

**TOWN OF AMHERST, NEW HAMPSHIRE**

**Financial Statements**

**June 30, 2012**

**and**

**Independent Auditor's Report**

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**June 30, 2012**

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**TOWN OF AMHERST, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**June 30, 2012**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Selectmen  
Town of Amherst, New Hampshire

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 Amherst, New Hampshire (the Town) as of and for the year ended June 30, 2012, which collectively comprise the Town of Amherst, New Hampshire's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 Amherst, New Hampshire as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress for other post-employment benefit on pages i-vii and 33-36 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Amherst, New Hampshire's basic financial statements. The combining nonmajor fund and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund and fiduciary fund

financial statements have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Vachon Clukay & Company PC*

June 21, 2013

Town of Amherst  
Management's Discussion and Analysis

The following is a discussion and analysis of the financial activities of the Town of Amherst, New Hampshire for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

Financial Highlights – Primary Government

- Independent Auditor's issued an unqualified opinion in the Independent Auditor's Report.
- The total assets of the Town exceeded total liabilities at fiscal year ending June 30, 2012 by \$21,153,929.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components:

1. Government-wide financial statements;
2. Fund financial statements
3. Notes to the basic financial statements.

This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Town's finances. These statements (Statement of Net Assets and the Statement of Activities) provide both short-term and long-term information about the Town's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

- The **Statement of Net Assets** presents all of the Town's non-fiduciary assets and liabilities. The *difference* between assets and liabilities is reported as "net assets" instead of fund equity as shown on the Fund Statements. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The **Statement of Activities** presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation and sick leave). This statement also presents a comparison between direct expenses and program revenues for each function of the Town and identifies which governmental function is self-financing or draws from the general revenues of the Town.

Both of the government-wide financial statements display information about the Town as a whole and include the financial activities of the primary government and proprietary fund with the exception of the fiduciary funds.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the Town government and report the Town's operations in more detail than the government-wide statements. The Town's funds are divided into three categories—governmental, business-type activities, and fiduciary. For governmental and proprietary (Business-type activity) funds, only those funds that are considered Major Funds are reported in individual columns in the Fund Financial Statements with combining schedules in the Supplementary Section to support the non-major activities for the governmental funds. Fiduciary Funds are reported separately by fiduciary type (private-purpose trusts and agency funds).

- **Governmental Funds:** Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. See Exhibits C & D.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the government-wide financial statements.

The Town's major governmental funds are the General Fund and the Road Construction Fund. Individual fund data for each of the Town's non-major governmental funds are provided in the combining statements found on Schedule A, Schedule A-1, Schedule B, and Schedule B-1.

- **Proprietary Funds:** These funds are either classified as enterprise funds or internal service funds and are accounted for in a similar manner as a private business. Unlike the governmental funds, the proprietary fund reporting focuses on the operating income, changes in net assets, financial position, and cash flows. See Exhibits E, F, & G.
- **Fiduciary Funds:** These funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The fiduciary fund category is split into two classifications: 1) private purpose trust funds and 2) agency funds. The private purpose funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments. The Town's agency fund accounts for the capital reserve funds of the Amherst School District and the Souhegan Cooperative School District and developer's performance bonds. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the accrual basis of accounting. See Exhibits H & I.

### Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. These notes to the basic financial statements begin on page 10.

On page 23, Note 7 – Other Post-Employment Benefits provides detailed information pertaining to this GASB 45 requirement. GASB 45 requires governments to account for other post-employment benefits on the accrual basis instead of the ‘pay-as-you-go’ basis. In order to calculate the liability, the town utilized an independent company that specializes in actuarial calculations for GASB 45 reporting requirements. Once the net obligation of Other Post Employment Benefits has been calculated the liability is recognized on the Statement of Net Assets.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes an explanation and information on a budgetary comparison schedule for each of the Town’s major governmental funds and includes reconciliation between the reported activity of the revenues, expenditures and transfers for budgetary purposes (Schedule 1) and the activity as presented in the governmental fund financial statements (Exhibit D).

The notes to required supplementary information provide explanations to the budget to actual reconciliation and budgetary fund balance breakdown.

For fiscal 2012 the Town’s only major governmental fund with an adopted budget is the General Fund.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental funds (special revenue funds and permanent funds) and fiduciary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

GASB 34 requires the recording of the Town’s investment in capital assets (land, buildings, machinery and equipment, vehicles, etc) at cost, calculating the accumulated depreciation and arriving at net capital assets. The net capital assets at June 30, 2012 amounted to \$17,819,471 for the governmental funds and \$1,156,930 for the proprietary fund. The recognition of the capital assets, net accumulated depreciation, is required to be reported in the government-wide statements for both governmental activities and business type activities.

The following is a comparative summary of condensed government-wide financial data of net assets for the current fiscal year and 2011.

|                          | Governmental Activities |               | Business-type Activities |               | Total         |               |
|--------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                          | June 30, 2012           | June 30, 2011 | June 30, 2012            | June 30, 2011 | June 30, 2012 | June 30, 2011 |
| Statement of Net Assets: |                         |               |                          |               |               |               |
| Current assets           | 26,513,241              | 25,781,274    | (40,821)                 | (40,234)      | 26,472,420    | 25,741,040    |
| Capital assets           | 17,819,471              | 15,687,768    | 1,156,930                | 1,260,409     | 18,976,401    | 16,948,177    |
| Other assets             | 19,292                  | 19,292        |                          |               | 19,292        | 19,292        |
| Total assets             | 44,352,004              | 41,488,334    | 1,116,109                | 1,220,175     | 45,468,113    | 42,708,509    |

Current and other liabilities:

|   |                   |                   |                  |                  |                   |                   |
|---|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| Long-term bonds, notes and capital leases payable | 2,442,005         | 1,889,139         | 477,418          | 649,536          | 2,919,423         | 2,538,675         |
| Other liabilities                                 | 21,225,124        | 19,615,606        | 21,832           | 21,658           | 21,246,956        | 19,637,264        |
| Other Post Employment Benefits Payable            | 147,805           | 104,013           |                  |                  | 147,805           | 104,013           |
| <b>Total liabilities</b>                          | <b>23,814,934</b> | <b>21,608,758</b> | <b>499,250</b>   | <b>671,194</b>   | <b>24,314,184</b> | <b>22,279,952</b> |
| Net assets:                                       |                   |                   |                  |                  |                   |                   |
| Invested in capital assets, net of related debt   | 15,377,466        | 15,687,768        | 679,512          | 610,873          | 16,056,978        | 16,298,641        |
| Restricted  | 1,964,804         | 1,914,974         |                  |                  | 1,964,804         | 1,914,974         |
| Unrestricted                                      | 3,194,800         | 2,276,834         | (62,653)         | (61,892)         | 3,132,147         | 2,214,942         |
| <b>Total net assets</b>                           | <b>20,537,070</b> | <b>19,879,576</b> | <b>616,859</b>   | <b>548,981</b>   | <b>21,153,929</b> | <b>20,428,557</b> |
| <b>Total Liabilities and Net Assets</b>           | <b>44,352,004</b> | <b>41,488,334</b> | <b>1,116,109</b> | <b>1,220,175</b> | <b>45,468,113</b> | <b>42,708,509</b> |

### Statement of Activities

For fiscal year 2012 the Town's governmental activities expenses amounted to \$10,688,907 and business-type activities expenses amounted to \$146,916. Revenues for governmental activities were \$11,346,401 and \$214,794 for business type activities.

The following is a comparative summary of condensed government-wide financial data of the Statement of Activities for the current fiscal year and 2011.

|                                    | <u>FY 12</u>                   |                                 |                  | <u>FY 11</u>                   |                                 |                  |
|------------------------------------|--------------------------------|---------------------------------|------------------|--------------------------------|---------------------------------|------------------|
|                                    | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u>     | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u>     |
| Program revenues:                  |                                |                                 |                  |                                |                                 |                  |
| Charges for services               | 808,726                        | 86,460                          | 895,186          | 710,634                        | 77,212                          | 787,846          |
| Operating grants and contributions | 516,701                        | 0                               | 516,701          | 498,384                        |                                 | 498,384          |
| Capital grants and contributions   | 0                              | 128,334                         | 128,334          | 0                              | 0                               | 0                |
| <b>Total program revenues</b>      | <b>1,325,427</b>               | <b>214,794</b>                  | <b>1,540,221</b> | <b>1,209,018</b>               | <b>77,212</b>                   | <b>1,286,230</b> |
| General revenues:                  |                                |                                 |                  |                                |                                 |                  |
| Property taxes                     | 6,948,868                      |                                 | 6,948,868        | 6,028,088                      |                                 | 6,028,088        |
| Licenses and permits               | 2,444,643                      |                                 | 2,444,643        | 2,335,719                      |                                 | 2,335,719        |
| Grants and contributions           | 500,790                        |                                 | 500,790          | 519,389                        |                                 | 519,389          |
| Interest and investment earnings   | 82,436                         |                                 | 82,436           | 238,619                        |                                 | 238,619          |

