

# TOWN OF LANCASTER, NEW HAMPSHIRE

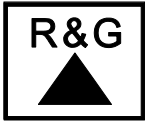
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021

**TOWN OF LANCASTER, NEW HAMPSHIRE  
FINANCIAL REPORT  
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DECEMBER 31, 2021**

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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Town Manager and Members of the Board of Selectmen  
Town of Lancaster  
Lancaster, New Hampshire 03584

### **Adverse and Unmodified Opinions**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lancaster, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### *Adverse Opinion on Governmental and Business-type Activities*

In our opinion, because of the effects of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the governmental and business-type activities of the Town of Lancaster, as of December 31, 2021, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Lancaster as of December 31, 2021, and the respective changes in financial position thereof and the budget to actual comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

#### *Matters Giving Rise to Adverse Opinion on Governmental and Business-Type Activities*

As discussed in Note I.B.3. to the financial statements, management has not determined its liability or annual cost for postemployment benefits other than pensions (OPEB) in governmental and business-type activities. Accounting principles generally accepted in the United States of America require that management recognize OPEB expense for the required contributions and a liability for unpaid required contributions, which would increase the liabilities, decrease net position, and increase expenses of the governmental and business-type activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental and business-type activities is not reasonably determinable.

### **Responsibilities of Management 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.

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

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

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the pension information on pages 37 - 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Lancaster 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.

**Supplementary Information**

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

December 22, 2022

*Roberta Greene, PLLC*

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2021**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	5,261,983	\$ 877,497	\$ 6,139,480
Investments	8,536,986	-	8,536,986
Intergovernmental receivable	-	85,684	85,684
Other receivables, net of allowance for uncollectibles	1,476,275	355,396	1,831,671
Prepaid items	47,104	-	47,104
Tax deeded property held for resale	1,265	-	1,265
Capital assets, not being depreciated:			
Land	604,114	-	604,114
Construction in progress	-	57,000	57,000
Capital assets, net of accumulated depreciation:			
Land improvements	4,179	169,497	173,676
Buildings	861,772	781,562	1,643,334
Equipment and vehicles	2,402,905	270,541	2,673,446
Infrastructure	2,494,207	8,479,013	10,973,220
Total assets	<u>21,690,790</u>	<u>11,076,190</u>	<u>32,766,980</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	<u>504,551</u>	<u>52,560</u>	<u>557,111</u>
<b>LIABILITIES</b>			
Accounts payable	69,271	-	69,271
Accrued payroll and benefits	52,356	3,855	56,211
Accrued interest payable	4,217	36,712	40,929
Intergovernmental payable	1,659,152	-	1,659,152
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	50,220	246,124	296,344
Unamortized bond premium	1,971	12,698	14,669
Capital lease payable	67,004	-	67,004
Accrued landfill postclosure care costs	2,500	-	2,500
Due in more than one year:			
Bonds and notes payable	193,029	4,256,188	4,449,217
Unamortized bond premium	9,853	177,775	187,628
Accrued landfill postclosure care costs	47,500	-	47,500
Net pension liability	2,190,365	228,162	2,418,527
Total liabilities	<u>4,347,438</u>	<u>4,961,514</u>	<u>9,308,952</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	193,621	-	193,621
Deferred amounts related to pensions	711,130	74,080	785,210
Total deferred inflows of resources	<u>904,751</u>	<u>74,080</u>	<u>978,831</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,980,857	5,045,559	11,026,416
Restricted for:			
Perpetual care:			
Nonexpendable	446,037	-	446,037
Expendable	175,703	-	175,703
Other purposes	8,234,403	-	8,234,403
Unrestricted	2,106,152	1,047,597	3,153,749
Total net position	<u>\$ 16,943,152</u>	<u>\$ 6,093,156</u>	<u>\$ 23,036,308</u>

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

**EXHIBIT 2**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

	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	\$ 865,095	\$ 37,850	\$ 18,698	\$ -	\$ (808,547)	\$ -	\$ (808,547)
Public safety	2,205,687	1,704,361	-	-	(501,326)	-	(501,326)
Highways and streets	1,244,669	4,903	-	104,052	(1,135,714)	-	(1,135,714)
Sanitation	471,723	274,621	-	-	(197,102)	-	(197,102)
Health	26,089	-	147	-	(25,942)	-	(25,942)
Welfare	66,350	500	10,790	-	(55,060)	-	(55,060)
Culture and recreation	667,080	428,758	951,960	-	713,638	-	713,638
Conservation	6,004	26,750	4,647	-	25,393	-	25,393
Interest on long-term debt	9,691	-	-	-	(9,691)	-	(9,691)
Capital outlay	163,901	-	-	-	(163,901)	-	(163,901)
Total governmental activities	<u>5,726,289</u>	<u>2,477,743</u>	<u>986,242</u>	<u>104,052</u>	<u>(2,158,252)</u>	<u>-</u>	<u>(2,158,252)</u>
Business-type activities:							
Sanitation department	582,286	522,239	-	-	-	(60,047)	(60,047)
Water department	649,049	527,738	-	-	-	(121,311)	(121,311)
Total business-type activities	<u>1,231,335</u>	<u>1,049,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(181,358)</u>	<u>(181,358)</u>
Total primary government	<u>\$ 6,957,624</u>	<u>\$ 3,527,720</u>	<u>\$ 986,242</u>	<u>\$ 104,052</u>	<u>(2,158,252)</u>	<u>(181,358)</u>	<u>(2,339,610)</u>
General revenues:							
Property taxes					2,844,870	-	2,844,870
Other taxes					68,413	-	68,413
Licenses and permits					797,842	-	797,842
Grants and contributions not restricted to specific programs					311,642	-	311,642
Miscellaneous					275,760	1,050	276,810
Total general revenues					<u>4,298,527</u>	<u>1,050</u>	<u>4,299,577</u>
Change in net position					2,140,275	(180,308)	1,959,967
Net position, beginning					14,802,877	6,273,464	21,076,341
Net position, ending					<u>\$ 16,943,152</u>	<u>\$ 6,093,156</u>	<u>\$ 23,036,308</u>

