

TOWN OF ASHLAND, NEW HAMPSHIRE

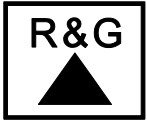
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014

**TOWN OF ASHLAND, NEW HAMPSHIRE
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014**

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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, 2014, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements. 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 position, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Ashland. The combining nonmajor and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

May 18, 2015

Robert & Greene, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF ASHLAND, NEW HAMPSHIRE
Statement of Net Position
December 31, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,328,456	\$ 1,671,360	\$ 3,999,816
Investments	209,107	-	209,107
Intergovernmental receivable	170,256	-	170,256
Other receivables, net of allowance for uncollectibles	501,799	495,445	997,244
Inventory	-	33,915	33,915
Prepaid items	-	8,991	8,991
Tax deeded property held for resale	15,561	-	15,561
Capital assets, not being depreciated:			
Land	1,447,656	-	1,447,656
Capital assets, net of accumulated depreciation:			
Buildings and building improvements	789,330	-	789,330
Machinery, vehicles and equipment	79,225	-	79,225
Infrastructure	8,268,550	-	8,268,550
Improvements other than buildings	395,427	-	395,427
Business-type activities' capital assets	-	7,632,978	7,632,978
Total assets	<u>14,205,367</u>	<u>9,842,689</u>	<u>24,048,056</u>
LIABILITIES			
Accounts payable	49,459	409,330	458,789
Accrued payroll and benefits	10,467	-	10,467
Accrued interest payable	35,171	-	35,171
Intergovernmental payable	1,615,765	-	1,615,765
Customer deposits	-	8,761	8,761
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	122,331	127,977	250,308
Unamortized bond premium	6,063	-	6,063
Capital lease payable	25,535	-	25,535
Accrued landfill postclosure care costs	14,000	-	14,000
Due in more than one year:			
Bonds and notes payable	1,698,708	603,655	2,302,363
Unamortized bond premium	84,882	-	84,882
Capital lease payable	53,665	-	53,665
Compensated absences	33,842	-	33,842
Accrued landfill postclosure care costs	154,000	-	154,000
Total liabilities	<u>3,903,888</u>	<u>1,149,723</u>	<u>5,053,611</u>
NET POSITION			
Net investment in capital assets	10,900,988	6,901,346	17,802,334
Restricted for:			
Endowments:			
Nonexpendable	8,750	-	8,750
Expendable	7,951	-	7,951
Other purposes	213,185	-	213,185
Unrestricted	(829,395)	1,791,620	962,225
Total net position	<u>\$ 10,301,479</u>	<u>\$ 8,692,966</u>	<u>\$ 18,994,445</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, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 551,606	\$ 792	\$ 1,110	\$ -	\$ (549,704)	\$ -	\$ (549,704)
Public safety	865,608	9,801	12,148	-	(843,659)	-	(843,659)
Highways and streets	1,039,657	-	-	48,862	(990,795)	-	(990,795)
Sanitation	116,399	31,401	66,617	-	(18,381)	-	(18,381)
Health	32,468	-	-	-	(32,468)	-	(32,468)
Welfare	11,034	1,065	-	-	(9,969)	-	(9,969)
Culture and recreation	206,318	94,491	7,288	-	(104,539)	-	(104,539)
Conservation	645	-	-	-	(645)	-	(645)
Interest on long-term debt	65,554	-	-	-	(65,554)	-	(65,554)
Total governmental activities	<u>2,889,289</u>	<u>137,550</u>	<u>87,163</u>	<u>48,862</u>	<u>(2,615,714)</u>	<u>-</u>	<u>(2,615,714)</u>
Business-type activities:							
Water	297,287	192,805	-	-	-	(104,482)	(104,482)
Sewer	404,385	489,653	-	-	-	85,268	85,268
Electric	2,823,631	2,911,356	-	-	-	87,725	87,725
Total business-type activities	<u>3,525,303</u>	<u>3,593,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,511</u>	<u>68,511</u>
Total primary government	<u>\$ 6,414,592</u>	<u>\$ 3,731,364</u>	<u>\$ 87,163</u>	<u>\$ 48,862</u>	<u>(2,615,714)</u>	<u>68,511</u>	<u>(2,547,203)</u>
General revenues:							
Property taxes					1,921,789	-	1,921,789
Other taxes					114,983	-	114,983
Licenses and permits					330,679	-	330,679
Grants and contributions not restricted to specific programs					101,654	-	101,654
Miscellaneous					88,639	46,566	135,205
Total general revenues					<u>2,557,744</u>	<u>46,566</u>	<u>2,604,310</u>
Change in net position					<u>(57,970)</u>	<u>115,077</u>	<u>57,107</u>
Net position, beginning, as restated, see Note III.E.					<u>10,359,449</u>	<u>8,577,889</u>	<u>18,937,338</u>
Net position, ending					<u>\$ 10,301,479</u>	<u>\$ 8,692,966</u>	<u>\$ 18,994,445</u>