|  |            |         |            |            |          |            |
|--|------------|---------|------------|------------|----------|------------|
| Miscellaneous                            | 36,737     |         | 36,737     | 47,873     |          | 47,873     |
| Contributions to permanent fund          | 7,500      |         | 7,500      | 8,800      |          | 8,800      |
| Total general revenues and contributions | 10,020,974 |         | 10,020,974 | 9,178,488  |          | 9,178,488  |
| <br>                                     |            |         |            |            |          |            |
| Total revenues                           | 11,346,401 | 214,794 | 11,561,195 | 10,387,506 | 77,212   | 10,464,718 |
| <br>                                     |            |         |            |            |          |            |
| Expenses:                                |            |         |            |            |          |            |
| General government                       | 1,810,723  |         | 1,810,723  | 1,798,901  |          | 1,798,901  |
| Public safety                            | 3,517,943  |         | 3,517,943  | 3,413,577  |          | 3,413,577  |
| Highways and streets                     | 3,069,819  |         | 3,069,819  | 2,827,941  |          | 2,827,941  |
| Health and welfare                       | 114,950    |         | 114,950    | 134,398    |          | 134,398    |
| Sanitation                               | 569,366    |         | 569,366    | 648,809    |          | 648,809    |
| Culture and recreation                   | 1,513,454  |         | 1,513,454  | 1,402,070  |          | 1,402,070  |
| Interest and finance charges             | 92,652     |         | 92,652     | 36,200     |          | 36,200     |
| Baboosic Lake Fund                       |            | 146,916 | 146,916    |            | 132,255  | 132,255    |
| Total Activities                         | 10,688,907 | 146,916 | 10,835,823 | 10,261,896 | 132,255  | 10,394,151 |
| <br>                                     |            |         |            |            |          |            |
| Increase (Decrease) in net assets        | 657,494    | 67,878  | 725,372    | 125,610    | (55,043) | 70,567     |
| Net assets - beginning of year           | 19,879,576 | 548,981 | 20,428,557 | 19,753,966 | 604,024  | 20,357,990 |
| Net assets - ending of year              | 20,537,070 | 616,859 | 21,153,929 | 19,879,576 | 548,981  | 20,428,557 |

Property and other taxes amounted to \$6,948,868 in revenues. Licenses and permits amounted to \$2,444,643 in revenues. Other revenues consisted of rooms and meals tax distribution, interest and investment earnings, and miscellaneous revenues. Included in the charges for services was \$86,460 in revenues from the Baboosic Lake Septic Proprietary fund.

The Town's \$10,835,823 in expenses covered a range of services. The highway and sanitation department's expenses amounted to \$3,639,185. Public safety amounted to \$3,517,943. General government expenses amounted to \$1,810,723. Culture and recreation amounted to \$1,513,454. Health and welfare, non-capitalized expenses, interest and fiscal charges and intergovernmental expenses accounted for the remaining expenses.

The Baboosic Lake Septic Proprietary fund incurred expenses of \$146,916. This amount includes \$103,479 of depreciation expense.

#### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

During the year ended June 30, 2011, the Town implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. Under Statement 54, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned and Unassigned. Complete descriptions of the above mentioned classifications may be found on pages 16-17 of the Notes to the Basic Financial Statements. One major example of the effects caused by the implementation of GASB 54 is that the various Capital Reserve Funds and many previously reported Special Revenue Funds are now reported as part of the General Fund.

### General Fund

The general fund is the main operating fund of the Town. At the end of the current fiscal year, the general fund had an unassigned (formally referred to as unreserved) fund balance of \$2,116,065 and total fund equity was \$3,341,185, an increase of \$710,316 from the prior fiscal year. During the year-ended June 30, 2012, the activity associated with the bonded road projects were removed from the General Fund and are being tracked separately.

The goal of the Town of Amherst is to retain an unreserved fund balance of 5%-10% of total appropriations including town, school, and county. For fiscal 2012 total appropriations for town, school, and county totaled \$52,191,607 setting the unassigned fund balance range at \$2,609,580 to \$5,219,161. On the budgetary basis, the Town's unassigned fund balance as of June 30, 2012 is \$2,830,921 (See Note 2 in the Notes to Required Supplementary Information) or 5.42% of total appropriations.

### Road Construction Fund

A new fund was created called the Road Construction Fund in order to better track the voter approved \$15,000,000 appropriation to reconstruct various roads in Town. For fiscal 2012, the Town spent \$2,323,298 and drew down on available lines of credit in the amount of \$750,000 and used available funds in the Road Construction Fund to cover the expenses. The appropriate funds were drawn down in fiscal year 2013 to cover any shortfall in this fund (see Exhibit C & D on pages 3 and 4). The \$2,323,298 constitutes construction in progress (CIP) and is shown as such in the financial statements under Note 5 – Capital Assets on pages 21 and 22. Once roads are completed, they will be moved out of CIP and added to the fixed assets of the Town and depreciated in accordance with Town policy.

### Other Governmental Funds-All Non-major Funds

An increase of \$59,511 in fund balance of the Permanent funds for fiscal 2012 was realized. The fund balance in Special Revenue Funds also increased by \$114,578. The combined funds resulted in a fund balance increase of \$174,089.

Also included in the other governmental funds-all non-major funds is the Library Fund. In 2012, the Library Fund reported revenues of \$31,651 and expended \$43,352 in support of the Amherst Town Library.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the original budget was amended by various supplemental appropriations. Budget to Actual Schedules for the major governmental fund (the General Fund) is in the Required Supplementary Information section on page 33 (Schedule 1).

The final budget for estimated revenues was \$105,119 more than the original revenue budgeted amounts. The actual revenues received exceeded the final budget for estimated revenues by \$332,555. The final budget for expenditures was \$71,800 more than the original budget. The overall actual expenditures were under budgeted expenditures by \$181,051 or 1.70%.

The financial information of the town was adjusted to reflect all accruals and GAAP requirements that impact the revenues and expenditures. An example of one of these adjustments is the accounting for accrued compensated absences. Though not a cash outlay, the anticipated expenditures for the current year accrual is recorded for reporting purposes. The audited financial statements were also adjusted for prior and current fiscal year carryforwards.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$25,193,073. Accumulated depreciation amounted to \$6,216,672, leaving a net book value of \$18,976,401. This investment in capital assets includes vehicles and equipment, land, land improvements, buildings and improvements, library media, library books, works of art, computer software, and construction.

Additional information on the Town's capital assets can be found in Note 5 – Capital Assets of the Notes to the Basic Financial Statements.

### Debt Administration

At the end of fiscal year 2012, the Town had total bonded debt outstanding of \$80,000 and \$2,115,377 for notes payable for governmental activities. Business-type activities notes payable were \$477,418. Capital leases payable amounted to \$246,628.

Additional information on the Town's long-term debt obligations can be found in Note 8-Long Term Obligations of the Notes to the Basic Financial Statements.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of Amherst's citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Amherst, Department of Finance, 2 Main Street, PO Box 960, Amherst, NH 03031.

EXHIBIT A  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Net Assets**  
June 30, 2012

|   | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | <u>Total</u>         |
|---|-----------------------------------|------------------------------------|----------------------|
| ASSETS  |                                   |                                    |                      |
| Current Assets:                                 |                                   |                                    |                      |
| Cash and cash equivalents                       | \$ 16,185,705                     |                                    | \$ 16,185,705        |
| Investments                                     | 3,972,445                         |                                    | 3,972,445            |
| Taxes receivable, net                           | 6,108,629                         |                                    | 6,108,629            |
| Accounts receivable, net                        | 160,335                           | \$ 12,814                          | 173,149              |
| Due from other governments                      | 3,298                             |                                    | 3,298                |
| Internal balances                               | 53,635                            | (53,635)                           | -                    |
| Prepaid expenses                                | 967                               |                                    | 967                  |
| Inventory                                       | 28,227                            |                                    | 28,227               |
| Total Current Assets                            | <u>26,513,241</u>                 | <u>(40,821)</u>                    | <u>26,472,420</u>    |
| Noncurrent Assets:                              |                                   |                                    |                      |
| Tax deeded property                             | 10,923                            |                                    | 10,923               |
| Restricted cash                                 | 8,369                             |                                    | 8,369                |
| Capital assets:                                 |                                   |                                    |                      |
| Non-depreciable capital assets                  | 12,958,935                        |                                    | 12,958,935           |
| Depreciable capital assets, net                 | 4,860,536                         | 1,156,930                          | 6,017,466            |
| Total Noncurrent Assets                         | <u>17,838,763</u>                 | <u>1,156,930</u>                   | <u>18,995,693</u>    |
| Total Assets                                    | <u>\$ 44,352,004</u>              | <u>\$ 1,116,109</u>                | <u>\$ 45,468,113</u> |
| LIABILITIES                                     |                                   |                                    |                      |
| Current Liabilities:                            |                                   |                                    |                      |
| Accounts payable                                | \$ 808,906                        | \$ 13,996                          | \$ 822,902           |
| Retainage payable                               | 142,070                           |                                    | 142,070              |
| Accrued expenses                                | 446,457                           | 7,836                              | 454,293              |
| Deferred revenue                                | 19,817,717                        |                                    | 19,817,717           |
| Due to other governments                        | 1,605                             |                                    | 1,605                |
| Current portion of bonds payable                | 80,000                            |                                    | 80,000               |
| Current portion of notes payable                | 430,822                           | 45,155                             | 475,977              |
| Current portion of capital leases payable       | 93,631                            |                                    | 93,631               |
| Total Current Liabilities                       | <u>21,821,208</u>                 | <u>66,987</u>                      | <u>21,888,195</u>    |
| Noncurrent Liabilities:                         |                                   |                                    |                      |
| Payable from restricted assets                  | 8,369                             |                                    | 8,369                |
| Notes payable                                   | 1,684,555                         | 432,263                            | 2,116,818            |
| Capital leases payable                          | 152,997                           |                                    | 152,997              |
| Other post-employment benefits payable          | 147,805                           |                                    | 147,805              |
| Total Noncurrent Liabilities                    | <u>1,993,726</u>                  | <u>432,263</u>                     | <u>2,425,989</u>     |
| Total Liabilities                               | <u>23,814,934</u>                 | <u>499,250</u>                     | <u>24,314,184</u>    |
| NET ASSETS                                      |                                   |                                    |                      |
| Invested in capital assets, net of related debt | 15,377,466                        | 679,512                            | 16,056,978           |
| Restricted                                      | 1,964,804                         |                                    | 1,964,804            |
| Unrestricted (deficit)                          | 3,194,800                         | (62,653)                           | 3,132,147            |
| Total Net Assets                                | <u>20,537,070</u>                 | <u>616,859</u>                     | <u>21,153,929</u>    |
| Total Liabilities and Net Assets                | <u>\$ 44,352,004</u>              | <u>\$ 1,116,109</u>                | <u>\$ 45,468,113</u> |