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



**EXHIBIT 3**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2021**

	General	Colonel F.L. Town Trust	Other Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,459,543	\$ 308,587	\$ 108,005	\$ 1,385,848	\$ 5,261,983
Investments	1,273	5,463,434	1,499,492	1,572,787	8,536,986
Receivables, net of allowance for uncollectibles:					
Taxes	835,249	-	-	-	835,249
Accounts	473,924	-	-	167,102	641,026
Interfund receivable	284,798	-	-	58,258	343,056
Prepaid items	47,104	-	-	-	47,104
Tax deeded property held for resale	1,265	-	-	-	1,265
Total assets	<u>\$ 5,103,156</u>	<u>\$ 5,772,021</u>	<u>\$ 1,607,497</u>	<u>\$ 3,183,995</u>	<u>\$ 15,666,669</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 69,271	\$ -	\$ -	\$ -	\$ 69,271
Accrued salaries and benefits	52,356	-	-	-	52,356
Intergovernmental payable	1,659,152	-	-	-	1,659,152
Interfund payable	41,154	-	17,104	284,798	343,056
Total liabilities	<u>1,821,933</u>	<u>-</u>	<u>17,104</u>	<u>284,798</u>	<u>2,123,835</u>
Deferred inflows of resources:					
Deferred revenue	866,780	-	-	-	866,780
Fund balances:					
Nonspendable	48,369	3,670,624	874,825	97,071	4,690,889
Restricted	19,924	2,101,397	715,568	1,376,734	4,213,623
Committed	411,598	-	-	1,517,345	1,928,943
Assigned	87,857	-	-	-	87,857
Unassigned	1,846,695	-	-	(91,953)	1,754,742
Total fund balances	<u>2,414,443</u>	<u>5,772,021</u>	<u>1,590,393</u>	<u>2,899,197</u>	<u>12,676,054</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,103,156</u>	<u>\$ 5,772,021</u>	<u>\$ 1,607,497</u>	<u>\$ 3,183,995</u>	<u>\$ 15,666,669</u>

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

**EXHIBIT 4**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position**  
**December 31, 2021**

Total fund balances of governmental funds (Exhibit 3)		\$ 12,676,054
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	\$ 11,252,136	
Less accumulated depreciation	<u>(4,884,959)</u>	6,367,177
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (343,056)	
Payables	<u>343,056</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 396,431	
Unavailable ambulance revenue	<u>276,728</u>	673,159
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(4,217)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond and notes outstanding	\$ 243,249	
Unamortized bond premium	11,824	
Capital lease payable	67,004	
Accrued landfill postclosure care costs	50,000	
Net pension liability	<u>2,190,365</u>	(2,562,442)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 504,551	
Deferred inflows of resources related to pensions	<u>(711,130)</u>	(206,579)
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 16,943,152</u></u>

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

**EXHIBIT 5**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2021**

	General	Colonel F.L. Town Trust	Other Permanent	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 2,965,859	\$ -	\$ -	\$ 1,461	\$ 2,967,320
Licenses, permits and fees	799,012	-	-	-	799,012
Intergovernmental	420,341	-	-	-	420,341
Charges for services	1,968,977	-	-	40,364	2,009,341
Miscellaneous	172,629	941,275	151,000	291,790	1,556,694
Total revenues	<u>6,326,818</u>	<u>941,275</u>	<u>151,000</u>	<u>333,615</u>	<u>7,752,708</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	872,306	-	-	57,904	930,210
Public safety	2,191,087	-	-	-	2,191,087
Highways and streets	1,080,057	-	-	-	1,080,057
Sanitation	453,012	-	-	15,535	468,547
Health	26,089	-	-	-	26,089
Welfare	66,350	-	-	-	66,350
Culture and recreation	618,996	1,325	6,200	20,697	647,218
Conservation	6,004	-	-	-	6,004
<b>Debt service:</b>					
Principal	48,418	-	-	-	48,418
Interest	12,486	-	-	-	12,486
Capital outlay	398,057	-	-	-	398,057
Total expenditures	<u>5,772,862</u>	<u>1,325</u>	<u>6,200</u>	<u>94,136</u>	<u>5,874,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>553,956</u>	<u>939,950</u>	<u>144,800</u>	<u>239,479</u>	<u>1,878,185</u>
<b>Other financing sources (uses):</b>					
Transfers in	205,429	-	-	214,893	420,322
Transfers out	(197,789)	(176,677)	(17,104)	(28,752)	(420,322)
Long-term debt issued	108,312	-	-	-	108,312
Total other financing sources and uses	<u>115,952</u>	<u>(176,677)</u>	<u>(17,104)</u>	<u>186,141</u>	<u>108,312</u>
Net change in fund balances	669,908	763,273	127,696	425,620	1,986,497
Fund balances, beginning	1,744,535	5,008,748	1,462,697	2,473,577	10,689,557
Fund balances, ending	<u>\$ 2,414,443</u>	<u>\$ 5,772,021</u>	<u>\$ 1,590,393</u>	<u>\$ 2,899,197</u>	<u>\$ 12,676,054</u>

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

**EXHIBIT 6**  
**TOWN OF LANCASTER, 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, 2021**

Net change in fund balances of governmental funds (Exhibit 5)		\$ 1,986,497
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	\$ 169,211	
Depreciation expense	<u>(424,736)</u>	(255,525)
The disposal of capital assets decreased net position.		
		(173,809)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (420,322)	
Transfers out	<u>420,322</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue	\$ 1,005	
Change in unavailable ambulance revenue	<u>152,724</u>	153,729
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 position.		
Issuance of note	\$ (108,312)	
Correction of prior year issuance	(1,064)	
Repayment of bond and note principal	48,418	
Forgiveness of principal	135,000	
Amortization of bond premium	1,970	
Repayment of capital lease principal	<u>64,945</u>	140,957
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	\$ 825	
Decrease in compensated absences payable	<u>131,805</u>	132,630
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 309,939	
Cost of benefits earned, net of employee contributions	<u>(154,143)</u>	155,796
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 2,140,275</u></u>

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

**EXHIBIT 7**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 3,077,984	\$ 2,966,864	\$ (111,120)
Licenses, permits and fees	720,600	799,012	78,412
Intergovernmental	1,112,739	420,341	(692,398)
Charges for services	1,731,292	1,968,977	237,685
Miscellaneous	8,000	172,629	164,629
Total revenues	<u>6,650,615</u>	<u>6,327,823</u>	<u>(322,792)</u>
<b>EXPENDITURES</b>			
Current:			
General government	868,140	872,306	(4,166)
Public safety	2,628,896	2,212,335	416,561
Airport	3,882	-	3,882
Highways and streets	1,202,498	1,090,057	112,441
Sanitation	465,943	453,012	12,931
Health	19,491	26,089	(6,598)
Welfare	88,230	66,350	21,880
Culture and recreation	692,487	915,594	(223,107)
Conservation	6,000	10,404	(4,404)
Debt service:			
Principal	47,640	48,418	(778)
Interest	13,265	12,486	779
Capital outlay	1,316,528	347,905	968,623
Total expenditures	<u>7,353,000</u>	<u>6,054,956</u>	<u>1,298,044</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(702,385)</u>	<u>272,867</u>	<u>975,252</u>
Other financing sources (uses):			
Transfers in	178,677	205,429	26,752
Transfers out	(228,237)	(197,789)	30,448
Long-term debt issued	28,569	108,312	79,743
Total other financing sources and uses	<u>(20,991)</u>	<u>115,952</u>	<u>136,943</u>
Net change in fund balance	<u>\$ (723,376)</u>	388,819	<u>\$ 1,112,195</u>
Increase in nonspendable fund balance		(4,399)	
Decrease in assigned fund balance		77,481	
Unassigned fund balance, beginning, as restated		<u>1,781,225</u>	
Unassigned fund balance, ending		<u>\$ 2,243,126</u>	