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, 2014

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,957,786	\$ 370,670	\$ 2,328,456
Investments	-	209,107	209,107
Receivables, net of allowance for uncollectibles:			
Taxes	486,902	-	486,902
Accounts	5,686	-	5,686
Tax deeded property held for resale	15,561	-	15,561
Total assets	<u>\$ 2,465,935</u>	<u>\$ 579,777</u>	<u>\$ 3,045,712</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 49,459	\$ -	\$ 49,459
Accrued salaries and benefits	10,467	-	10,467
Intergovernmental payable	1,615,765	-	1,615,765
Total liabilities	<u>1,675,691</u>	<u>-</u>	<u>1,675,691</u>
Deferred inflows of resources:			
Deferred property tax revenue	<u>386,094</u>	<u>-</u>	<u>386,094</u>
Fund balances:			
Nonspendable	15,561	54,985	70,546
Restricted	3,422	174,901	178,323
Committed	-	349,891	349,891
Assigned	9,763	-	9,763
Unassigned	375,404	-	375,404
Total fund balances	<u>404,150</u>	<u>579,777</u>	<u>983,927</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,465,935</u>	<u>\$ 579,777</u>	<u>\$ 3,045,712</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 Position
December 31, 2014

Total fund balances of governmental funds (Exhibit 3)		\$ 983,927
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 28,761,986	
Less accumulated depreciation	<u>(17,781,798)</u>	10,980,188
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue	\$ 386,094	
Unavailable liens	9,211	
Long-term water pollution grant receivable	<u>170,256</u>	565,561
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(35,171)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 1,821,039	
Unamortized bond premium	90,945	
Capital lease outstanding	79,200	
Compensated absences payable	33,842	
Accrued landfill postclosure care costs	<u>168,000</u>	<u>(2,193,026)</u>
Total net position of governmental activities (Exhibit 1)		<u>\$ 10,301,479</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, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,047,906	\$ -	\$ 2,047,906
Licenses, permits and fees	330,679	-	330,679
Intergovernmental	236,071	-	236,071
Charges for services	135,238	2,312	137,550
Miscellaneous	75,062	13,593	88,655
Total revenues	<u>2,824,956</u>	<u>15,905</u>	<u>2,840,861</u>
Expenditures:			
Current:			
General government	552,170	-	552,170
Public safety	812,628	-	812,628
Highways and streets	588,918	-	588,918
Sanitation	129,293	-	129,293
Health	32,468	-	32,468
Welfare	11,034	-	11,034
Culture and recreation	173,119	11,137	184,256
Conservation	645	-	645
Debt service:			
Principal	178,008	-	178,008
Interest	79,812	-	79,812
Capital outlay	-	31,094	31,094
Total expenditures	<u>2,558,095</u>	<u>42,231</u>	<u>2,600,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>266,861</u>	<u>(26,326)</u>	<u>240,535</u>
Other financing sources (uses):			
Transfers in	-	175,355	175,355
Transfers out	(175,355)	-	(175,355)
Total other financing sources and uses	<u>(175,355)</u>	<u>175,355</u>	<u>-</u>
Net change in fund balances	91,506	149,029	240,535
Fund balances, beginning	312,644	430,748	743,392
Fund balances, ending	<u>\$ 404,150</u>	<u>\$ 579,777</u>	<u>\$ 983,927</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, 2014

Net change in fund balances of governmental funds (Exhibit 5)		\$ 240,535
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 depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 66,638	
Depreciation expense	<u>(615,076)</u>	(548,438)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (175,355)	
Transfers out	<u>175,355</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	\$ (8,970)	
Change in unavailable liens	(3,120)	
Change in long-term grant receivable	<u>(6,790)</u>	(18,880)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond and note principal	\$ 120,348	
Amortization of bond premium	10,697	
Repayment of capital lease principal	<u>97,998</u>	229,043
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	\$ 3,543	
Decrease in compensated absences payable	22,227	
Decrease in accrued landfill postclosure care costs	<u>14,000</u>	<u>39,770</u>
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ (57,970)</u></u>

