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for the Town's police officers and other employees, and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers were 9.3% of gross earnings for the first six months of the year, and 11.55% for the last six months; and for other employees were 5% of gross earnings for the first six months and 7% for the remainder of the year.

**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

For the period of January 1 through June 30, the rate of contribution from the Town for pension and the medical subsidy for police was 14.63%, which consisted of 75% of the total employer cost. For the month of July 2011, the rate of contribution for the pension and medical subsidy was 25.57%; and for the period of August 1 to December 31, that rate was 19.95%, both of which consisted of 100% of the total employer cost. The balance of the employer costs for the police for the period of January 1 to June 30 was paid by the State of New Hampshire. The rate of contribution for other employees was 9.16% for the period of January 1 to June 30, 11.09% for the month of July and 8.80% for the period of August 1 to December 31, which was 100% of the total employer cost. Employer contributions from the Town during the years 2009, 2010 and 2011 were \$64,776, \$90,087, and \$101,130, respectively. The 2010 and 2011 amounts include employer contributions paid by the Enterprise Funds. The amounts are paid on a monthly basis as due. The amount paid by the State for 2011 was \$5,994. This amount has been reported as an expenditure/expense and revenue on the government-wide statement of activities and on the governmental funds statement of revenues, expenditures and changes in fund balances.

**IV.C. Contingent Liabilities**

The Town is exposed to a contingent liability from a taxpayer seeking a sizeable abatement of property taxes. The Town estimates the possible abatement to be approximately \$53,000, not including interest, and has set up an allowance of \$100,000 to cover this contingency plus any related costs, or other abatements.

The Town has received federal and state grants for specific purposes. These grants are subject to audit by the granting agencies and certain expenditures may be determined to be unallowable. The Town believes that the chances of this happening are slight, and that if it were to happen, any disallowed expenditures would not be material.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 12**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,003,983	\$ 2,003,983	\$ 1,915,234	\$ (88,749)
Licenses, permits and fees	281,605	281,605	289,125	7,520
Intergovernmental	208,087	222,944	226,905	3,961
Charges for services	144,858	144,858	156,022	11,164
Miscellaneous	23,901	23,901	51,378	27,477
Total revenues	<u>2,662,434</u>	<u>2,677,291</u>	<u>2,638,664</u>	<u>(38,627)</u>
<b>EXPENDITURES</b>				
Current:				
General government	518,924	518,924	508,696	10,228
Public safety	789,013	789,013	738,235	50,778
Highways and streets	533,750	533,750	543,983	(10,233)
Sanitation	148,662	148,662	134,041	14,621
Health	30,342	30,342	24,393	5,949
Welfare	62,075	62,075	72,066	(9,991)
Culture and recreation	166,417	166,417	158,387	8,030
Conservation	500	500	500	-
Debt service:				
Principal of long-term debt	217,759	217,759	217,758	1
Interest on long-term debt	114,740	114,740	114,783	(43)
Interest on tax anticipation note	500	500	-	500
Capital outlay	182,602	197,459	214,545	(17,086)
Total expenditures	<u>2,765,284</u>	<u>2,780,141</u>	<u>2,727,387</u>	<u>52,754</u>
Deficiency of revenues under expenditures	<u>(102,850)</u>	<u>(102,850)</u>	<u>(88,723)</u>	<u>14,127</u>
Other financing uses:				
Transfers in	70,000	70,000	70,648	648
Transfers out	(54,655)	(54,655)	(64,750)	(10,095)
Total other financing sources and uses	<u>15,345</u>	<u>15,345</u>	<u>5,898</u>	<u>(9,447)</u>
Net change in fund balance	<u>\$ (87,505)</u>	<u>\$ (87,505)</u>	(82,825)	<u>\$ 4,680</u>
Decrease in reserve for special purposes			9,019	
Unreserved, undesignated fund balance, beginning			501,505	
Unreserved, undesignated fund balance, ending			<u>\$ 427,699</u>	

The note to the required supplementary information is an integral part of this statement.