See accompanying notes to the basic financial statements

EXHIBIT B  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Activities**  
For the Year Ended June 30, 2012

| Functions/Programs  | Expenses             | Program Revenues        |  | Capital<br>Grants and<br>Contributions | Net (Expense) Revenue and<br>Changes in Net Assets |                             | Total                |
|---|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
|   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions |  | Governmental<br>Activities                         | Business-type<br>Activities |                      |
| <b>Governmental Activities:</b>   |                      |                         |  |  |  |                             |                      |
| General government  | \$ 1,810,723         | \$ 7,530                |  |  | \$ (1,803,193)                                     |                             | \$ (1,803,193)       |
| Public safety   | 3,517,943            | 386,217                 | \$ 95,389                                |  | (3,036,337)  |                             | (3,036,337)          |
| Highways and streets  | 3,069,819            | 5,963                   | 418,369                                  |  | (2,645,487)  |                             | (2,645,487)          |
| Sanitation  | 569,366              | 110,311                 |  |  | (459,055)  |                             | (459,055)            |
| Health and welfare  | 114,950              |                         |  |  | (114,950)  |                             | (114,950)            |
| Culture and recreation  | 1,513,454            | 298,705                 | 2,943                                    |  | (1,211,806)  |                             | (1,211,806)          |
| Debt service  | 92,652               |                         |  |  | (92,652)   |                             | (92,652)             |
| Total governmental activities   | <u>10,688,907</u>    | <u>808,726</u>          | <u>516,701</u>                           | \$ -                                   | <u>(9,363,480)</u>                                 | \$ -                        | <u>(9,363,480)</u>   |
| <b>Business-type activities:</b>  |                      |                         |  |  |  |                             |                      |
| Sewer   | 146,916              | 86,460                  |  | 128,334                                |  | 67,878                      | 67,878               |
| Total business-type activities  | <u>146,916</u>       | <u>86,460</u>           | <u>-</u>                                 | <u>128,334</u>                         | <u>-</u>   | <u>67,878</u>               | <u>67,878</u>        |
| Total primary government  | <u>\$ 10,835,823</u> | <u>\$ 895,186</u>       | <u>\$ 516,701</u>                        | <u>\$ 128,334</u>                      | <u>(9,363,480)</u>                                 | <u>67,878</u>               | <u>(9,295,602)</u>   |
| <b>General revenues:</b>  |                      |                         |  |  |  |                             |                      |
| Property and other taxes  |                      |                         |  |  | 6,948,868  |                             | 6,948,868            |
| Licenses and permits  |                      |                         |  |  | 2,444,643  |                             | 2,444,643            |
| <b>Grants and contributions:</b>  |                      |                         |  |  |  |                             |                      |
| Rooms and meals tax distribution  |                      |                         |  |  | 500,322  |                             | 500,322              |
| State and federal forest land   |                      |                         |  |  | 22   |                             | 22                   |
| Railroad tax  |                      |                         |  |  | 446  |                             | 446                  |
| Interest and investment income  |                      |                         |  |  | 82,436   |                             | 82,436               |
| Miscellaneous   |                      |                         |  |  | 36,737   |                             | 36,737               |
| Contributions to permanent fund principal                               |                      |                         |  |  | 7,500  |                             | 7,500                |
| Total general revenues and contributions<br>to permanent fund principal |                      |                         |  |  | <u>10,020,974</u>                                  | <u>-</u>                    | <u>10,020,974</u>    |
| Change in net assets  |                      |                         |  |  | 657,494  | 67,878                      | 725,372              |
| Net assets - beginning, as restated                                     |                      |                         |  |  | 19,879,576   | 548,981                     | 20,428,557           |
| Net assets - ending   |                      |                         |  |  | <u>\$ 20,537,070</u>                               | <u>\$ 616,859</u>           | <u>\$ 21,153,929</u> |

See accompanying notes to the basic financial statements

EXHIBIT C  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2012

|                                     | General<br>Fund      | Road<br>Construction<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------|----------------------|------------------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>                       |                      |                              |                                   |                                |
| Cash and cash equivalents           | \$ 15,888,046        |                              | \$ 297,659                        | \$ 16,185,705                  |
| Investments                         | 1,832,673            |                              | 2,139,772                         | 3,972,445                      |
| Taxes receivable, net               | 6,108,629            |                              |                                   | 6,108,629                      |
| Accounts receivable, net            | 156,233              |                              | 4,102                             | 160,335                        |
| Due from other governments          | 3,298                |                              |                                   | 3,298                          |
| Due from other funds                | 1,126,160            |                              | 361,390                           | 1,487,550                      |
| Prepaid expenses                    | 967                  |                              |                                   | 967                            |
| Tax deeded property                 | 10,923               |                              |                                   | 10,923                         |
| Inventory                           | 28,227               |                              |                                   | 28,227                         |
| Restricted cash                     | 8,369                |                              |                                   | 8,369                          |
| Total Assets                        | <u>\$ 25,163,525</u> | <u>\$ -</u>                  | <u>\$ 2,802,923</u>               | <u>\$ 27,966,448</u>           |
| <b>LIABILITIES</b>                  |                      |                              |                                   |                                |
| Accounts payable                    | \$ 780,298           |                              | \$ 28,608                         | \$ 808,906                     |
| Retainage payable                   | 21,017               | \$ 121,053                   |                                   | 142,070                        |
| Accrued expenses                    | 407,661              |                              |                                   | 407,661                        |
| Deferred revenue                    | 20,242,000           |                              |                                   | 20,242,000                     |
| Due to other governments            | 1,605                |                              |                                   | 1,605                          |
| Due to other funds                  | 361,390              | 1,041,128                    | 31,397                            | 1,433,915                      |
| Payable from restricted assets      | 8,369                |                              |                                   | 8,369                          |
| Total Liabilities                   | <u>21,822,340</u>    | <u>1,162,181</u>             | <u>60,005</u>                     | <u>23,044,526</u>              |
| <b>FUND BALANCES</b>                |                      |                              |                                   |                                |
| Nonspendable                        | 29,194               |                              | 1,519,819                         | 1,549,013                      |
| Restricted                          | 144,027              |                              | 300,958                           | 444,985                        |
| Committed                           | 730,784              |                              | 766,510                           | 1,497,294                      |
| Assigned                            | 321,115              |                              | 155,631                           | 476,746                        |
| Unassigned (deficit)                | 2,116,065            | (1,162,181)                  |                                   | 953,884                        |
| Total Fund Balances                 | <u>3,341,185</u>     | <u>(1,162,181)</u>           | <u>2,742,918</u>                  | <u>4,921,922</u>               |
| Total Liabilities and Fund Balances | <u>\$ 25,163,525</u> | <u>\$ -</u>                  | <u>\$ 2,802,923</u>               |                                |

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

17,819,471

Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis

424,283

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:

|   |             |
|---|-------------|
| Bonds payable                             | (80,000)    |
| Notes payable                             | (2,115,377) |
| Capital leases payable                    | (246,628)   |
| Accrued interest on long-term obligations | (38,796)    |
| Other post-employment benefits payable    | (147,805)   |