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

EXHIBIT 7
TOWN OF ASHLAND, NEW HAMPSHIRE
General Fund
Schedule of Revenues, Expenditures and Changes in
Unassigned Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 2,006,294	\$ 2,038,936	\$ 32,642
Licenses, permits and fees	289,395	330,679	41,284
Intergovernmental	217,645	236,071	18,426
Charges for services	133,875	135,238	1,363
Miscellaneous	39,500	75,062	35,562
Total revenues	<u>2,686,709</u>	<u>2,815,986</u>	<u>129,277</u>
EXPENDITURES			
Current:			
General government	523,032	544,821	(21,789)
Public safety	834,622	813,838	20,784
Highways and streets	568,248	588,918	(20,670)
Sanitation	137,853	129,293	8,560
Health	32,003	32,468	(465)
Welfare	60,634	11,034	49,600
Culture and recreation	171,802	173,119	(1,317)
Conservation	1,000	645	355
Debt service:			
Principal	178,009	178,008	1
Interest on long-term debt	79,817	79,812	5
Interest on tax anticipation note	500	-	500
Total expenditures	<u>2,587,520</u>	<u>2,551,956</u>	<u>35,564</u>
Excess of revenues over expenditures	<u>99,189</u>	<u>264,030</u>	<u>164,841</u>
Other financing sources (uses):			
Transfers in	17,397	-	(17,397)
Transfers out	(175,000)	(175,355)	(355)
Total other financing sources and uses	<u>(157,603)</u>	<u>(175,355)</u>	<u>(17,752)</u>
Net change in fund balance	<u>\$ (58,414)</u>	88,675	<u>\$ 147,089</u>
Increase in nonspendable fund balance		(15,561)	
Decrease in restricted fund balance		1,193	
Unassigned fund balance, beginning		687,191	
Unassigned fund balance, ending		<u>\$ 761,498</u>	

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

EXHIBIT 8
TOWN OF ASHLAND, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Electric Utility	Total
ASSETS				
Cash and cash equivalents	\$ 187,097	\$ 853,553	\$ 630,710	\$ 1,671,360
Receivables, net of allowance	25,767	35,282	434,396	495,445
Inventories	-	-	33,915	33,915
Prepaid items	-	-	8,991	8,991
Capital assets, net of accumulated depreciation	3,451,040	1,923,426	2,258,512	7,632,978
Total assets	<u>3,663,904</u>	<u>2,812,261</u>	<u>3,366,524</u>	<u>9,842,689</u>
LIABILITIES				
Current liabilities				
Municipal revenue bond payable - current	-	-	127,977	127,977
Accounts payable	8,448	21,679	379,203	409,330
Customer deposits	100	-	8,661	8,761
Total current liabilities	<u>8,548</u>	<u>21,679</u>	<u>515,841</u>	<u>546,068</u>
Long-term liability				
Municipal revenue bond payable	-	-	603,655	603,655
Total liabilities	<u>8,548</u>	<u>21,679</u>	<u>1,119,496</u>	<u>1,149,723</u>
NET POSITION				
Net investment in capital assets	3,451,040	1,923,426	1,526,880	6,901,346
Unrestricted	204,316	867,156	720,148	1,791,620
Total net position	<u>\$ 3,655,356</u>	<u>\$ 2,790,582</u>	<u>\$ 2,247,028</u>	<u>\$ 8,692,966</u>

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

EXHIBIT 9
TOWN OF ASHLAND, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Electric Utility	Total
Operating revenues:				
User charges	\$ 192,805	\$ 241,986	\$ 2,871,782	\$ 3,306,573
Septage fees	-	247,667	-	247,667
Street lighting	-	-	39,574	39,574
Miscellaneous	4,982	-	37,573	42,555
Total revenues	<u>197,787</u>	<u>489,653</u>	<u>2,948,929</u>	<u>3,636,369</u>
Operating expenses:				
Administration	17,575	19,700	158,073	195,348
Power purchase	-	-	2,047,336	2,047,336
Contract operations	84,826	218,124	-	302,950
Payroll and related Operations	25,148	25,139	354,651	404,938
Depreciation and amortization	30,482	38,210	109,505	178,197
Total expenditures	<u>139,256</u>	<u>103,212</u>	<u>134,074</u>	<u>376,542</u>
Total expenditures	<u>297,287</u>	<u>404,385</u>	<u>2,803,639</u>	<u>3,505,311</u>
Operating income (loss)	<u>(99,500)</u>	<u>85,268</u>	<u>145,290</u>	<u>131,058</u>
Nonoperating revenues (expenses):				
Interest income	696	2,268	1,047	4,011
Interest expense	-	-	(19,992)	(19,992)
Total nonoperating revenues and expenses	<u>696</u>	<u>2,268</u>	<u>(18,945)</u>	<u>(15,981)</u>
Change in fund net position	<u>(98,804)</u>	<u>87,536</u>	<u>126,345</u>	<u>115,077</u>
Net position, beginning	3,754,160	2,703,046	2,225,232	8,682,438
Adjustment to beginning net position	-	-	(104,549)	(104,549)
Net position, beginning, as restated	<u>3,754,160</u>	<u>2,703,046</u>	<u>2,120,683</u>	<u>8,577,889</u>
Net position, ending	<u>\$ 3,655,356</u>	<u>\$ 2,790,582</u>	<u>\$ 2,247,028</u>	<u>\$ 8,692,966</u>