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

**EXHIBIT 8**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2021**

	Business-type Activities - Enterprise Funds		
	Sanitation Department	Water Department	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 825,409	\$ 52,088	\$ 877,497
Accounts receivable	184,020	171,376	355,396
Intergovernmental receivable	-	85,684	85,684
Noncurrent assets:			
Capital assets, not being depreciated:			
Construction in progress	-	57,000	57,000
Capital assets, net of accumulated depreciation:			
Land improvements	-	552,697	552,697
Buildings	1,032,348	2,045,465	3,077,813
Equipment and vehicles	297,683	162,826	460,509
Infrastructure	3,403,316	6,859,674	10,262,990
Less accumulated depreciation	<u>(1,331,492)</u>	<u>(3,321,904)</u>	<u>(4,653,396)</u>
Total assets	<u>4,411,284</u>	<u>6,664,906</u>	<u>11,076,190</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	<u>26,280</u>	<u>26,280</u>	<u>52,560</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accrued payroll and benefits	1,928	1,927	3,855
Accrued interest payable	2,786	33,926	36,712
Noncurrent obligations:			
Due within one year:			
Bonds and note payable	49,874	196,250	246,124
Unamortized bond premium	-	12,698	12,698
Due in more than one year:			
Bonds and note payable	1,570,914	2,685,274	4,256,188
Unamortized bond premium	-	177,775	177,775
Net pension liability	<u>114,081</u>	<u>114,081</u>	<u>228,162</u>
Total liabilities	<u>1,739,583</u>	<u>3,221,931</u>	<u>4,961,514</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	<u>37,040</u>	<u>37,040</u>	<u>74,080</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,761,798	3,283,761	5,045,559
Unrestricted	<u>899,143</u>	<u>148,454</u>	<u>1,047,597</u>
Total net position	<u>\$ 2,660,941</u>	<u>\$ 3,432,215</u>	<u>\$ 6,093,156</u>

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

**EXHIBIT 9**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2021**

	Business-type Activities - Enterprise Funds		
	Sanitation Department	Water Department	Total
Operating revenues:			
Charges for services	\$ 522,239	\$ 527,738	\$ 1,049,977
Miscellaneous	375	250	625
Total operating revenues	<u>522,614</u>	<u>527,988</u>	<u>1,050,602</u>
Operating expenses:			
Plant operation and maintenance	423,034	356,035	779,069
Depreciation	112,416	182,052	294,468
Total operating expenses	<u>535,450</u>	<u>538,087</u>	<u>1,073,537</u>
Operating loss	<u>(12,836)</u>	<u>(10,099)</u>	<u>(22,935)</u>
Nonoperating revenue (expense):			
Interest revenue	368	57	425
Interest expense	<u>(46,836)</u>	<u>(110,962)</u>	<u>(157,798)</u>
Total nonoperating revenue (expense)	<u>(46,468)</u>	<u>(110,905)</u>	<u>(157,373)</u>
Change in net position	(59,304)	(121,004)	(180,308)
Net position, beginning	<u>2,720,245</u>	<u>3,553,219</u>	<u>6,273,464</u>
Net position, ending	<u>\$ 2,660,941</u>	<u>\$ 3,432,215</u>	<u>\$ 6,093,156</u>

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

**EXHIBIT 10**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2021**

	Business-type Activities - Enterprise Funds		
	Sanitation Department	Water Department	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 511,045	\$ 568,198	\$ 1,079,243
Payments to suppliers	(273,378)	(212,183)	(485,561)
Payments to employees	(149,739)	(143,935)	(293,674)
Net cash provided by operating activities	<u>87,928</u>	<u>212,080</u>	<u>300,008</u>
Cash flows from capital and related financing activities:			
Payments to acquire capital assets	(148,539)	(57,000)	(205,539)
Principal paid on capital debt	(48,530)	(189,354)	(237,884)
Interest paid on capital debt	(46,919)	(126,398)	(173,317)
Net cash used in capital and related financing activities	<u>(243,988)</u>	<u>(372,752)</u>	<u>(616,740)</u>
Cash flows from investing activities:			
Interest received	<u>368</u>	<u>57</u>	<u>425</u>
Decrease in cash	(155,692)	(160,615)	(316,307)
Cash and cash equivalents, beginning	<u>981,101</u>	<u>212,703</u>	<u>1,193,804</u>
Cash and cash equivalents, ending	<u>\$ 825,409</u>	<u>\$ 52,088</u>	<u>\$ 877,497</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	<u>\$ (12,836)</u>	<u>\$ (10,099)</u>	<u>\$ (22,935)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	112,416	182,052	294,468
(Increase) decrease in accounts receivable	(11,569)	11,696	127
Decrease in intergovernmental receivable	-	28,514	28,514
Increase in accrued payroll and benefits	354	353	707
Decrease in compensated absences payable	(3,602)	(3,602)	(7,204)
Increase in net pension liability and related deferrals	<u>3,165</u>	<u>3,166</u>	<u>6,331</u>
Total adjustments	<u>100,764</u>	<u>222,179</u>	<u>322,943</u>
Net cash provided by operating activities	<u>\$ 87,928</u>	<u>\$ 212,080</u>	<u>\$ 300,008</u>

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



**EXHIBIT 11**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2021**

	Private Purpose Trust	Custodial
<b>Assets:</b>		
Cash and cash equivalents	\$ 4,990	\$ 1,488,479
Investments	<u>60,156</u>	<u>369,069</u>
Total assets	65,146	1,857,548
<b>Liabilities</b>		
	<u>-</u>	<u>-</u>
<b>Net position:</b>		
Held in trust for specific purposes	65,146	-
Held for school district	<u>-</u>	<u>1,857,548</u>
Total net position	<u>\$ 65,146</u>	<u>\$ 1,857,548</u>

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

**EXHIBIT 12**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2021**

	Private Purpose Trust	Custodial
Additions:		
New funds	\$ 7,009	\$ 1,552,545
Investment earnings:		
Interest and dividends	888	21,807
Net change in fair value of investments	4,893	26,640
Total additions	<u>12,790</u>	<u>1,600,992</u>
Deductions:		
Trust distributions	3,000	15,500
Payments to school district	-	882,376
Total deductions	<u>3,000</u>	<u>897,876</u>
Change in net position	9,790	703,116
Net position, beginning	<u>55,356</u>	<u>1,154,432</u>
Net position, ending	<u>\$ 65,146</u>	<u>\$ 1,857,548</u>

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

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021**

**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 Lancaster (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 year ended December 31, 2021.