**TOWN OF ASHLAND, NEW HAMPSHIRE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED  
DECEMBER 31, 2011**

**Reconciliation of General Fund Budgetary Basis to GAAP**

Revenues and other financing sources:	
Per Exhibit 12 (budgetary basis)	\$ 2,709,312
Adjustments:	
Basis difference:	
Capital lease inception	73,277
On-behalf retirement contribution payments made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	5,994
Deferred tax revenue, beginning	373,315
Deferred tax revenue, ending	(416,908)
Perspective difference:	
Transfer from Expendable Trust Fund	(70,332)
Interest earned in Expendable Trust Funds	22
Per Exhibit 5 (GAAP basis)	<u>\$ 2,674,680</u>
Expenditures and other financing uses:	
Per Exhibit 12 (budgetary basis)	\$ 2,792,137
Adjustments:	
Basis difference:	
Encumbrances, beginning	64,996
Encumbrances, ending	(40,726)
Capital lease inception	73,277
On-behalf retirement contribution payments made by the State of New Hampshire recognized as an expenditure on the GAAP basis, but not on the budgetary basis	5,994
Perspective difference:	
Transfer to Expendable Trust Fund	(1,500)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,894,178</u>
Fund balance:	
Per Exhibit 12: Unreserved, undesignated (budgetary basis)	\$ 427,699
Adjustment:	
Basis difference:	
Deferred tax revenue, modified accrual	(416,908)
Per Exhibit 3: Unassigned (GAAP basis)	<u>\$ 10,791</u>

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 13**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2011**

	Special Revenue Funds								Total
	Scribner Library	Ashland Community Day	Playground	DARE	Conservation Commission	Fire Apparatus	Permanent Fund		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 7,848	\$ 375	\$ 746	\$ 605	\$ 3,893	\$ 20,401	\$ 4,104	\$ 37,972	
Investments	-	-	-	-	-	-	192,889	192,889	
Interfund receivable	1,331	-	-	-	-	-	-	1,331	
Total assets	<u>\$ 9,179</u>	<u>\$ 375</u>	<u>\$ 746</u>	<u>\$ 605</u>	<u>\$ 3,893</u>	<u>\$ 20,401</u>	<u>\$ 196,993</u>	<u>\$ 232,192</u>	
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23	
Accrued salaries and benefits	685	-	-	-	-	-	-	685	
Total liabilities	<u>708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>708</u>	
Fund balances:									
Nonspendable	-	-	-	-	-	-	54,985	54,985	
Restricted	8,471	-	-	-	-	-	142,008	150,479	
Committed	-	375	746	605	3,893	20,401	-	26,020	
Total fund balances	<u>8,471</u>	<u>375</u>	<u>746</u>	<u>605</u>	<u>3,893</u>	<u>20,401</u>	<u>196,993</u>	<u>231,484</u>	
Total liabilities and fund balances	<u>\$ 9,179</u>	<u>\$ 375</u>	<u>\$ 746</u>	<u>\$ 605</u>	<u>\$ 3,893</u>	<u>\$ 20,401</u>	<u>\$ 196,993</u>	<u>\$ 232,192</u>	

**EXHIBIT 14**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

	Special Revenue Funds							Capital Project Fund	River Street Improvements	Permanent Fund	Total
	Scribner Library	Ashland Community Day	Playground	DARE	Conservation Commission	Fire Apparatus					
<b>REVENUES</b>											
Miscellaneous	\$ 4,155	\$ -	\$ -	\$ -	\$ 360	\$ -	\$ -	\$ -	\$ (3,531)	\$ 984	
<b>EXPENDITURES</b>											
Current:											
General government	-	-	-	-	-	-	-	-	1,950	1,950	
Culture and recreation	54,043	-	-	-	-	-	-	-	9,164	63,207	
Conservation	-	-	-	-	199	-	-	-	-	199	
Total expenditures	54,043	-	-	-	199	-	-	-	11,114	65,356	
Excess (deficiency) of revenues over (under) expenditures	(49,888)	-	-	-	161	-	-	-	(14,644)	(64,372)	
Other financing sources (uses):											
Transfers in	52,519	-	-	-	-	-	-	-	-	52,519	
Transfers out	-	-	-	-	-	-	-	(316)	-	(316)	
Total other financing sources and uses	52,519	-	-	-	-	-	-	(316)	-	52,203	
Net change in fund balances	2,630	-	-	-	161	-	-	(316)	(14,644)	(12,169)	
Fund balances, beginning	5,841	375	746	605	3,732	20,401	316	211,637	243,653		
Fund balances, ending	\$ 8,471	\$ 375	\$ 746	\$ 605	\$ 3,893	\$ 20,401	\$ -	\$ 196,993	\$ 231,484		