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

EXHIBIT 10
TOWN OF ASHLAND, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Electric Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and other	\$ 195,969	\$ 481,122	\$ 3,075,070	\$ 3,752,161
Payments to suppliers	(144,525)	(281,382)	(2,271,426)	(2,697,333)
Payments to employees	(25,148)	(25,139)	(354,651)	(404,938)
Net cash provided by operating activities	<u>26,296</u>	<u>174,601</u>	<u>448,993</u>	<u>649,890</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayment of debt	-	-	(124,816)	(124,816)
Interest paid on municipal revenue bond	-	-	(19,992)	(19,992)
Acquisition of capital assets	(115,635)	(77,160)	(90,499)	(283,294)
Net cash flows used for capital and related financing activities	<u>(115,635)</u>	<u>(77,160)</u>	<u>(235,307)</u>	<u>(428,102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	696	2,268	1,047	4,011
Net increase (decrease) in cash	(88,643)	99,709	214,733	225,799
Cash - beginning of year	275,740	753,844	415,977	1,445,561
Cash - end of year	<u>\$ 187,097</u>	<u>\$ 853,553</u>	<u>\$ 630,710</u>	<u>\$ 1,671,360</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (99,500)	\$ 85,268	\$ 145,290	\$ 131,058
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	139,256	103,212	134,074	376,542
(Increase) decrease in assets:				
Accounts receivable	(1,819)	(8,531)	126,023	115,673
Inventory	-	-	15,000	15,000
Prepaid expenses	-	-	(8,991)	(8,991)
Increase (decrease) in liabilities:				
Accounts payable	(11,641)	(5,348)	37,479	20,490
Customer deposits	-	-	118	118
Net cash provided by operating activities	<u>\$ 26,296</u>	<u>\$ 174,601</u>	<u>\$ 448,993</u>	<u>\$ 649,890</u>

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

EXHIBIT 11
TOWN OF ASHLAND, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ -	\$ 145,514
Investments	18,005	-
Total assets	<u>18,005</u>	<u>145,514</u>
Liabilities:		
Due to other governments	-	96,749
Due to other entities	-	48,760
Due to developers	-	5
Total liabilities	<u>-</u>	<u>145,514</u>
Net position:		
Held in trust for specific purposes	<u>\$ 18,005</u>	<u>\$ -</u>

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

EXHIBIT 12
TOWN OF ASHLAND, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2014

	<u>Private Purpose Trust</u>
Additions:	
Investment earnings:	
Interest and dividends	\$ 1,655
Deductions:	
Trust distributions	<u>1,500</u>
Change in net position	155
Net position, beginning	<u>17,850</u>
Net position, ending	<u><u>\$ 18,005</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, 2014

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, 2014.

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 five 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 position 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 finance 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, 2014

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/amortization 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.

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.

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.

**TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014**

The Town considers revenues to be available if they are collected within sixty days of the end of the fiscal year. However, for purposes of setting the tax rate, taxes are not so 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, note 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.

I.B.4. Fund Types and Major Funds

Governmental Funds

The Town reports the following major governmental fund:

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.

In addition, the Town reports eight nonmajor governmental funds.

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 and businesses 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.

TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

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 Position 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 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.

TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

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 1.7% of customer receivables, and amounts to \$4,778 at December 31, 2014.

I.C.3. *Inventory*

Inventory consists of materials and supplies, primarily poles and transformers, and is 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	10-40
Equipment	5-10
Vehicles	5-15
Infrastructure	50
Business-type activities' capital assets	5-50

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.

**TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014**

I.C.6. *Equity Balances*

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

- Net investments in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- 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 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 other purposes, which consists of the balance of the permanent funds.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds, and tax deeded property held for resale in the General Fund.
- 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.
- Assigned, which consists of encumbrances approved by the Board of Selectmen or open purchase orders.
- Unassigned, which is comprised of the remaining balance of the fund balance in the General Fund.

TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

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 2014, \$58,414 of the fund balance from 2013 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 assignments of fund balances and do not constitute expenditures or liabilities because they 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.

Reconciliation of General Fund Budgetary Basis to GAAP

Revenues:	
Per Exhibit 7 (budgetary basis)	\$ 2,815,986
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	395,064
Tax revenue deferred in the current year	(386,094)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,824,956</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014**

Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 2,727,311
Adjustments:	
Basis difference:	
Encumbrances, beginning	15,902
Encumbrances, ending	<u>(9,763)</u>
Per Exhibit 5 (GAAP basis)	<u>\$ 2,733,450</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 761,498
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	<u>(386,094)</u>
Per Exhibit 3 (GAAP basis)	<u>\$ 375,404</u>

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2014, the Town had \$227,112 invested in mutual funds. The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 209,107
Fiduciary funds - statement of fiduciary net position (Exhibit 11)	<u>18,005</u>
Total	<u>\$ 227,112</u>

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, 2014, the Town had \$51,271 in the Income

**TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014**

Fund of America, Inc., Class A; \$32,402 in the First Eagle Funds, Inc., Global Fund Class I; \$31,225 in the Capital World Growth & Income Fund, Class F-1; \$19,290 in the American Funds Investment Company of America, Class A; \$16,433 in the American Funds Washington Mutual Investors Fund; \$14,755 in the Permanent Portfolio Fund; \$14,637 in the First Trust Sabrient Bakers Dozen Port 2014 Series Cash Fund; \$13,771 in the Alliance Bernstein High Income Fund, Inc.; and \$12,251 in the Putnam Diversified Income Trust Shares Fund. These investments represent 22.57%, 14.27%, 13.75%, 8.49%, 7.24%, 6.50%, 6.45%, 6.06% and 5.40% 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. The tax collector executed a tax lien for the balance of the uncollected 2013 property taxes on April 30, 2014.