Net assets of governmental activities

\$ 20,537,070

See accompanying notes to the basic financial statements

EXHIBIT D

**TOWN OF AMHERST, NEW HAMPSHIRE**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds**

For the Year Ended June 30, 2012

|   | General<br>Fund     | Road<br>Construction<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|------------------------------|-----------------------------------|--------------------------------|
| Revenues:                                       |                     |                              |                                   |                                |
| Taxes   | \$ 7,035,317        |                              | \$ 87,558                         | \$ 7,122,875                   |
| Licenses and permits                            | 2,444,643           |                              |                                   | 2,444,643                      |
| Intergovernmental                               | 1,014,548           |                              | 2,943                             | 1,017,491                      |
| Charges for services                            | 440,792             |                              | 345,089                           | 785,881                        |
| Interest and investment income                  | 24,975              |                              | 57,461                            | 82,436                         |
| Miscellaneous                                   | 13,118              |                              | 53,964                            | 67,082                         |
| Total Revenues                                  | <u>10,973,393</u>   | <u>\$ -</u>                  | <u>547,015</u>                    | <u>11,520,408</u>              |
| Expenditures:                                   |                     |                              |                                   |                                |
| Current operations:                             |                     |                              |                                   |                                |
| General government                              | 1,749,949           |                              | 364                               | 1,750,313                      |
| Public safety                                   | 3,309,026           |                              | 46,067                            | 3,355,093                      |
| Highways and streets                            | 2,938,193           |                              |                                   | 2,938,193                      |
| Sanitation                                      | 567,921             |                              |                                   | 567,921                        |
| Health and welfare                              | 114,950             |                              |                                   | 114,950                        |
| Culture and recreation                          | 1,181,955           |                              | 305,995                           | 1,487,950                      |
| Capital outlay                                  | 195,480             | 2,323,298                    |                                   | 2,518,778                      |
| Debt service:                                   |                     |                              |                                   |                                |
| Principal retirement                            | 315,823             |                              |                                   | 315,823                        |
| Interest and fiscal charges                     | 78,827              |                              |                                   | 78,827                         |
| Total Expenditures                              | <u>10,452,124</u>   | <u>2,323,298</u>             | <u>352,426</u>                    | <u>13,127,848</u>              |
| Excess revenues over (under) expenditures       | <u>521,269</u>      | <u>(2,323,298)</u>           | <u>194,589</u>                    | <u>(1,607,440)</u>             |
| Other financing sources (uses):                 |                     |                              |                                   |                                |
| Proceeds from note issuances                    |                     | 750,000                      |                                   | 750,000                        |
| Proceeds from capital leases                    | 168,547             |                              |                                   | 168,547                        |
| Transfers in                                    | 45,000              |                              | 24,500                            | 69,500                         |
| Transfers out                                   | (24,500)            |                              | (45,000)                          | (69,500)                       |
| Total other financing sources (uses)            | <u>189,047</u>      | <u>750,000</u>               | <u>(20,500)</u>                   | <u>918,547</u>                 |
| Net change in fund balances                     | 710,316             | (1,573,298)                  | 174,089                           | (688,893)                      |
| Fund balances at beginning of year, as restated | <u>2,630,869</u>    | <u>411,117</u>               | <u>2,568,829</u>                  | <u>5,610,815</u>               |
| Fund balances (deficit) at end of year          | <u>\$ 3,341,185</u> | <u>\$ (1,162,181)</u>        | <u>\$ 2,742,918</u>               | <u>\$ 4,921,922</u>            |

**TOWN OF AMHERST, 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 June 30, 2012

|   |                   |
|---|-------------------|
| Net Change in Fund Balances--Total Governmental Funds   | \$ (688,893)      |
| Amounts reported for governmental activities in the statement of activities are different because:  |                   |
| Governmental funds report capital outlays as expenditures. However, 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 capital outlays exceeded depreciation expense in the current period. | 2,131,703         |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  | (174,007)         |
| Proceeds from long-term obligations are other financing sources in the funds, but long-term obligations increase long-term liabilities in the statement of net assets.  | (918,547)         |
| Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.  | 365,681           |
| In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when due.   | (14,651)          |
| Some expenses reported in the statement of activities, such as other post-employment benefits do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.   | (43,792)          |
| Change in Net Assets of Governmental Activities   | <u>\$ 657,494</u> |

See accompanying notes to the basic financial statements

EXHIBIT E  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Net Assets**  
**Proprietary Funds**  
June 30, 2012

|   | Business-type<br>Activities              |
|---|--|
|   | <u>Baboosic<br/>Lake Septic<br/>Fund</u> |
| <b>ASSETS</b>                                   |  |
| Current Assets:                                 |  |
| Accounts receivable, net                        | \$ 12,814                                |
| Total Current Assets                            | <u>12,814</u>                            |
| Noncurrent Assets:                              |  |
| Capital assets:                                 |  |
| Depreciable capital assets, net                 | 1,156,930                                |
| Total Noncurrent Assets                         | <u>1,156,930</u>                         |
| Total Assets                                    | <u>\$ 1,169,744</u>                      |
| <b>LIABILITIES</b>                              |  |
| Current Liabilities:                            |  |
| Accounts payable                                | \$ 13,996                                |
| Accrued expenses                                | 7,836                                    |
| Due to other funds                              | 53,635                                   |
| Current portion of notes payable                | 45,155                                   |
| Total Current Liabilities                       | <u>120,622</u>                           |
| Noncurrent Liabilities:                         |  |
| Notes payable                                   | <u>432,263</u>                           |
| Total Noncurrent Liabilities                    | <u>432,263</u>                           |
| Total Liabilities                               | <u>552,885</u>                           |
| <b>NET ASSETS</b>                               |  |
| Invested in capital assets, net of related debt | 679,512                                  |
| Unrestricted (deficit)                          | <u>(62,653)</u>                          |
| Total Net Assets                                | <u>616,859</u>                           |
| Total Liabilities and Net Assets                | <u>\$ 1,169,744</u>                      |

*See accompanying notes to the basic financial statements*

EXHIBIT F  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
For the Year Ended June 30, 2012

|                                       | Business-type<br>Activities              |
|---------------------------------------|--|
|                                       | <u>Baboosic<br/>Lake Septic<br/>Fund</u> |
| Operating revenues:                   |  |
| Charges for services                  | \$ 86,460                                |
| Total operating revenues              | <u>86,460</u>                            |
| Operating expenses:                   |  |
| Cost of operations                    | 20,484                                   |
| Depreciation                          | <u>103,479</u>                           |
| Total operating expenses              | <u>123,963</u>                           |
| Operating loss                        | <u>(37,503)</u>                          |
| Non-operating (expenses):             |  |
| Interest expense                      | <u>(22,953)</u>                          |
| Net non-operating (expenses)          | <u>(22,953)</u>                          |
| (Loss) before capital contributions   | (60,456)                                 |
| Capital contributions                 | <u>128,334</u>                           |
| Change in net assets                  | 67,878                                   |
| Total net assets at beginning of year | <u>548,981</u>                           |
| Total net assets at end of year       | <u>\$ 616,859</u>                        |

*See accompanying notes to the basic financial statements*

EXHIBIT G  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Year Ended June 30, 2012

|  | Business-type<br>Activities              |
|--|--|
|  | <u>Baboosic<br/>Lake Septic<br/>Fund</u> |
| Cash flows from operating activities:  |  |
| Cash received from customers   | \$ 100,217                               |
| Cash paid to suppliers   | <u>(20,310)</u>                          |
| Net cash provided by operating activities  | <u>79,907</u>                            |
| Cash flows from capital financing activities:  |  |
| Proceeds from other long-term obligations  | 5,848                                    |
| Principal paid on long-term debt   | (45,155)                                 |
| Interest paid on long-term debt  | <u>(21,582)</u>                          |
| Net cash provided for capital financing activities                                       | <u>(60,889)</u>                          |
| Net increase in cash and cash equivalents  | 19,018                                   |
| Cash and cash equivalents (deficiency) at beginning of year                              | <u>(72,653)</u>                          |
| Cash and cash equivalents (deficiency) at end of year                                    | <u>\$ (53,635)</u>                       |
| Reconciliation of operating loss to net cash<br>provided by operating activities:        |  |
| Operating loss   | \$ (37,503)                              |
| Adjustments to reconcile operating loss to net<br>cash provided by operating activities: |  |
| Depreciation expense   | 103,479                                  |
| Changes in assets and liabilities:   |  |
| Accounts receivable, net   | 13,757                                   |
| Accounts payable   | <u>174</u>                               |
| Net cash provided by operating activities  | <u>\$ 79,907</u>                         |
| Supplemental disclosure of non-cash transactions:  |  |
| Principal forgiveness of long-term debt  | \$ 128,334                               |
| Capitalized interest   | <u>1,371</u>                             |
|  | <u>\$ 129,705</u>                        |

*See accompanying notes to the basic financial statements*

EXHIBIT H  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
June 30, 2012

|                                  | Private-<br>Purpose<br><u>Trust Funds</u> | Agency<br><u>Funds</u> |
|----------------------------------|---|------------------------|
| ASSETS                           |   |                        |
| Cash and cash equivalents        |   | \$ 225,003             |
| Investments                      | <u>\$ 1,059,205</u>                       | <u>464,560</u>         |
| Total assets                     | <u>\$ 1,059,205</u>                       | <u>\$ 689,563</u>      |
| LIABILITIES                      |   |                        |
| Due to other governments         |   | \$ 464,560             |
| Due to others                    |   | <u>225,003</u>         |
| Total liabilities                | <u>\$ -</u>                               | <u>\$ 689,563</u>      |
| NET ASSETS                       |   |                        |
| Held in trust                    | <u>1,059,205</u>                          |                        |
| Total net assets                 | <u>1,059,205</u>                          |                        |
| Total liabilities and net assets | <u>\$ 1,059,205</u>                       |                        |