**EXHIBIT 15**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2011**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 1,911,733	\$ 1,814,794	\$ (96,939)
Timber	10	-	(10)
Excavation	10	-	(10)
Payments in lieu of taxes	56,230	58,180	1,950
Interest and penalties on delinquent taxes	36,000	42,260	6,260
<b>Total taxes</b>	<b>2,003,983</b>	<b>1,915,234</b>	<b>(88,749)</b>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	2,000	2,241	241
Motor vehicle permits	270,500	271,633	1,133
Building permits	5,655	11,580	5,925
Other	3,450	3,671	221
<b>Total licenses, permits and fees</b>	<b>281,605</b>	<b>289,125</b>	<b>7,520</b>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	92,725	92,725	-
Highway block grant	56,592	56,592	-
River Street sewer extension grant	14,991	14,991	-
State and federal forest land	57	57	-
Flood control reimbursement	8,857	8,857	-
Water pollution grant	39,217	42,223	3,006
Miscellaneous	4,502	5,460	958
Federal sources	6,003	6,000	(3)
<b>Total intergovernmental</b>	<b>222,944</b>	<b>226,905</b>	<b>3,961</b>
<b>Charges for services:</b>			
Income from departments	144,857	156,022	11,165
Other	1	-	(1)
<b>Total charges for services</b>	<b>144,858</b>	<b>156,022</b>	<b>11,164</b>
<b>Miscellaneous:</b>			
Sale of property	3	1,000	997
Interest on investments	4,000	7,829	3,829
Rent	-	18,339	18,339
Fines and forfeits	-	841	841
Other	19,898	23,369	3,471
<b>Total miscellaneous</b>	<b>23,901</b>	<b>51,378</b>	<b>27,477</b>
<b>Other financing sources:</b>			
Transfers in:			
Expendable trust fund	70,000	70,332	332
Other nonmajor funds	-	316	316
<b>Total other financing sources</b>	<b>70,000</b>	<b>70,648</b>	<b>648</b>
<b>Total revenues and other financing sources</b>	<b>2,747,291</b>	<b>\$ 2,709,312</b>	<b>\$ (37,979)</b>
Use of fund balance to reduce taxes	87,505		
<b>Total revenues, other financing sources and use of fund balance</b>	<b>\$ 2,834,796</b>		