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.

The net assessed valuation as of April 1, 2014, upon which the 2014 property tax levy was based was:

For the New Hampshire education tax	\$228,490,817
For all other taxes	\$233,658,667

TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

The tax rates and amounts assessed for the year ended December 31, 2014 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$8.37	\$1,957,797
School portion:		
State of New Hampshire	\$2.48	565,901
Local	\$11.53	2,693,571
County portion	\$1.59	<u>370,712</u>
Total property taxes assessed		<u><u>\$5,587,981</u></u>

The following details the taxes receivable at year-end:

Property:		
Levy of 2014		\$356,718
Unredeemed (under tax lien):		
Levy of 2013		96,990
Levy of 2012		52,204
Levy of 2011		15,941
Levy of 2010		9,171
Levy of 2009		5,878
Less: allowance for estimated uncollectible taxes		<u>(50,000)</u>
Net taxes receivable		<u><u>\$486,902</u></u>

Other Receivables and Uncollectible/Unavailable Amounts

Significant receivables include amounts due from customers primarily for utility services. 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 liens, and 1.7% of the Electric Department customer receivables. Related amounts are as follow:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Accounts	\$ 5,686	\$ 500,223
Liens	9,211	-
Less: allowance for uncollectible amounts	<u>(9,211)</u>	<u>(4,778)</u>
Net total receivables	<u><u>\$ 5,686</u></u>	<u><u>\$ 495,445</u></u>

Deferred Revenue

Deferred revenue of \$386,094 at year-end represents uncollected taxes that were not collected within sixty days. In the Governmental Activities and on the budgetary statements, these taxes are not deferred.

TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

III.A.3. Capital Assets

Changes in Capital Assets

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

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
At cost:			
Not being depreciated:			
Land	\$ 1,446,700	\$ 956	\$ 1,447,656
Being depreciated:			
Buildings and building improvements	1,925,398	-	1,925,398
Equipment	326,336	-	326,336
Vehicles	1,358,550	8,382	1,366,932
Infrastructure	23,638,364	57,300	23,695,664
Total capital assets being depreciated	<u>27,248,648</u>	<u>65,682</u>	<u>27,314,330</u>
Total all capital assets	<u>28,695,348</u>	<u>66,638</u>	<u>28,761,986</u>
Less accumulated depreciation:			
Buildings and building improvements	(1,077,656)	(58,412)	(1,136,068)
Equipment	(224,644)	(22,467)	(247,111)
Vehicles	(873,180)	(98,325)	(971,505)
Infrastructure	(14,991,242)	(435,872)	(15,427,114)
Total accumulated depreciation	<u>(17,166,722)</u>	<u>(615,076)</u>	<u>(17,781,798)</u>
Net book value, capital assets being depreciated	<u>10,081,926</u>	<u>(549,394)</u>	<u>9,532,532</u>
Net book value, all capital assets	<u>\$ 11,528,626</u>	<u>\$ (548,438)</u>	<u>\$ 10,980,188</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, 2014

The changes in the capital assets of the business-type activities were as follow:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 21,440	\$ -	\$ -	\$ 21,440
Construction in progress	53,212	-	(53,212)	-
Total capital assets not being depreciated	<u>74,652</u>	<u>-</u>	<u>(53,212)</u>	<u>21,440</u>
Being depreciated:				
Distribution mains	1,128,152	9,100	-	1,137,252
Services	637,253	55,512	-	692,765
Structures and equipment	5,315,567	271,893		5,587,460
Intangible property	967,915	-		967,915
North Ashland Road expansion	2,326,341	-		2,326,341
Water system improvements	5,324,233	-		5,324,233
Total capital assets being depreciated	<u>15,699,461</u>	<u>336,505</u>	<u>-</u>	<u>16,035,966</u>
Total all capital assets	<u>15,774,113</u>	<u>336,505</u>	<u>(53,212)</u>	<u>16,057,406</u>
Less accumulated depreciation	<u>(8,047,886)</u>	<u>(376,542)</u>	<u>-</u>	<u>(8,424,428)</u>
Net book value, capital assets being depreciated	<u>7,651,575</u>	<u>(40,037)</u>	<u>-</u>	<u>7,611,538</u>
Net book value, all capital assets	<u>\$ 7,726,227</u>	<u>\$ (40,037)</u>	<u>\$ (53,212)</u>	<u>\$ 7,632,978</u>