*See accompanying notes to the basic financial statements*

EXHIBIT I  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
For the Year Ended June 30, 2012

|   | Private-<br>Purpose<br><u>Trust Funds</u> |
|---|---|
| ADDITIONS:                                    |   |
| Contributions:                                |   |
| Private donations                             | \$ 2,613                                  |
| Total Contributions                           | <u>2,613</u>                              |
| Investment earnings:                          |   |
| Interest                                      | 26,842                                    |
| Realized gains on investments                 | 17,445                                    |
| Net decrease in the fair value of investments | <u>(17,650)</u>                           |
| Total Investment Earnings                     | <u>26,637</u>                             |
| Total Additions                               | <u>29,250</u>                             |
| DEDUCTIONS:                                   |   |
| Benefits                                      | <u>32,286</u>                             |
| Total Deductions                              | <u>32,286</u>                             |
| Change in net assets                          | (3,036)                                   |
| Net assets - beginning of year                | <u>1,062,241</u>                          |
| Net assets - end of year                      | <u>\$ 1,059,205</u>                       |

*See accompanying notes to the basic financial statements*

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

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

The accounting policies of the Town of Amherst, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

***Financial Reporting Entity***

The Town of Amherst, New Hampshire (the “Town”) was incorporated in 1760. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

***Basis of Presentation***

The Town’s basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements:**

The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

**2. Fund Financial Statements:**

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

***Fund Accounting***

The Town uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary and fiduciary.

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Town's major governmental funds:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

The *Road Construction Fund* accounts for the financial transactions related to the reconstruction of town roads deemed to be in need of reconstruction.

**2. Proprietary Funds:**

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following is the Town's major proprietary fund:

The *Baboosic Lake Septic Fund* accounts for all revenues and expenses pertaining to the sanitation operations of the Baboosic Lake community septic system.

The Baboosic Lake Septic Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

**3. Fiduciary Funds:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains eight private-purpose trust funds, which account for monies designated to benefit individuals within the Town. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds account for the capital reserve funds of the Amherst School District, Souhegan Cooperative School District and the SAU #39

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

Capital Facilities Fund, which are held by the Town as required by State law. Other agency funds consist of escrows and developer's performance bonds.

*Measurement Focus*

**1. Government-Wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the Statement of Net Assets.

**2. Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

The private-purpose trust funds are reported using the economic resources measurement focus.

*Basis of Accounting*

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

In the government-wide financial statements and proprietary fund statements, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow the FASB pronouncements issued subsequent to November 30, 1989.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

**1. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes and interest on investments.

Licenses and permits, charges for services, and miscellaneous revenues (except interest on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

**2. Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**3. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

***Budgetary Data***

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2012, the Town applied \$190,000 of its unassigned fund balance to reduce taxes.

***Encumbrance Accounting***

Encumbrance accounting, under which purchase orders and other commitments for expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed as an extension of formal budgetary integration in Governmental Funds. Encumbrances outstanding at year end are reported as a component of fund balance since they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

***Cash and Cash Equivalents***

The Town pools its cash resources for the governmental and proprietary funds. Cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

|                    |                                 |
|--------------------|---------------------------------|
|                    | Baboosic<br>Lake Septic<br>Fund |
| Due to other funds | \$ <u>53,635</u>                |

***Investments***

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

***Taxes Receivable***

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2012 are recorded as receivables net of reserves for estimated uncollectibles of \$65,000.

***Accounts Receivable***

Accounts receivable are recorded net of reserves for estimated uncollectibles of \$54,508 and \$6,421 in the General Fund and Baboosic Lake Septic Fund, respectively.

***Prepaid Expenses***

Payments made to vendors for services that will benefit periods beyond June 30, 2012 are recorded as prepaid items.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

*Inventory*

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are accounted for on the consumption method of accounting.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first out basis. Inventory in governmental funds consists of expendable supplies held for consumption.

*Restricted Cash*

Restricted cash consists of deposits held in escrow accounts.

*Capital Assets*

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net assets, but are not reported in the governmental fund financial statements.

All capital assets including infrastructure and intangible assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction phase of capital assets of business-type activities is also capitalized.

All reported capital assets except for land, easements with an indefinite life, library books, works of art and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

|                            | <u>Description</u> | <u>Years</u> |
|----------------------------|--------------------|--------------|
| Infrastructure             |                    | 40           |
| Land improvements          |                    | 15-20        |
| Buildings and improvements |                    | 40           |
| Vehicles and equipment     |                    | 5-10         |
| Library media              |                    | 10           |

*Compensated Absences*

Employees earn vacation and sick leave as they provide services. Pursuant to Town personnel policy and collective bargaining agreements, employees earn vacation at ten to twenty days per year dependent upon length of service and are entitled to two personal days per year. Full time employees are entitled to 7 paid sick days per year. On the anniversary date of hire, an employee is compensated for half of his/her unused sick days and the other half of the unused sick days are accumulated in each employee’s sick bank for a maximum of thirty days. Any employee that has accumulated the maximum thirty days in the sick bank is compensated for all of his/her unused sick days from the previous year. All unused sick days will

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

be canceled upon termination for any cause. The Town budgets for these expenditures on a “pay as you go” basis.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***Fund Balance Policy***

GASB Statement 54 established new fund balance classifications and changed the definition of governmental fund types. Under Statement 54, the Town has segregated fund balance into five classifications; Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- Nonspendable Fund Balance: Amounts that are not in a spendable form or are required to be maintained intact.
- Restricted Fund Balance: Amounts that can only be spent for the specific purposes stipulated by external resource providers or the enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation.
- Committed Fund Balance: Amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision making authority. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally.
- Assigned Fund Balance: Amounts a government intends to use for a specific purpose.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

- Unassigned Fund Balance: Amounts that are not obligated or specifically designated and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another fund is also classified as unassigned.

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

Pursuant to the Town's policy at year end, if any of the special revenue funds has a deficit unassigned fund balance, the Town Administrator is authorized to transfer funds from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

In accordance with the Town's fund balance policy, the Town will strive to maintain an unassigned fund balance in its General Fund equal to 8-15% of the total appropriations of the community (which includes the Town, Schools, and County). The Board of Selectmen will review this information each year in order to determine the amount, if any, of unassigned fund balance to use to balance the budget and to reduce the property tax rate.

***Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Baboosic Lake Septic Fund, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include depreciation expense, the allowance for uncollectible taxes and receivables, and the liability for other post-employment benefits.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

**NOTE 2—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$1,562,530,600 as of April 1, 2011) and are due in two installments on July 1, 2011 and December 1, 2011. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Amherst School District, Souhegan Cooperative School District, and Hillsborough County, all independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school districts. Total taxes appropriated during the year were \$18,504,518, \$12,259,459 and \$1,909,354 for the Amherst School District, Souhegan Cooperative School District and Hillsborough County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

**NOTE 3—RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2012 the Town was a member of the New Hampshire Public Risk Management Exchange (PRIMEX). The Town currently reports all of its risk management activities in its General Fund. The Trust is classified as a “Risk Pool” in accordance with accounting principles generally accepted in the United States of America.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2012.

***Property and Liability Insurance***

PRIMEX provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of PRIMEX, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

*Worker's Compensation*

PRIMEX provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

**NOTE 4—DEPOSITS AND INVESTMENTS**

The Town has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance.

Deposits and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

|                                    |                      |
|------------------------------------|----------------------|
| Statement of Net Assets:           |                      |
| Cash and cash equivalents          | \$ 16,185,705        |
| Investments                        | 3,972,445            |
| Restricted cash                    | 8,369                |
| Statement of Fiduciary Net Assets: |                      |
| Cash and cash equivalents          | 225,003              |
| Investments                        | 1,523,765            |
|                                    | <u>\$ 21,915,287</u> |

Deposits and investments at June 30, 2012 consist of the following:

|                                      |                      |
|--------------------------------------|----------------------|
| Cash on hand                         | \$ 41,844            |
| Deposits with financial institutions | 17,718,372           |
| Investments                          | 4,155,071            |
|                                      | <u>\$ 21,915,287</u> |

The Town requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs for all governmental fund types. The Town limits its investments to demand deposits, money market accounts and repurchase agreements in accordance with New Hampshire State law (RSA 41:29). Responsibility for the investments of the Trust Funds is with the Board of Trustees, who have employed professional banking assistance in accordance with New Hampshire State law (RSA 31:38a). Responsibility for the investments of the library is with the Library Trustees.

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town, Trustees of Trust Funds, and the Library Trustees do not have a policy regarding interest rate risk.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

| Investment Type | Fair Value | Remaining Maturity (In Years) |            |            |
|-----------------|------------|-------------------------------|------------|------------|
|                 |            | 0-1 Years                     | 1-5 Years  | > 5 Years  |
| Corporate bonds | \$ 957,559 | \$ 52,021                     | \$ 551,923 | \$ 353,615 |

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Town’s investment policy for its governmental funds addresses credit risk by limiting investments to the safest types of securities. The Town limits its investments to money market accounts, repurchase agreements, the New Hampshire Public Deposit Investment Pool, and obligations fully guaranteed by the United States government.

The Trustees of Trust Funds do not have formal investment policies for managing its investments exposure from credit risk.