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

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

The Town of Lancaster is a municipal corporation governed by a town manager and 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 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 fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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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 proprietary 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 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, with the exception that the Town has not reported its total liability for postemployment benefits other than pensions (OPEB) and related deferrals and expenses, if any, as required by GAAP. 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.

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 sixty days of the end of the fiscal year. However, such property taxes are not deferred on the budgetary basis, or when reporting to the State of New Hampshire 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 debt principal and interest which are reported as expenditures in the year due.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
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Major revenues susceptible to accrual are property taxes, charges for services, 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 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.

*Col. F.L. Town Trust Fund* – Reports as a permanent fund and used to account for the principal trust amount bequeathed to the Town in 1925 under the will of Francis L. Town. Income from the trust fund's investments is used to help defray costs in providing recreation services.

*Other Permanent Fund* – Used to report the other trust funds of the Town in which the principal amount must remain intact, and the income is used to support Town programs and expenditures.

The Town also reports five nonmajor governmental funds.

*Proprietary Funds*

The Town reports the following major proprietary funds:

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

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

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021**

*Fiduciary Funds*

The Town also reports the following fiduciary funds:

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

*Custodial Fund* – Accounts for amounts held by the Town for the benefit of another government. These assets are therefore not available to support the Town’s own programs. The Custodial Fund is used to account for the various accounts 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 Town Manager. 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 bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

**I.C.2. Receivables**

Significant receivables include taxes, and amounts due for water, sewer, ambulance and other charges to users.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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**I.C.3. Capital Assets and Depreciation**

Generally, the Town’s property, plant and equipment with useful lives of more than five years are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition 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:

	Years
Land improvements	25
Buildings	20-50
Equipment and vehicles	5-15
Infrastructure	30-50

**I.C.4. 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.5. Equity**

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

- Net investment 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, which consists of the balance of the Other Permanent Fund that is allowed to be used only for cemetery care.
- Restricted for other purposes, which consists of the balances of the Col. F. L. Town Trust and Other Permanent Funds that are to be used for other Town purposes, the Library Fund whose use is restricted by State law, and unexpended grant proceeds for specific purposes.
- Unrestricted, which consists of the remaining balance of net position.



**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the Col. F. L. Town Trust, Other Permanent and Library Funds, and tax deeded property and prepaid expenditures in the General Fund.
- Restricted, which consists of unexpended grant proceeds in the General Fund, the expendable income in the Col. F.L. Town Trust and Other Permanent Funds, and the Library Fund, whose use is limited by law.
- Committed, which consists of encumbered special warrant articles, and the positive balances of the Nonmajor Governmental Funds that are not nonspendable nor restricted.
- Assigned, which consists of encumbrances from the operating budget in the General Fund.
- Unassigned, which represents the remaining fund balance in the General Fund, and the deficit balance in the nonmajor Cemetery Fund.

**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**

**II.A. 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 and some of the special revenue funds. Unless encumbered, all governmental fund appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2021, none of the unassigned fund balance from 2020 was so used, but \$723,376 was appropriated from fund balance.

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

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021**

Revenues are estimated 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.

**II.B. Reconciliation of General Fund Budgetary Basis to GAAP**

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 6,641,564
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	395,426
Tax revenue deferred in the current year	(396,431)
Per Exhibit 5 (GAAP basis)	<u>\$ 6,640,559</u>
 Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 6,252,745
Adjustments:	
Basis difference:	
Encumbrances, beginning	185,076
Encumbrances, ending	(467,170)
Per Exhibit 5 (GAAP basis)	<u>\$ 5,970,651</u>
 Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 2,243,126
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(396,431)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,846,695</u>

The other major governmental funds do not have formal annual budgets.

**II.C. Deficit Fund Balance**

The Cemetery Fund had a deficit fund balance at year-end of \$91,953, which is a reduction of the prior year's deficit by \$400. Management is reviewing the budgeting for this fund as well as the use of related trust fund income to eradicate the deficit in future years.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021**

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

**III.A. Assets**

**III.A.1. Investments**

As of December 31, 2021, the Town's reporting entity had the following investments:

Certificates of Deposit	\$ 223,046
Municipal Bonds	647,652
Exchange-Traded Funds	2,633,885
Common Stock	5,460,355
New Hampshire Public Deposit Investment Pool	1,273
	<u>\$ 8,966,211</u>

The investments are reported in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 8,536,986
Fiduciary funds - statement of fiduciary net position (Exhibit 11)	429,225
Total	<u>\$ 8,966,211</u>

*Fair Value Measurement*

The Town categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Town had the following recurring fair value measurements as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ 223,046	\$ 223,046
Municipal Bonds	647,652	-	647,652
Exchange-Traded Funds	2,633,885	-	2,633,885
Common Stock	5,460,355	-	5,460,355
New Hampshire Public Deposit Investment Pool	-	1,273	1,273
	<u>\$ 8,741,892</u>	<u>\$ 224,319</u>	<u>\$ 8,966,211</u>

The Town classifies its investments into Level 1, which refers to investments traded in an active market; and Level 2, which refers to investments not traded in an active market but for which observable market inputs are readily measurable. The levels relate to valuation only and do not necessarily indicate a measure of risk.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021**

*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's investment policies limit the lengths of maturities to decrease this risk.

**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 8% 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 levied prior to 2019, and 14% per annum for the redemption of taxes levied thereafter. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a tax lien for the balance of the uncollected 2020 property taxes on May 21.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the White Mountains Regional School District, and Coos 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, 2021, upon which the 2021 property tax levy was based was:

For the New Hampshire education tax	\$267,082,482
For all other taxes	\$282,125,982

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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DECEMBER 31, 2021**

The tax rates and amounts assessed for the year ended December 31, 2021 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$10.68	\$ 3,018,639
School portion:		
State of New Hampshire	\$1.93	516,416
Local	\$9.24	2,605,480
County portion	\$4.34	<u>1,224,905</u>
Total property taxes assessed		<u><u>\$ 7,365,440</u></u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2021	\$ 623,291
Unredeemed (under tax lien):	
Levy of 2020	116,256
Levy of 2019	83,203
Levy of 2018	36,370
Levy of 2017	30,549
Levy of 2016	20,733
Levy of 2015	6,130
Levy of 2014	8,721
Levy of 2013	2,465
Levy of 2012	2,412
Levy of 2011	1,954
Levy of 2010	1,162
Levy of 2009	568
Levy of 2008	638
Levy of 2007	797
Less: allowance for estimated uncollectible taxes	<u>(100,000)</u>
Net taxes receivable	<u><u>\$ 835,249</u></u>