Depreciation and Amortization Expense

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

Governmental activities:	
General government	\$ 6,924
Public safety	74,955
Highways and streets	508,596
Sanitation	1,675
Culture and recreation	22,926
Total	<u>\$ 615,076</u>
Business-type activities:	
Water	\$ 139,256
Sewer	103,212
Electric	134,074
Total	<u>\$ 376,542</u>

III.A.4. Restricted Net Position

The government-wide statement of net position includes restricted amounts of \$16,701 for perpetual care and \$213,185 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, 2014**

III.B. Liabilities

III.B.1 Intergovernmental Payables

Amounts due to other governments at December 31, 2014 consist of:

Balance of the 2014-2015 district assessment due to the:	
Ashland School District	\$ 1,097,861
Pemi-Baker Regional School District	517,609
Fees due to the State of New Hampshire	295
Total	<u>\$ 1,615,765</u>

III.B.2 Long-Term Debt

General obligation bonds and notes are approved by the voters and repaid with general revenues (property taxes). These liabilities 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 for the governmental activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2014	Current Portion
General obligation bonds/notes payable:						
Water system	\$ 300,000	1996	2027	4.501	\$ 157,081	\$ 12,084
Water	\$ 1,600,000	1999	2026	4.501	770,958	64,247
Water and sewer mains	\$ 944,000	2012	2029	2.0-5.0	893,000	46,000
					<u>1,821,039</u>	<u>122,331</u>
Unamortized bond premium					90,945	6,063
Capital lease payable:						
Loader	\$ 132,096	2013	2017	3.3	79,200	25,535
Compensated absences payable					33,842	-
Accrued landfill postclosure care costs					168,000	14,000
					<u>\$ 2,193,026</u>	<u>\$ 167,929</u>

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, 2014, the total balance due was \$731,632.

TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

The original terms of repayment called for 180 monthly payments of \$12,789, which included principal and interest through May 2020, with interest stated at 4.25%. As of May 29, 2013, this note was modified to reduce the interest rate to 2.5% and adjust the monthly payment to \$12,067. 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, 2014, the outstanding balance due to Community Guaranty Savings Bank approximated \$258,222, 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, 2014:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Capital Lease Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Total
Balance, beginning	\$ 1,941,387	\$ 96,293	\$ 177,198	\$ 56,069	\$ 182,000	\$ 2,452,947
Reductions	<u>(120,348)</u>	<u>(5,348)</u>	<u>(97,998)</u>	<u>(22,227)</u>	<u>(14,000)</u>	<u>(259,921)</u>
Balance, ending	<u>\$ 1,821,039</u>	<u>\$ 90,945</u>	<u>\$ 79,200</u>	<u>\$ 33,842</u>	<u>\$ 168,000</u>	<u>\$ 2,193,026</u>

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:

Fiscal Year Ending December 31,	Principal	Interest	Total
2015	\$ 122,331	\$ 72,877	\$ 195,208
2016	123,329	68,452	191,781
2017	124,331	63,997	188,328
2018	126,330	59,031	185,361
2019	129,330	54,486	183,816
2020-2024	669,651	198,802	868,453
2025-2029	525,737	59,112	584,849
Totals	<u>\$ 1,821,039</u>	<u>\$ 576,757</u>	<u>\$ 2,397,796</u>

**TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014**

Governmental activities, capital lease:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 25,535	\$ 2,654	\$ 28,189
2016	26,391	1,798	28,189
2017	27,274	914	28,188
Totals	<u>\$ 79,200</u>	<u>\$ 5,366</u>	<u>\$ 84,566</u>

Business-type activities, municipal revenue bond:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 127,977	\$ 16,831	\$ 144,808
2016	131,213	13,595	144,808
2017	134,532	10,276	144,808
2018	137,934	6,874	144,808
2019	141,422	3,386	144,808
2020	58,554	338	58,892
Totals	<u>\$ 731,632</u>	<u>\$ 51,300</u>	<u>\$ 782,932</u>

III.C. Transfers – Payments Within the Reporting Entity

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made. The government-wide statement of activities eliminates transfers reported within the activities columns.

During 2014, interfund transfers consisted of \$175,000 voted to be added to the capital reserve and other expendable trust funds, and \$355 representing the balance of the unspent appropriation for conservation, transferred to the conservation commission fund.

The notes continue on the following page.

TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

III.D. Components of Fund Balances

The following details the various components of the fund balances of the governmental funds:

	<u>General Fund</u>	<u>Nonmajor Funds</u>
Nonspendable:		
Endowments	\$ -	\$ 54,985
Tax deeded property	15,561	-
Total nonspendable	<u>15,561</u>	<u>54,985</u>
Restricted:		
General government	-	7,683
Public safety	1,665	-
Culture and recreation	1,757	167,218
Total restricted	<u>3,422</u>	<u>174,901</u>
Committed:		
Public safety	-	23,165
Culture and recreation	-	1,121
Conservation	-	5,408
Capital outlay	-	320,197
Total committed	<u>-</u>	<u>349,891</u>
Assigned:		
General government	8,553	-
Public safety	1,210	-
Total assigned	<u>9,763</u>	<u>-</u>
Unassigned	375,404	-
Total fund balance	<u>\$ 404,150</u>	<u>\$ 579,777</u>

III.E. Restatement of Beginning Net Position

Net position was restated as follows:

	<u>Governmental Activities</u>
To remove previously retired capital assets	\$ (3,284)
Net position, as previously reported	10,362,733
Net position, as restated	<u>\$ 10,359,449</u>

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 New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs, which are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

TOWN OF ASHLAND, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation and property/liability coverage were provided for the year.