The following is the actual rating at year end for each investment type:

| Ratings as of Year End | Investment Type |                           |              |                      | Totals       |
|------------------------|-----------------|---------------------------|--------------|----------------------|--------------|
|                        | Corporate Bonds | Money Market Mutual Funds | Mutual Funds | Foreign Mutual Funds |              |
| A1                     | \$ 278,790      |                           |              |                      | \$ 278,790   |
| A2                     | 352,063         |                           |              |                      | 352,063      |
| A3                     | 219,662         |                           |              |                      | 219,662      |
| BAA2                   | 107,044         |                           |              |                      | 107,044      |
| Not Rated              |                 | \$ 1,602,486              | \$ 316,980   | \$ 164,433           | 2,083,899    |
| Fair Value             | \$ 957,559      | \$ 1,602,486              | \$ 316,980   | \$ 164,433           | \$ 3,041,458 |

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

In accordance with the Town’s investment policy for its governmental funds, all security transactions must be secured by collateral having a value at least equal to the amount of funds in excess of the FDIC deposit limits. Such collateral shall be segregated for the exclusive benefit of the Town and may consist of obligations of the United States government, United States government agencies or obligations of the State of New Hampshire.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

The Trustees of Trust Funds and the Library Trustees have no policy regarding custodial credit risk.

Of the Town's deposits with financial institutions at year end, \$16,640,305 was collateralized by securities held by the bank in the bank's name.

As of June 30, 2012, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

|                           | Reported<br><u>Amount</u> |
|---------------------------|---------------------------|
| Corporate bonds           | \$ 957,559                |
| Equity securities         | 1,049,963                 |
| Foreign equity securities | 63,650                    |
| Money market mutual funds | 1,602,486                 |
| Mutual funds              | 316,980                   |
| Foreign mutual funds      | <u>164,433</u>            |
|                           | <u>\$ 4,155,071</u>       |

***Foreign Currency Risk***

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. As of June 30, 2012, the Town held \$164,433 and \$63,650 in foreign mutual funds and equity securities, respectively. The Town and the Trustees of Trust Funds do not have an investment policy for assurance against foreign currency risk.

**NOTE 5—CAPITAL ASSETS**

The following is a summary of changes in capital assets in the governmental funds:

|   | Balance<br><u>7/1/2011</u> | <u>Additions</u> | <u>Reductions</u>   | Balance<br><u>6/30/2012</u> |
|---|----------------------------|------------------|---------------------|-----------------------------|
| Governmental activities:                      |                            |                  |                     |                             |
| Capital assets not depreciated:               |                            |                  |                     |                             |
| Land  | \$ 7,728,014               |                  |                     | \$ 7,728,014                |
| Library books                                 | 2,830,353                  | \$ 55,191        |                     | 2,885,544                   |
| Works of art                                  | 22,079                     |                  |                     | 22,079                      |
| Construction in progress                      | <u>150,000</u>             | <u>2,323,298</u> | <u>\$ (150,000)</u> | <u>2,323,298</u>            |
| Total capital assets not being depreciated    | <u>10,730,446</u>          | <u>2,378,489</u> | <u>(150,000)</u>    | <u>12,958,935</u>           |
| Other capital assets:                         |                            |                  |                     |                             |
| Infrastructure                                | 1,179,494                  |                  |                     | 1,179,494                   |
| Land improvements                             | 565,106                    |                  |                     | 565,106                     |
| Buildings and improvements                    | 2,943,466                  |                  |                     | 2,943,466                   |
| Vehicles and equipment                        | 5,263,453                  | 385,725          |                     | 5,649,178                   |
| Library media                                 | <u>329,836</u>             | <u>15,059</u>    |                     | <u>344,895</u>              |
| Total other capital assets at historical cost | <u>10,281,355</u>          | <u>400,784</u>   | <u>-</u>            | <u>10,682,139</u>           |

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

Less accumulated depreciation for:

|                                 |                      |                     |                     |                      |
|---------------------------------|----------------------|---------------------|---------------------|----------------------|
| Infrastructure                  | (39,981)             | (58,975)            |                     | (98,956)             |
| Land improvements               | (107,004)            | (37,486)            |                     | (144,490)            |
| Buildings and improvements      | (889,445)            | (67,832)            |                     | (957,277)            |
| Vehicles and equipment          | (4,136,631)          | (319,747)           |                     | (4,456,378)          |
| Library media                   | (150,972)            | (13,530)            |                     | (164,502)            |
| Total accumulated depreciation  | <u>(5,324,033)</u>   | <u>(497,570)</u>    | -                   | <u>(5,821,603)</u>   |
| Total other capital assets, net | <u>4,957,322</u>     | <u>(96,786)</u>     | -                   | <u>4,860,536</u>     |
| Total capital assets, net       | <u>\$ 15,687,768</u> | <u>\$ 2,281,703</u> | <u>\$ (150,000)</u> | <u>\$ 17,819,471</u> |

Depreciation expense was charged to governmental functions as follows:

|  |                   |
|--|-------------------|
| General government                                 | \$ 33,586         |
| Public safety                                      | 152,903           |
| Highways and streets                               | 232,480           |
| Sanitation   | 750               |
| Culture and recreation                             | <u>77,851</u>     |
| Total governmental activities depreciation expense | <u>\$ 497,570</u> |

The balance of the assets acquired through capital leases as of June 30, 2012 is as follows:

|                                    |                   |
|------------------------------------|-------------------|
| Vehicles and equipment             | \$ 421,220        |
| Less accumulated depreciation for: |                   |
| Vehicles and equipment             | <u>(119,590)</u>  |
|                                    | <u>\$ 301,630</u> |

The following is a summary of changes in capital assets in the proprietary fund:

|   | Balance<br>7/1/2011 | Additions           | Reductions  | Balance<br>6/30/2012 |
|---|---------------------|---------------------|-------------|----------------------|
| Business-type activities:                     |                     |                     |             |                      |
| Other capital assets:                         |                     |                     |             |                      |
| Land improvements                             | \$ 1,551,999        |                     |             | \$ 1,551,999         |
| Total other capital assets at historical cost | <u>1,551,999</u>    | <u>\$ -</u>         | <u>\$ -</u> | <u>1,551,999</u>     |
| Less accumulated depreciation for:            |                     |                     |             |                      |
| Land improvements                             | <u>(291,590)</u>    | <u>(103,479)</u>    |             | <u>(395,069)</u>     |
| Total accumulated depreciation                | <u>(291,590)</u>    | <u>(103,479)</u>    | <u>-</u>    | <u>(395,069)</u>     |
| Total capital assets, net                     | <u>\$ 1,260,409</u> | <u>\$ (103,479)</u> | <u>\$ -</u> | <u>\$ 1,156,930</u>  |

Depreciation expense was charged to the proprietary fund as follows:

|                           |                   |
|---------------------------|-------------------|
| Baboosic Lake Septic Fund | <u>\$ 103,479</u> |
|---------------------------|-------------------|

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

**NOTE 6—DEFINED BENEFIT PLAN**

*Plan Description*

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

*Funding Policy*

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively of their covered salary, and the Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers and fire employees were 19.95% and 22.89%. The Town contributes 100% of the employer cost for police officers and fire employees.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending June 30, 2012, 2011, and 2010 were \$298,889, \$222,763, and \$188,319, respectively, equal to the required contributions for each year.

**NOTE 7—OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the Town provides dental, medical and pharmacy benefits to its eligible retirees. Dental, medical and pharmacy benefits have three groups of coverage. For group one, general employees covered by the New Hampshire Retirement System (NHRS), the employee must reach the age of 50 with 10 years of service, obtain 70 points (the sum of age and years of service) or reach the age of 60 to qualify for this benefit. For group two, general employees not covered by the NHRS, the employee must reach the age of 60 with 2 years of service or have at least 25 years of service to qualify for this benefit. For group three, public safety officers, the employee must reach the age of 45 with 20 years of service or reach the age of 60 to qualify for this benefit. All other retirees and spouses of retirees pay the full cost of the health care coverage. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2009, the actuarial valuation date, approximately 3 retirees and 61 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

*Annual OPEB Costs*

The Town's fiscal 2012 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined using the alternative measurement method in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years. The Town's annual OPEB cost for the fiscal year ending

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

June 30, 2012 including the amount actually contributed to the plan, and the change in the Town’s net OPEB obligation based on an actuarial valuation as of July 1, 2009 is as follows:

|   |                          |
|---|--------------------------|
| Annual Required Contribution (ARC)      | \$ 114,574               |
| Interest on Net OPEB obligation (NOO)   | 4,161                    |
| NOO Amortization adjustment to ARC      | <u>(4,134)</u>           |
| Annual OPEB cost                        | 114,601                  |
| Contributions made                      | <u>(70,809)</u>          |
| Increase in Net OPEB obligation         | 43,792                   |
| Net OPEB obligation - beginning of year | <u>104,013</u>           |
| Net OPEB obligation - end of year       | <u><u>\$ 147,805</u></u> |

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ending June 30, 2012, 2011 and 2010 are as follows:

| Fiscal<br>Year<br><u>Ended</u> | Annual<br>OPEB Cost | Percentage of<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|--------------------------------|---------------------|---|------------------------|
| 6/30/2012                      | \$ 114,601          | 61.8%                                     | \$ 147,805             |
| 6/30/2011                      | \$ 115,915          | 53.4%                                     | \$ 104,013             |
| 6/30/2010                      | \$ 106,198          | 53.0%                                     | \$ 49,960              |

The Town’s net OPEB obligation as of June 30, 2012 is recognized as a liability in these financial statements.