*This note continues on the following page.*

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*Other Receivables*

Significant receivables include amounts due from customers primarily for ambulance service in the General Fund, and for sanitation and water charges and state aid in the Proprietary Funds. The receivables are detailed as follow:

	Governmental Funds	Proprietary Funds
Accounts	\$ 727,824	\$ 355,396
Intergovernmental	-	85,684
Less: allowance for uncollectible amounts	(86,798)	-
Net total receivables	<u>\$ 641,026</u>	<u>\$ 441,080</u>

*Deferred Revenue*

Deferred revenue in the governmental funds consists of \$396,431 of property taxes, and \$276,728 of ambulance charges not collected within sixty days of year-end; \$23,239 of taxes collected in advance to be applied to the next year's levy; and \$170,382 in grants received in advance of expenditure. In the governmental activities, the prepaid taxes and unexpended grants are reported as unearned revenue.

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

*Changes in Capital Assets*

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

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 604,114	\$ -	\$ -	\$ 604,114
Being depreciated:				
Land improvements	123,999	-	-	123,999
Buildings	2,325,786	20,000	-	2,345,786
Equipment and vehicles	5,089,256	149,211	(567,941)	4,670,526
Infrastructure	3,507,711	-	-	3,507,711
Total capital assets being depreciated	<u>11,046,752</u>	<u>169,211</u>	<u>(567,941)</u>	<u>10,648,022</u>
Total all capital assets	<u>11,650,866</u>	<u>169,211</u>	<u>(567,941)</u>	<u>11,252,136</u>
Less accumulated depreciation:				
Land improvements	(119,538)	(282)	-	(119,820)
Buildings	(1,431,610)	(52,404)	-	(1,484,014)
Equipment and vehicles	(2,405,618)	(256,135)	394,132	(2,267,621)
Infrastructure	(897,589)	(115,915)	-	(1,013,504)
Total accumulated depreciation	<u>(4,854,355)</u>	<u>(424,736)</u>	<u>394,132</u>	<u>(4,884,959)</u>
Net book value, capital assets being depreciated	<u>6,192,397</u>	<u>(255,525)</u>	<u>(173,809)</u>	<u>5,763,063</u>
Net book value, all capital assets	<u>\$ 6,796,511</u>	<u>\$ (255,525)</u>	<u>\$ (173,809)</u>	<u>\$ 6,367,177</u>

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The following provides a summary of changes in capital assets of the business-type activities:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Construction in progress	\$ -	\$ 57,000	\$ 57,000
Being depreciated:			
Land improvements	552,697	-	552,697
Buildings	3,077,813	-	3,077,813
Equipment and vehicles	341,375	119,134	460,509
Infrastructure	10,233,585	29,405	10,262,990
Total capital assets being depreciated	14,205,470	148,539	14,354,009
Total all capital assets	14,205,470	205,539	14,411,009
Less accumulated depreciation:			
Land improvements	(375,831)	(7,369)	(383,200)
Buildings	(2,235,415)	(60,836)	(2,296,251)
Equipment and vehicles	(170,888)	(19,080)	(189,968)
Infrastructure	(1,576,794)	(207,183)	(1,783,977)
Total accumulated depreciation	(4,358,928)	(294,468)	(4,653,396)
Net book value, all capital assets	\$ 9,846,542	\$ (88,929)	\$ 9,757,613

*Depreciation Expense*

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

Governmental activities:		
General government		\$ 29,255
Public safety		158,839
Highways and streets		196,518
Sanitation		11,664
Culture and recreation		28,460
Total		\$ 424,736
Business-type activities:		
Sanitation		\$ 112,416
Water		182,052
Total		\$ 294,468

**III.B. Liabilities**

**III.B.1. Intergovernmental Payables**

Amounts due to other governments at December 31, 2021 consist of the balance of the 2021-2022 district assessment due to the White Mountains Regional School District in the amount of \$1,657,976, and \$1,176 of fees due to the State of New Hampshire.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
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**III.B.2. Long-Term Liabilities**

General obligation debt is approved by the voters and repaid with general revenues (property taxes). These liabilities are backed by the full faith and credit of the Town. Long-term liabilities also include unamortized bond premiums, capital leases, compensated absences, accrued landfill postclosure care costs and the net pension liability.

Long-term liabilities currently outstanding are as follow:

Governmental activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2021	Current Portion
General obligation bond/notes payable:						
Pool renovation	\$260,624	2008	2023	4.09	\$ 41,249	\$ 20,220
Library addition bond	\$412,000	2012	2027	2.0-5.0	202,000	30,000
					<u>243,249</u>	<u>50,220</u>
Unamortized bond premium					11,824	1,971
Capital lease payable:						
Sidewalk plow	\$194,899	2020	2022	3.17	67,004	67,004
Accrued landfill postclosure care costs					50,000	2,500
Net pension liability					2,190,365	-
					<u>\$ 2,562,442</u>	<u>\$ 121,695</u>

Business-type activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2021	Current Portion
General obligation bonds/note payable:						
Water system improvement	\$2,081,000	2012	2036	2.0-5.0	\$ 1,515,000	\$ 72,000
Water filtration plant	\$953,550	2012	2024	2.0-5.0	286,000	91,000
Rural development loan	\$2,975,000	2018	2045	2.75	2,701,312	83,124
					<u>4,502,312</u>	<u>246,124</u>
Unamortized bond premium					190,473	12,698
Net pension liability					228,162	-
					<u>\$ 4,920,947</u>	<u>\$ 258,822</u>

*This note continues on the following page.*



**TOWN OF LANCASTER, NEW HAMPSHIRE  
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*Changes in Long-Term Liabilities*

The following is a summary of changes in governmental activities' long-term liabilities for the year ended December 31, 2021:

	General Obligation Bond and Notes Payable	Unamortized Bond Premium	Capital Lease Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	Total
Balance, beginning	\$ 317,291	\$ 13,794	\$ 131,949	\$ 131,805	\$ 50,000	\$ 3,101,452	\$ 3,746,291
Adjustments	1,064	-	-	-	-	-	1,064
Additions	108,312	-	-	-	-	-	108,312
Reductions	(183,418)	(1,970)	(64,945)	(131,805)	-	(911,087)	(1,293,225)
Balance, ending	<u>\$ 243,249</u>	<u>\$ 11,824</u>	<u>\$ 67,004</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 2,190,365</u>	<u>\$ 2,562,442</u>