Contributions for the year totaled \$49,355 for property/liability and \$22,660 for workers' compensation. The member agreements permit Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Town 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 and other employees were 11.55% and 7.0%, respectively. The rates of contribution for pension and the medical subsidy by the Town of Ashland were 25.30% for police and 10.77% for other employees. Employer contributions from the Town during the years 2012, 2013 and 2014 were \$100,282, \$114,894 and \$138,965 respectively. The amounts include employer contributions paid by the Enterprise Funds. The amounts are paid on a monthly basis as due.

IV.C. Contingent Liabilities

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.

COMBINING NONMAJOR AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 12
TOWN OF ASHLAND, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2014

	Special Revenue Funds						Capital Projects Fund	Permanent Fund	Total
	Scribner Library	Ashland Community Day	Playground	DARE	Conservation Commission	Fire Apparatus	Expendable Trust		
ASSETS									
Cash and cash equivalents	\$ 17,039	\$ 375	\$ 746	\$ 605	\$ 5,408	\$ 22,560	\$ 320,197	\$ 3,740	\$ 370,670
Investments	-	-	-	-	-	-	-	209,107	209,107
Total assets	<u>\$ 17,039</u>	<u>\$ 375</u>	<u>\$ 746</u>	<u>\$ 605</u>	<u>\$ 5,408</u>	<u>\$ 22,560</u>	<u>\$ 320,197</u>	<u>\$ 212,847</u>	<u>\$ 579,777</u>
FUND BALANCES									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,985	\$ 54,985
Restricted	17,039	-	-	-	-	-	-	157,862	174,901
Committed	-	375	746	605	5,408	22,560	320,197	-	349,891
Total fund balances	<u>\$ 17,039</u>	<u>\$ 375</u>	<u>\$ 746</u>	<u>\$ 605</u>	<u>\$ 5,408</u>	<u>\$ 22,560</u>	<u>\$ 320,197</u>	<u>\$ 212,847</u>	<u>\$ 579,777</u>

EXHIBIT 13
TOWN OF ASHLAND, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2014

	Special Revenue Funds						Capital Projects Fund	Permanent Fund	Total
	Scribner Library	Ashland Community Day	Playground	DARE	Conservation Commission	Fire Apparatus	Expendable Trust		
REVENUES									
Charges for services	\$ 1,386	\$ -	\$ -	\$ -	\$ -	\$ 926	\$ -	\$ -	\$ 2,312
Miscellaneous	3,352	-	-	-	264	-	579	9,398	13,593
Total revenues	<u>4,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264</u>	<u>926</u>	<u>579</u>	<u>9,398</u>	<u>15,905</u>
EXPENDITURES									
Current:									
Culture and recreation	790	-	-	-	-	-	-	10,347	11,137
Capital outlay	-	-	-	-	-	-	31,094	-	31,094
Total expenditures	<u>790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,094</u>	<u>10,347</u>	<u>42,231</u>
Excess (deficiency) of revenues over (under) expenditures	3,948	-	-	-	264	926	(30,515)	(949)	(26,326)
Other financing sources:									
Transfers in	-	-	-	-	355	-	175,000	-	175,355
Net change in fund balances	3,948	-	-	-	619	926	144,485	(949)	149,029
Fund balances, beginning	13,091	375	746	605	4,789	21,634	175,712	213,796	430,748
Fund balances, ending	<u>\$ 17,039</u>	<u>\$ 375</u>	<u>\$ 746</u>	<u>\$ 605</u>	<u>\$ 5,408</u>	<u>\$ 22,560</u>	<u>\$ 320,197</u>	<u>\$ 212,847</u>	<u>\$ 579,777</u>