***Funded Status and Funding Progress for OPEB***

The funded status of the plan as of July 1, 2009, the date of the most recent actuarial valuation is as follows:

|   |                     |
|---|---------------------|
| Actuarial Accrued Liability (AAL)                 | \$ 1,255,353        |
| Actuarial value of plan assets                    | <u>-</u>            |
| Unfunded Actuarial Accrued Liability (UAAL)       | <u>\$ 1,255,353</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0.0%                |
| Covered payroll (active plan members)             | \$ 3,265,756        |
| UAAL as a percentage of covered payroll           | 38.4%               |

The alternative measurement valuation involves estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other key assumptions. Internally generated key assumptions, based on recent trends within the Town, include general considerations, expected point at which benefits begin, and marital and dependency status. Mortality assumptions were derived from the RP2000 Mortality Table. Turnover assumptions were based on the Standard Turnover Assumption from pronouncement GASB No. 45. The assumption on health care trends was provided by an independent company that assisted the Town in the preparation of the alternative measurement method for GASB 45. Based on this independent company’s help, the health care trends do not reflect potential changes in future health costs due to the passage of the

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

Patient Protection and Affordable Care Act signed on March 23, 2010, as amended by the Health Care and Education Reconciliation Act signed on March 30, 2010 as the impact of these recent legislations are unknown. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Actuarial Methods and Assumptions for OPEB*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2009 actuarial valuation, the Projected Unit Credit method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 4.0% investment rate of return and an annual healthcare cost trend rate of 10.0% initially, and then reduced by .5% decrements to an ultimate rate of 5.0% after 10 years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of thirty years on an open group basis. This has been calculated assuming the amortization payment increases at a rate of 3.0% per year.

**NOTE 8—LONG-TERM OBLIGATIONS**

*Changes in Long-Term Obligations*

The changes in the Town's long-term obligations for the year ended June 30, 2012 are as follows:

|                                  | Balance<br>7/1/2011 | <u>Additions</u>  | <u>Reductions</u>   | Balance<br>6/30/2012 | Due Within<br>One Year |
|----------------------------------|---------------------|-------------------|---------------------|----------------------|------------------------|
| <b>Governmental activities:</b>  |                     |                   |                     |                      |                        |
| Bonds payable                    | \$ 165,000          |                   | \$ (85,000)         | \$ 80,000            | \$ 80,000              |
| Notes payable                    | 1,596,200           | \$ 750,000        | (230,823)           | 2,115,377            | 430,822                |
| Capital leases payable           | 127,939             | 168,547           | (49,858)            | 246,628              | 93,631                 |
| Total governmental activities    | <u>\$ 1,889,139</u> | <u>\$ 918,547</u> | <u>\$ (365,681)</u> | <u>\$ 2,442,005</u>  | <u>\$ 604,453</u>      |
| <b>Business-type activities:</b> |                     |                   |                     |                      |                        |
| Notes payable                    | \$ 392,868          | \$ 258,039        | \$ (173,489)        | \$ 477,418           | \$ 45,155              |
| Other long-term obligations      | 256,668             | 1,371             | (258,039)           | -                    | -                      |
| Total business-type activities   | <u>\$ 649,536</u>   | <u>\$ 259,410</u> | <u>\$ (431,528)</u> | <u>\$ 477,418</u>    | <u>\$ 45,155</u>       |

Payments on the general obligation bonds, notes payable and capital leases of the governmental activities are paid out of the General Fund. Payments on the notes payable of the business-type activities are paid out of the Baboosic Lake Septic Fund.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

***General Obligation Bonds***

Governmental Activities:

Bonds payable at June 30, 2012 are comprised of the following individual issues:

|   |                  |
|---|------------------|
| \$400,000 Lindabury Apple Orchard Bonds due in annual installments of \$40,000 through March 2013; interest at 4.02%  | \$ 40,000        |
| \$442,000 Joppa Hill Road Bonds due in annual installments of \$42,000 through December 2003; \$45,000 through December 2011; and \$40,000 through December 2012; interest at 4.02% | 40,000           |
|   | <u>\$ 80,000</u> |

Debt service requirements to retire general obligation bonds outstanding at June 30, 2012 are as follows:

| Year Ending<br><u>June 30,</u><br>2013 | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|--|------------------|-----------------|---------------|
|  | \$ 80,000        | \$ 3,216        | \$ 83,216     |

As included on the Statement of Activities (Exhibit B), interest for the year ended June 30, 2012 was \$5,326 on general obligation debt for governmental activities.

***Notes Payable***

Governmental Activities:

Notes payable for governmental activities at June 30, 2012 are comprised of the following individual issues:

|  |                     |
|--|---------------------|
| \$711,268 Road Reconstruction Notes due in annual installments of \$121,667 through June 2016 and an annual installment of \$102,935 in June 2017; interest at 3.67% | \$ 589,601          |
| \$500,000 Spring Road Notes due in annual installments of \$50,000 through August 2020; interest at 3.02%  | 450,000             |
| \$300,000 OSAC Land Notes due in annual installments of \$30,000 through October 2017; interest at 3.56%   | 180,000             |
| \$291,554 Tanker Notes due in annual installments of \$29,155 through July 2016; interest at 4.45%   | 145,776             |
| \$750,000 Road Reconstruction Notes due in annual installments of \$200,000 through June 2015 and an annual installment of \$150,000 in June 2016; interest at 2.95% | 750,000             |
|  | <u>\$ 2,115,377</u> |

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

Debt service requirements to retire the notes payable for governmental activities at June 30, 2012 are as follows:

| Year Ending<br>June 30, | Principal          | Interest          | Totals              |
|-------------------------|--------------------|-------------------|---------------------|
| 2013                    | \$ 430,822         | \$ 85,061         | \$ 515,883          |
| 2014                    | 430,822            | 54,820            | 485,642             |
| 2015                    | 430,822            | 40,579            | 471,401             |
| 2016                    | 380,822            | 26,339            | 407,161             |
| 2017                    | 212,089            | 13,597            | 225,686             |
| 2018-2021               | 230,000            | 15,638            | 245,638             |
|                         | <u>\$2,115,377</u> | <u>\$ 236,034</u> | <u>\$ 2,351,411</u> |

As included on the Statement of Activities (Exhibit B), interest for the year ended June 30, 2012 was \$87,326 on notes payable for governmental activities.

Business-type Activities:

Notes payable at June 30, 2012 are comprised of the following individual issues:

|   |                   |
|---|-------------------|
| \$178,500 Baboosic Lake Septic Notes due in annual installments of \$11,900 through September 2022; interest at 4.20%.  | \$ 130,900        |
| \$132,278 Baboosic Lake Septic Notes due in annual installments of \$13,228 through July 2016; interest at 4.45%.   | 66,140            |
| \$170,700 Baboosic Lake Septic Notes due in annual installments of \$11,380 through August 2025; interest at 3.17%.   | 159,320           |
| \$258,039 Baboosic Lake Septic Notes due in annual installments of \$8,647 through April 2026; interest at 2.91%.<br>A total of \$128,334 of principal was forgiven at the time of the initial payment. | 121,058           |
|   | <u>\$ 477,418</u> |

Debt service requirements to retire the notes payable for business-type activities at June 30, 2012 are as follows:

| Year Ending<br>June 30, | Principal         | Interest          | Totals            |
|-------------------------|-------------------|-------------------|-------------------|
| 2013                    | \$ 45,155         | \$ 16,489         | \$ 61,644         |
| 2014                    | 45,155            | 14,767            | 59,922            |
| 2015                    | 45,155            | 13,066            | 58,221            |
| 2016                    | 45,155            | 11,365            | 56,520            |
| 2017                    | 45,155            | 9,676             | 54,831            |
| 2018-2022               | 159,635           | 30,185            | 189,820           |
| 2023-2026               | 92,008            | 6,376             | 98,384            |
|                         | <u>\$ 477,418</u> | <u>\$ 101,924</u> | <u>\$ 579,342</u> |

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

As included on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds (Exhibit F), interest expense for the year ended June 30, 2012 was \$22,953 on notes payable for the business-type activities.