The following is a summary of changes in business-type activities' long-term liabilities for the year ended December 31, 2021:

	General Obligation Bonds and Note Payable	Unamortized Bond Premium	Compensated Absences Payable	Net Pension Liability	Total
Balance, beginning	\$ 4,740,196	\$ 203,171	\$ 7,204	\$ 295,660	\$ 5,246,231
Reductions	(237,884)	(12,698)	(7,204)	(67,498)	(325,284)
Balance, ending	<u>\$ 4,502,312</u>	<u>\$ 190,473</u>	<u>\$ -</u>	<u>\$ 228,162</u>	<u>\$ 4,920,947</u>

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

Governmental activities, general obligation bond/notes:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 50,220	\$ 10,524	\$ 60,744
2023	52,029	5,090	57,119
2024	33,000	3,290	36,290
2025	34,000	4,640	38,640
2026	36,000	2,940	38,940
2027	38,000	1,140	39,140
Totals	<u>\$ 243,249</u>	<u>\$ 27,624</u>	<u>\$ 270,873</u>

**TOWN OF LANCASTER, NEW HAMPSHIRE  
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Business-type activities, general obligation bonds/note:

Year Ending December 31,	Principal	Interest	Total
2022	246,124	152,660	\$ 398,784
2023	256,425	134,736	391,161
2024	265,790	128,246	394,036
2025	173,222	120,898	294,120
2026	179,719	113,926	293,645
2027-2031	1,000,559	468,917	1,469,476
2032-2036	1,199,243	262,145	1,461,388
2037-2041	661,708	122,502	784,210
2042-2045	519,522	28,945	548,467
Totals	<u>\$4,502,312</u>	<u>\$1,532,975</u>	<u>\$6,035,287</u>

The capital lease in the governmental activities has a final payment due in 2022, consisting of \$67,004 of principal and \$2,124 of interest, totaling \$69,128.

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

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

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is also reported as “interfund receivables/payables.” Interfund receivables and payables are detailed as follow:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	284,798
Nonmajor governmental	General	41,154
Nonmajor governmental	Other permanent	17,104
		<u>\$ 343,056</u>

The amount due to the General Fund from the Nonmajor Governmental Funds represents expenditures to be reimbursed, and an overdraft of pooled cash. The amount due to the Nonmajor Governmental Funds from the General Fund represents collections of business loans to be transferred after a Town Meeting vote, and fees owed to the Motor Vehicle Waste Fund. The amount due to the Nonmajor Governmental Funds from the Other Permanent Fund represents interest due to the Library and Cemetery Funds.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
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**III.C.2. Transfers – Payments Within the Reporting Entity**

Transfers within the reporting entity were substantially for the purposes of distributing taxes to the fund for which the appropriation was made, funding capital projects, and reimbursements. The government-wide statement of activities eliminates transfers reported within the activities' columns.

The following reports transfers within the reporting entity:

	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
Transfers out:			
General fund	\$ -	\$ 197,789	\$ 197,789
Colonel F.L. Town trust fund	176,677	-	176,677
Other permanent fund	-	17,104	17,104
Nonmajor governmental funds	28,752	-	28,752
	\$ 205,429	\$ 214,893	\$ 420,322

The amount transferred to the General Fund from the Col. Town Trust Fund represents income earned for recreation use, and the amount transferred to the General Fund from the Nonmajor Governmental Funds represents reimbursement of expenditures from the Expendable Trust Fund. The amount transferred to the Nonmajor Governmental Funds from the General Fund represents appropriations to the Expendable Trust Fund. The amount transferred to the Nonmajor Governmental Funds from the Other Permanent Fund represents income earned for the Library and Cemetery Funds.

*The notes continue on the following page.*

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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**III.D. Equity**

**III.D.1. Fund Equity**

The components of fund balance at December 31, 2021, as described in Note I.C.5., are classified as follows:

	General Fund	Colonel F.L. Town Trust Fund	Other Permanent Fund	Nonmajor Governmental Funds
Nonspendable:				
Endowments	\$ -	\$ 3,670,624	\$ 874,825	\$ 97,071
Prepaid items	47,104	-	-	-
Tax deeded property	1,265	-	-	-
Total nonspendable	<u>48,369</u>	<u>3,670,624</u>	<u>874,825</u>	<u>97,071</u>
Restricted for:				
General government	-	-	175,703	-
Welfare	-	-	351,200	-
Culture and recreation	-	2,101,397	188,665	1,376,734
Capital outlay	19,924	-	-	-
Total restricted	<u>19,924</u>	<u>2,101,397</u>	<u>715,568</u>	<u>1,376,734</u>
Committed for:				
Sanitation	-	-	-	61,419
Conservation	-	-	-	19,905
Capital outlay	411,598	-	-	1,436,021
Total committed	<u>411,598</u>	<u>-</u>	<u>-</u>	<u>1,517,345</u>
Assigned:				
General government	52,209	-	-	-
Public safety	21,248	-	-	-
Highways and streets	10,000	-	-	-
Conservation	4,400	-	-	-
Total assigned	<u>87,857</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	1,846,695	-	-	(91,953)
Total fund balance	<u>\$ 2,414,443</u>	<u>\$ 5,772,021</u>	<u>\$ 1,590,393</u>	<u>\$ 2,899,197</u>

**III.D.2. Restricted Net Position**

The governmental activities in the government-wide statement of net position include restricted net position of \$621,740 for perpetual care and \$8,234,403 for other purposes representing trust funds reported as restricted to reflect purpose restrictions contained in trust indentures, the balance of the Library Fund, and an unexpended grant.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
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**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 year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Property/Liability and Workers' Compensation programs, which are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

The Primex's Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Primex provided statutory workers' compensation coverage, \$2,000,000 of coverage for each liability loss, and various amounts of coverage for property losses. Contributions billed and paid for 2021 to be recorded as an insurance expenditure/expense totaled \$96,072 for property/liability, and \$110,049 for workers' compensation. The Town also paid \$417 for unemployment compensation insurance. The member agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

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 certain of the Town's 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 at [www.nhrs.org](http://www.nhrs.org) or 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, fire personnel and other employees for the year were 11.55%, 11.80% and 7.0% of gross earnings, respectively. The rates of contribution from the Town were 28.43% for police, 30.09% for firefighters, and 11.17% for other employees for the first six months of the year, increasing on July 1 to 33.88% for police, 32.99% for firefighters, and 14.06% for other employees. These rates are actuarially determined to generate an amount that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town for the years 2019, 2020, and 2021 were \$254,772, \$264,995, and \$303,939, respectively.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
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*Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions*

At December 31, 2021, the Town reported a liability of \$2,190,365 in governmental activities and \$228,162 in business-type activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2021, the Town's proportion was 0.0546%, which was an increase of 0.0015% from its proportion reported as of June 30, 2020.