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, 2014

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,891,124	\$ 1,923,953	\$ 32,829
Land use change	1	-	(1)
Timber	450	2,292	1,842
Excavation	19	19	-
Payments in lieu of taxes	61,700	58,340	(3,360)
Interest and penalties on delinquent taxes	53,000	54,332	1,332
Total taxes	<u>2,006,294</u>	<u>2,038,936</u>	<u>32,642</u>
Licenses, permits and fees:			
Business licenses and permits	3,920	4,160	240
Motor vehicle permits	276,500	315,781	39,281
Building permits	5,000	6,164	1,164
Other	3,975	4,574	599
Total licenses, permits and fees	<u>289,395</u>	<u>330,679</u>	<u>41,284</u>
Intergovernmental:			
State sources:			
Shared revenue	1	-	(1)
Meals and rooms distributions	100,423	100,423	-
Highway block grant	48,688	48,862	174
Water pollution grant	14,102	24,463	10,361
Water filtration grant	41,979	48,944	6,965
State and federal forest land	17	17	-
Railroad tax	-	1,214	1,214
Federal sources:			
FEMA claims	1	-	(1)
Fire department grant	7,349	10,070	2,721
Police grant	5,085	2,078	(3,007)
Total intergovernmental	<u>217,645</u>	<u>236,071</u>	<u>18,426</u>
Charges for services:			
Income from departments	<u>133,875</u>	<u>135,238</u>	<u>1,363</u>
Miscellaneous:			
Sale of property	-	3,501	3,501
Interest on investments	2,500	3,492	992
Rent of property	20,150	18,781	(1,369)
Fines and forfeits	900	598	(302)
Insurance dividends and reimbursements	-	19,699	19,699
Contributions and donations	13,000	27,609	14,609
Other	2,950	1,382	(1,568)
Total miscellaneous	<u>39,500</u>	<u>75,062</u>	<u>35,562</u>
Other financing sources:			
Transfers in:			
Enterprise funds	<u>17,397</u>	<u>-</u>	<u>(17,397)</u>
Total revenues	2,704,106	<u>\$ 2,815,986</u>	<u>\$ 111,880</u>
Use of fund balance to reduce taxes	58,414		
Total revenues and use of fund balance	<u>\$ 2,762,520</u>		

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, 2014

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 630	\$ 204,692	\$ 202,371	\$ 1,000	\$ 1,951
Election and registration	-	41,567	37,302	-	4,265
Financial administration	-	108,855	105,141	-	3,714
Revaluation of property	-	15,150	14,948	-	202
Legal and judicial	-	15,000	34,187	-	(19,187)
Planning and zoning	15,272	3,304	12,643	4,603	1,330
General government buildings	-	34,539	39,452	2,950	(7,863)
Insurance, not otherwise allocated	-	99,924	106,126	-	(6,202)
Other	-	1	-	-	1
Total general government	<u>15,902</u>	<u>523,032</u>	<u>552,170</u>	<u>8,553</u>	<u>(21,789)</u>
Public safety:					
Police	-	556,837	547,154	1,210	8,473
Ambulance	-	47,500	46,723	-	777
Fire	-	217,712	209,393	-	8,319
Building inspection	-	11,573	9,358	-	2,215
Emergency management	-	1,000	-	-	1,000
Total public safety	<u>-</u>	<u>834,622</u>	<u>812,628</u>	<u>1,210</u>	<u>20,784</u>
Highways and streets:					
Public works administration	-	237,730	241,183	-	(3,453)
Highways and streets	-	210,986	228,460	-	(17,474)
Street lighting	-	42,000	41,531	-	469
Town mechanic	-	77,532	77,744	-	(212)
Total highways and streets	<u>-</u>	<u>568,248</u>	<u>588,918</u>	<u>-</u>	<u>(20,670)</u>
Sanitation:					
Transfer/Recycling facility	-	137,853	129,293	-	8,560
Health:					
Health office	-	2,354	2,839	-	(485)
Animal control	-	2,000	1,980	-	20
Health and welfare agencies	-	27,649	27,649	-	-
Total health	<u>-</u>	<u>32,003</u>	<u>32,468</u>	<u>-</u>	<u>(465)</u>
Welfare:					
Direct assistance	-	60,634	11,034	-	49,600
Culture and recreation:					
Parks and recreation	-	88,508	90,075	-	(1,567)
Public library	-	59,605	59,080	-	525
Patriotic purposes	-	23,689	23,964	-	(275)
Total culture and recreation	<u>-</u>	<u>171,802</u>	<u>173,119</u>	<u>-</u>	<u>(1,317)</u>
Conservation	-	1,000	645	-	355

(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, 2014

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	178,009	178,008	-	1
Interest on long-term debt	-	79,817	79,812	-	5
Interest on tax anticipation note	-	500	-	-	500
Total debt service	-	<u>258,326</u>	<u>257,820</u>	-	<u>506</u>
Other financing uses:					
Transfers out:					
Nonmajor funds	-	175,000	175,355	-	(355)
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 15,902</u>	<u>\$ 2,762,520</u>	<u>\$ 2,733,450</u>	<u>\$ 9,763</u>	<u>\$ 35,209</u>

EXHIBIT 17
TOWN OF ASHLAND, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2014

Unassigned fund balance, beginning		\$ 687,191
Changes:		
Unassigned fund balance used to reduce tax rate		(58,414)
Budget summary:		
Revenue surplus (Exhibit 15)	\$ 111,880	
Unexpended balance of appropriations (Exhibit 16)	<u>35,209</u>	
Budget surplus		147,089
Increase in nonspendable fund balance		(15,561)
Decrease in restricted fund balance		<u>1,193</u>
Unassigned fund balance, ending		<u><u>\$ 761,498</u></u>