**EXHIBIT 16**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2011**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 6,168	\$ 5,998	\$ -	\$ 170
Election and registration	-	36,170	32,399	2,193	1,578
Financial administration	-	278,569	263,286	-	15,283
Revaluation of property	7,819	34,100	44,189	-	(2,270)
Legal	-	15,000	12,009	-	2,991
Personnel administration	-	13,753	12,665	-	1,088
Planning and zoning	10,000	3,950	2,804	20,000	(8,854)
General government buildings	-	26,750	26,955	-	(205)
Cemeteries	-	450	-	-	450
Insurance, not otherwise allocated	-	97,527	101,214	-	(3,687)
Advertising and regional associations	-	1,987	1,987	-	-
Other	-	4,500	816	-	3,684
Total general government	<u>17,819</u>	<u>518,924</u>	<u>504,322</u>	<u>22,193</u>	<u>10,228</u>
<b>Public safety:</b>					
Police	14,688	524,041	511,822	-	26,907
Ambulance	-	47,500	46,064	-	1,436
Fire	3,415	204,909	188,523	-	19,801
Building inspection	-	8,563	8,835	-	(272)
Emergency management	-	4,000	1,094	-	2,906
Total public safety	<u>18,103</u>	<u>789,013</u>	<u>756,338</u>	<u>-</u>	<u>50,778</u>
<b>Highways and streets:</b>					
Administration	-	245,303	246,079	-	(776)
Highways and streets	19,690	173,501	204,023	-	(10,832)
Bridges	-	400	238	-	162
Street lighting	-	41,230	41,531	-	(301)
Other	-	73,316	71,802	-	1,514
Total highways and streets	<u>19,690</u>	<u>533,750</u>	<u>563,673</u>	<u>-</u>	<u>(10,233)</u>
<b>Sanitation</b>					
	<u>-</u>	<u>148,662</u>	<u>134,041</u>	<u>-</u>	<u>14,621</u>
<b>Health:</b>					
Administration	-	2,953	2,203	-	750
Pest control	-	3,400	3,200	-	200
Health agencies and hospitals	-	23,989	18,990	-	4,999
Total health	<u>-</u>	<u>30,342</u>	<u>24,393</u>	<u>-</u>	<u>5,949</u>
<b>Welfare</b>					
	<u>-</u>	<u>62,075</u>	<u>72,066</u>	<u>-</u>	<u>(9,991)</u>
<b>Culture and recreation:</b>					
Parks and recreation	9,384	155,958	140,758	13,950	10,634
Public library	-	-	(153)	-	153
Patriotic purposes	-	9,813	12,723	-	(2,910)
Other	-	646	493	-	153
Total culture and recreation	<u>9,384</u>	<u>166,417</u>	<u>153,821</u>	<u>13,950</u>	<u>8,030</u>
<b>Conservation</b>					
	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>-</u>

*(continued)*

**EXHIBIT 16 (continued)**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**General Fund**

**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2011**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Debt service:</b>					
Principal of long-term debt	-	217,759	217,758	-	1
Interest on long-term debt	-	114,740	114,783	-	(43)
Interest on tax anticipation note	-	500	-	-	500
<b>Total debt service</b>	<b>-</b>	<b>332,999</b>	<b>332,541</b>	<b>-</b>	<b>458</b>
<b>Capital outlay:</b>					
Machinery, vehicles and equipment	-	160,102	142,396	-	17,706
Buildings	-	12,357	22,566	-	(10,209)
Improvements other than buildings	-	25,000	45,000	4,583	(24,583)
<b>Total capital outlay</b>	<b>-</b>	<b>197,459</b>	<b>209,962</b>	<b>4,583</b>	<b>(17,086)</b>
<b>Other financing uses:</b>					
<b>Transfers out:</b>					
Expendable trust fund	-	1,500	1,500	-	-
Other nonmajor funds	-	53,155	63,250	-	(10,095)
<b>Total other financing uses</b>	<b>-</b>	<b>54,655</b>	<b>64,750</b>	<b>-</b>	<b>(10,095)</b>
<b>Total encumbrances, appropriations, expenditures and other financing uses</b>	<b>\$ 64,996</b>	<b>\$ 2,834,796</b>	<b>\$ 2,816,407</b>	<b>\$ 40,726</b>	<b>\$ 42,659</b>

**EXHIBIT 17**  
**TOWN OF ASHLAND, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unreserved - Undesignated Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2011**

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Unreserved, undesignated fund balance, beginning, as restated (see note III.D.)		\$ 501,505
Changes:		
Unreserved fund balance used to reduce tax rate		(87,505)
Budget summary:		
Revenue shortfall (Exhibit 15)	\$ (37,979)	
Unexpended balance of appropriations (Exhibit 16)	<u>42,659</u>	
Budget surplus		4,680
Decrease in reserve for special purposes		<u>9,019</u>
Unreserved, undesignated fund balance, ending		<u>\$ 427,699</u>