For the year 2021, the Town recognized pension expense of \$154,143. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 60,902	\$ 83,514
Net differences between projected and actual earnings on pension plan investments	-	676,377
Changes of assumptions	252,591	-
Differences between expected and actual experience	67,719	25,319
Town contributions subsequent to the measurement date	<u>175,899</u>	<u>-</u>
	<u>\$ 557,111</u>	<u>\$ 785,210</u>

The Town reported \$175,899 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in 2022.

**TOWN OF LANCASTER, NEW HAMPSHIRE  
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Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follow:

Year Ending December 31,	
2022	\$ (95,790)
2023	(57,296)
2024	(44,591)
2025	(206,321)
	<u>\$ (403,998)</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2021 actuarial valuation was determined using the actuarial valuation as of June 30, 2020 rolled forward using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

*This note continues on the following page.*

**TOWN OF LANCASTER, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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*Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$3,458,620	\$2,418,527	\$1,550,727

Other actuarial assumptions, as well as detailed information about the pension plan’s fiduciary net position, is available in the separately issued NHRS report.

**IV.C. Contingent Liabilities**

Because the Town has received grants from the state and federal governments, there is always a chance that these entities will audit grant expenditures/expenses and determine that some are not allowable. Based on past experience, the Town does not believe that this will occur, and that if it does, it is not believed that the amounts involved would be material.



**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 13**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Pension Liability*  
**New Hampshire Retirement System**

	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0546%	0.0531%	0.0533%	0.0567%	0.0594%	0.0587%	0.0586%	0.0621%
Town's proportionate share of the net pension liability	\$2,418,527	\$3,397,112	\$2,566,450	\$2,729,081	\$2,919,113	\$3,124,051	\$2,321,406	\$2,330,971
Town's covered-employee payroll	\$1,833,658	\$1,591,165	\$1,527,028	\$1,458,403	\$1,449,105	\$1,389,626	\$1,349,369	\$1,408,306
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	131.90%	213.50%	168.07%	187.13%	201.44%	224.81%	172.04%	165.52%
Plan fiduciary position as a percentage of the total pension liability	72.2%	58.7%	65.6%	64.7%	62.7%	58.3%	65.5%	66.3%

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

**EXHIBIT 14**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
*Schedule of the Town's Pension Contributions*  
**New Hampshire Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 309,939	\$ 264,995	\$ 254,772	\$ 264,209	\$ 248,942	\$ 231,364	\$ 222,001	\$ 225,264
Contribution in relation to the contractually required contribution	<u>(309,939)</u>	<u>(264,995)</u>	<u>(254,772)</u>	<u>(264,209)</u>	<u>(248,942)</u>	<u>(231,364)</u>	<u>(222,001)</u>	<u>(225,264)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$1,833,658	\$1,591,165	\$1,527,028	\$1,458,403	\$1,449,105	\$1,389,626	\$1,349,369	\$1,408,306
Contributions as a percentage of covered-employee payroll	16.90%	16.65%	16.68%	18.12%	17.18%	16.65%	16.45%	16.00%

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

**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

The Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of the Town's Pension Contributions are meant to present related information for ten years. Because this is the seventh year that the Town has presented the pension schedules, only eight years are presented. An additional year's information will be added each year until there are ten years shown.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 15**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2021**

	Special Revenue Funds				Capital Projects Fund	Total
	Weeks Memorial Library	Cemetery	Conservation Commission	Motor Vehicle Waste	Expendable Trust	
	<b>ASSETS</b>					
Cash and cash equivalents	\$ 167,986	\$ 95,820	\$ 19,905	\$ 61,419	\$ 1,040,718	\$ 1,385,848
Investments	1,349,740	-	-	-	223,047	1,572,787
Accounts receivable	-	-	-	-	167,102	167,102
Interfund receivable	660	16,444	-	-	41,154	58,258
Total assets	<u>\$ 1,518,386</u>	<u>\$ 112,264</u>	<u>\$ 19,905</u>	<u>\$ 61,419</u>	<u>\$ 1,472,021</u>	<u>\$ 3,183,995</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Interfund payable	\$ 44,581	\$ 204,217	\$ -	\$ -	\$ 36,000	\$ 284,798
Fund balances:						
Nonspendable	97,071	-	-	-	-	97,071
Restricted	1,376,734	-	-	-	-	1,376,734
Committed	-	-	19,905	61,419	1,436,021	1,517,345
Unassigned	-	(91,953)	-	-	-	(91,953)
Total fund balances	<u>1,473,805</u>	<u>(91,953)</u>	<u>19,905</u>	<u>61,419</u>	<u>1,436,021</u>	<u>2,899,197</u>
Total liabilities and fund balances	<u>\$ 1,518,386</u>	<u>\$ 112,264</u>	<u>\$ 19,905</u>	<u>\$ 61,419</u>	<u>\$ 1,472,021</u>	<u>\$ 3,183,995</u>

**EXHIBIT 16**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2021**

	Special Revenue Funds				Capital Projects Fund	Total
	Weeks Memorial Library	Cemetery	Conservation Commission	Motor Vehicle Waste	Expendable Trust	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ 1,461	\$ -	\$ -	\$ 1,461
Charges for services	2,761	9,195	-	28,408	-	40,364
Miscellaneous	277,305	276	-	3	14,206	291,790
Total revenues	<u>280,066</u>	<u>9,471</u>	<u>1,461</u>	<u>28,411</u>	<u>14,206</u>	<u>333,615</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	57,904	-	-	-	57,904
Sanitation	-	-	-	15,535	-	15,535
Culture and recreation	20,697	-	-	-	-	20,697
Total expenditures	<u>20,697</u>	<u>57,904</u>	<u>-</u>	<u>15,535</u>	<u>-</u>	<u>94,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>259,369</u>	<u>(48,433)</u>	<u>1,461</u>	<u>12,876</u>	<u>14,206</u>	<u>239,479</u>
Other financing sources:						
Transfers in	660	48,833	-	-	165,400	214,893
Transfers out	-	-	-	-	(28,752)	(28,752)
Total other financing sources and uses	<u>660</u>	<u>48,833</u>	<u>-</u>	<u>-</u>	<u>136,648</u>	<u>186,141</u>
Net change in fund balances	260,029	400	1,461	12,876	150,854	425,620
Fund balances, beginning	<u>1,213,776</u>	<u>(92,353)</u>	<u>18,444</u>	<u>48,543</u>	<u>1,285,167</u>	<u>2,473,577</u>
Fund balances, ending	<u>\$ 1,473,805</u>	<u>\$ (91,953)</u>	<u>\$ 19,905</u>	<u>\$ 61,419</u>	<u>\$ 1,436,021</u>	<u>\$ 2,899,197</u>

**EXHIBIT 17**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2021**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 2,917,892	\$ 2,844,870	\$ (73,022)
Land use change	14,000	13,149	(851)
Timber	5,000	5,744	744
Excavation	1,500	1,980	480
Payments in lieu of taxes	79,592	55,042	(24,550)
Interest and penalties on delinquent taxes	60,000	46,079	(13,921)
<b>Total taxes</b>	<b>3,077,984</b>	<b>2,966,864</b>	<b>(111,120)</b>
<b>Licenses, permits and fees:</b>			
Motor vehicle permits	690,690	761,722	71,032
Building permits	500	1,170	670
Other	29,410	36,120	6,710
<b>Total licenses, permits and fees</b>	<b>720,600</b>	<b>799,012</b>	<b>78,412</b>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	258,660	258,660	-
Highway block grant	104,079	104,052	(27)
State and federal forest land	-	4,592	4,592
Railroad tax	-	55	55
Other	750,000	-	(750,000)
Federal sources:			
Police grants	-	2,101	2,101
Community facilities	-	50,881	50,881
<b>Total intergovernmental</b>	<b>1,112,739</b>	<b>420,341</b>	<b>(692,398)</b>
<b>Charges for services:</b>			
Income from departments	331,292	449,736	118,444
Other	1,400,000	1,519,241	119,241
<b>Total charges for services</b>	<b>1,731,292</b>	<b>1,968,977</b>	<b>237,685</b>
<b>Miscellaneous:</b>			
Sale of property	3,000	107,381	104,381
Interest on investments	5,000	7,411	2,411
Insurance dividends and reimbursements	-	47,099	47,099
Contributions and donations	-	4,225	4,225
Other	-	6,513	6,513
<b>Total miscellaneous</b>	<b>8,000</b>	<b>172,629</b>	<b>164,629</b>
<b>Other financing sources:</b>			
Transfers in:			
Colonel F.L. Town trust fund	176,677	176,677	-
Nonmajor funds	2,000	28,752	26,752
Long-term debt issued	28,569	108,312	79,743
<b>Total other financing sources</b>	<b>207,246</b>	<b>313,741</b>	<b>106,495</b>
<b>Total revenues and other financing sources</b>	<b>6,857,861</b>	<b>\$ 6,641,564</b>	<b>\$ (216,297)</b>
Fund balance appropriated	723,376		
<b>Total revenues, other financing sources and use of fund balance</b>	<b>\$ 7,581,237</b>		



**EXHIBIT 18**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**General Fund**

**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2021**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 170,620	\$ 173,830	\$ -	\$ (3,210)
Election and registration	-	72,478	58,499	-	13,979
Financial administration	-	332,676	291,522	-	41,154
Legal	-	40,000	18,755	-	21,245
Personnel administration	-	164,994	134,694	-	30,300
Planning and zoning	-	15,120	15,527	-	(407)
General government buildings	-	47,300	35,822	-	11,478
Insurance, not otherwise allocated	-	8,352	90,978	-	(82,626)
Advertising and regional associations	-	16,500	16,640	-	(140)
Other	-	100	36,039	-	(35,939)
Total general government	-	868,140	872,306	-	(4,166)
<b>Public safety:</b>					
Police	-	1,028,913	827,533	21,248	180,132
Fire	-	1,599,983	1,363,554	-	236,429
Total public safety	-	2,628,896	2,191,087	21,248	416,561
Airport	-	3,882	-	-	3,882
<b>Highways and streets:</b>					
Highways and streets	-	1,177,498	1,058,459	10,000	109,039
Street lighting	-	25,000	18,226	-	6,774
Total highways and streets	-	1,202,498	1,080,057	10,000	112,441
<b>Sanitation:</b>					
Solid waste collection	-	50,700	50,700	-	-
Solid waste disposal	-	415,243	402,312	-	12,931
Total sanitation	-	465,943	453,012	-	12,931
<b>Health:</b>					
Administration	-	900	8,026	-	(7,126)
Animal control	-	600	72	-	528
Health agencies and hospitals	-	17,991	17,991	-	-
Total health	-	19,491	26,089	-	(6,598)
<b>Welfare:</b>					
Direct assistance	-	50,000	28,620	-	21,380
Other	-	38,230	37,730	-	500
Total welfare	-	88,230	66,350	-	21,880
<b>Culture and recreation:</b>					
Parks and recreation	-	487,636	416,121	296,598	(225,083)
Public library	-	201,851	201,851	-	-
Patriotic purposes	-	3,000	1,024	-	1,976
Total culture and recreation	-	692,487	618,996	296,598	(223,107)
Conservation	-	6,000	6,004	4,400	(4,404)

(continued)

**EXHIBIT 18 (continued)**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**General Fund**

**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2021**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	47,640	48,418	-	(778)
Interest	-	13,265	12,486	-	779
Total debt service	<u>-</u>	<u>60,905</u>	<u>60,904</u>	<u>-</u>	<u>1</u>
Capital outlay:					
Machinery, vehicles and equipment	118,554	296,528	299,471	115,000	611
Buildings	-	20,000	20,365	-	(365)
Improvements other than buildings	66,522	1,000,000	78,221	19,924	968,377
Total capital outlay	<u>185,076</u>	<u>1,316,528</u>	<u>398,057</u>	<u>134,924</u>	<u>968,623</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	195,848	165,400	-	30,448
Nonmajor funds	-	32,389	32,389	-	-
Total other financing uses	<u>-</u>	<u>228,237</u>	<u>197,789</u>	<u>-</u>	<u>30,448</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 185,076</u>	<u>\$ 7,581,237</u>	<u>\$ 5,970,651</u>	<u>\$ 467,170</u>	<u>\$ 1,328,492</u>

**EXHIBIT 19**  
**TOWN OF LANCASTER, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2021**

Unassigned fund balance, beginning, as restated		\$ 1,781,225
Changes:		
Unassigned fund balance appropriated		(723,376)
Budget summary:		
Revenue shortfall (Exhibit 17)	\$ (216,297)	
Unexpended balance of appropriations (Exhibit 18)	<u>1,328,492</u>	
Budget surplus		1,112,195
Increase in nonspendable fund balance		(4,399)
Decrease in assigned fund balance		<u>77,481</u>
Unassigned fund balance, ending		<u><u>\$ 2,243,126</u></u>



# Roberts & Greene, PLLC

## LETTER TO MANAGEMENT

To the Town Manager and Members of the Board of Selectmen  
Town of Lancaster  
Lancaster, New Hampshire 03584

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lancaster as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

December 22, 2022

*Roberts & Greene, PLLC*