*Capital Lease Obligations*

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following are the individual capital lease obligations at June 30, 2012:

|   |                   |
|---|-------------------|
| Highway equipment lease, due in annual installments of \$7,056, including interest at 4.07% through August 2014   | \$ 19,554         |
| Highway equipment lease, due in annual installments of \$39,976, including interest at 2.85% through January 2016 | 148,993           |
| Vehicle lease, due in annual installments of \$5,872, including interest at 9.11% through July 2012               | 5,616             |
| Highway equipment lease, due in annual installments of \$21,364, including interest at 9.11% through July 2012    | 20,432            |
| Vehicle lease, due in annual installments of \$27,132, including interest at 2.84% through October 2013           | 52,033            |
|   | <u>\$ 246,628</u> |

Debt service requirements to retire capital lease obligations outstanding at June 30, 2012 are as follows:

| Year Ending<br><u>June 30,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Totals</u>     |
|--------------------------------|-------------------|------------------|-------------------|
| 2013                           | \$ 93,631         | \$ 7,768         | \$ 101,399        |
| 2014                           | 69,600            | 4,563            | 74,163            |
| 2015                           | 44,543            | 2,489            | 47,032            |
| 2016                           | 38,854            | 1,122            | 39,976            |
|                                | <u>\$ 246,628</u> | <u>\$ 15,942</u> | <u>\$ 262,570</u> |

*Authorized and Unissued Debt*

As of June 30, 2012, the Town had the following debt authorized and unissued:

|                                |                      |
|--------------------------------|----------------------|
| Road reconstruction            | \$ 13,038,732        |
| Open space land                | 5,200,000            |
| Bridge replacement             | 2,100,260            |
| Baboosic Lake Septic           | 129,795              |
| Baboosic Lake Community Septic | 166,961              |
|                                | <u>\$ 20,635,748</u> |

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

**NOTE 9—INTERFUND BALANCES AND TRANSFERS**

The Town has combined the cash resources of its governmental and proprietary funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. In addition, the General Fund has paid for various items that are to be reimbursed from Nonmajor Governmental Funds.

Interfund balances at June 30, 2012 are as follows:

|        |                             | Due from          |                     |                  |                  |                     |
|--------|-----------------------------|-------------------|---------------------|------------------|------------------|---------------------|
|        |                             | General           | Road                | Nonmajor         | Baboosic         |                     |
| Due to |                             | Fund              | Construction        | Governmental     | Lake Septic      | Totals              |
|        |                             | Fund              | Fund                | Funds            | Fund             |                     |
|        | General Fund                |                   | \$ 1,041,128        | \$ 31,397        | \$ 53,635        | \$ 1,126,160        |
|        | Nonmajor Governmental Funds | \$ 361,390        |                     |                  |                  | 361,390             |
|        |                             | <u>\$ 361,390</u> | <u>\$ 1,041,128</u> | <u>\$ 31,397</u> | <u>\$ 53,635</u> | <u>\$ 1,487,550</u> |

During the year, several interfund transactions occurred between funds. The various transfers between the General Fund and Nonmajor Governmental Funds were made in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2012 are as follows:

|             |                             | Transfer from    |                  |                  |
|-------------|-----------------------------|------------------|------------------|------------------|
|             |                             | General          | Nonmajor         |                  |
| Transfer to |                             | Fund             | Governmental     | Totals           |
|             |                             |                  | Funds            |                  |
|             | General Fund                |                  | \$ 45,000        | \$ 45,000        |
|             | Nonmajor Governmental Funds | \$ 24,500        |                  | 24,500           |
|             |                             | <u>\$ 24,500</u> | <u>\$ 45,000</u> | <u>\$ 69,500</u> |

**NOTE 10—RESTRICTED NET ASSETS**

Net assets are restricted for specific purposes at June 30, 2012 as follows:

|                                    |                     |
|------------------------------------|---------------------|
| Endowments - principal             | \$ 1,519,819        |
| Endowments - income                | 296,091             |
| Open space land                    | 110,685             |
| Miscellaneous grants and donations | 38,209              |
|                                    | <u>\$ 1,964,804</u> |

**NOTE 11—PERFORMANCE DEPOSITS**

The Town holds performance bonds from developers until projects have been completed to Town standards. These bonds are not included as part of the financial statements. At June 30, 2012, the Town held performance deposits totaling \$141,500.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

**NOTE 12—COMPONENTS OF FUND BALANCE**

The components of the Town's fund balance for its governmental funds at June 30, 2012 are as follows:

| <u>Fund Balances</u>                    | <u>General<br/>Fund</u> | <u>Road<br/>Construction<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|---------------------------------------|--|---|
| Nonspendable:                           |                         |                                       |  |   |
| Prepaid expenses                        | \$ 967                  |                                       |  | \$ 967                                  |
| Endowments                              |                         |                                       | \$ 1,519,819                               | 1,519,819                               |
| Inventory                               | 28,227                  |                                       |  | 28,227                                  |
| Restricted for:                         |                         |                                       |  |   |
| Endowments - income                     |                         |                                       | 296,091                                    | 296,091                                 |
| Open space land                         | 110,685                 |                                       |  | 110,685                                 |
| Miscellaneous grants and donations      | 33,342                  |                                       | 4,867                                      | 38,209                                  |
| Committed for:                          |                         |                                       |  |   |
| Recreation Fund                         |                         |                                       | 146,600                                    | 146,600                                 |
| Peabody Mill Environmental Center Fund  |                         |                                       | 153,515                                    | 153,515                                 |
| Police Detail Revolving Fund            |                         |                                       | 34,132                                     | 34,132                                  |
| Conservation Commission Fund            |                         |                                       | 432,263                                    | 432,263                                 |
| Capital Reserves Fund                   | 623,016                 |                                       |  | 623,016                                 |
| Land Use Change Tax Fund                | 88,680                  |                                       |  | 88,680                                  |
| Non-lapsing carryforward appropriations | 19,088                  |                                       |  | 19,088                                  |
| Assigned for:                           |                         |                                       |  |   |
| Encumbrances                            | 314,113                 |                                       |  | 314,113                                 |
| Library Fund                            |                         |                                       | 150,909                                    | 150,909                                 |
| Town Band Fund                          |                         |                                       | 4,722                                      | 4,722                                   |
| Recycle Fund                            | 1,749                   |                                       |  | 1,749                                   |
| Rescue Fund                             | 118                     |                                       |  | 118                                     |
| Friends of the Orchard Fund             | 5,135                   |                                       |  | 5,135                                   |
| Unassigned (deficit):                   |                         |                                       |  |   |
| Road construction                       |                         | \$ (1,162,181)                        |  | (1,162,181)                             |
| General Fund operations                 | 2,116,065               |                                       |  | 2,116,065                               |
|   | <u>\$ 3,341,185</u>     | <u>\$ (1,162,181)</u>                 | <u>\$ 2,742,918</u>                        | <u>\$ 4,921,922</u>                     |

**NOTE 13—COMMITMENTS AND CONTINGENCIES**

*Issuance of Notes Payable*

During June 2011, the Town issued a \$2,100,260 note payable for the reconstruction of three bridges. This note has an interest rate of 3.15% and matures on July 13, 2027. No funds have been drawn down against this note payable as of June 30, 2012. Subsequent to year end (see Note 15), the terms of this note were modified.

During June 2011, the Town issued a \$2,000,000 note payable for road reconstruction, which was modified in September 2011. Per the original agreement, this note had an interest rate of 2.95% and was to mature on July 13, 2022. Effective September 2011, this note matures on June 13, 2022. As of June 30, 2012, the Town has drawn down a total of \$750,000 against this note and has been included as a long-

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

term note payable of the governmental activities. Subsequent to year end (see Note 15), additional funds have been drawn down against this note payable.

During September 2011, a note payable for road reconstruction that was initially issued in the amount of \$3,500,000 was amended to \$1,825,000. This note has an interest rate of 3.67% and matures on June 30, 2026. As of June 30, 2012, the Town has drawn down \$711,268 against this note and has been included as a long-term note payable of the governmental activities. Subsequent to year end (see Note 15), additional funds have been drawn down against this note payable.

***Litigation***

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

**NOTE 14—RESTATEMENT OF EQUITY**

During the year ended June 30, 2012, management removed the activity associated with the bonded road reconstruction projects from the General Fund to track the activity separately. This activity is now being accounted for within the Road Construction Fund. In addition, it was determined that the balance of the prepaid expense was overstated as of June 30, 2011.

***Governmental Activities***

The impact of the restatement on the governmental activities is as follows:

|  |                                   |
|--|-----------------------------------|
|  | Governmental<br><u>Activities</u> |
| Net Assets - July 1, 2011 (as previously reported) | \$ 20,097,107                     |
| Amount of restatement due to:                      |                                   |
| Overstatement of prepaid expenses                  | <u>(217,531)</u>                  |
| Net Assets - July 1, 2011, as restated             | <u>\$ 19,879,576</u>              |

***Governmental Funds***

The impact of the restatement on the governmental funds is as follows:

|  |                        |                                     |
|--|------------------------|-------------------------------------|
|  | General<br><u>Fund</u> | Road<br>Construction<br><u>Fund</u> |
| Fund Balance - July 1, 2011 (as previously reported) | \$ 3,259,517           | \$ -                                |
| Amount of restatement due to:                        |                        |                                     |
| Reclassification of Road Construction Fund           | (411,117)              | 411,117                             |
| Overstatement of prepaid expenses                    | <u>(217,531)</u>       |                                     |
| Fund Balance - July 1, 2011, as restated             | <u>\$ 2,630,869</u>    | <u>\$ 411,117</u>                   |

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2012**

|  | General<br>Fund     | Road<br>Construction<br>Fund |
|--|---------------------|------------------------------|
| Fund Balance - July 1, 2011 (as previously reported) | \$ 3,259,517        | \$ -                         |
| Amount of restatement due to:                        |                     |                              |
| Reclassification of Road Construction Fund           | (411,117)           | 411,117                      |
| Overstatement of prepaid expenses                    | (217,531)           |                              |
| Fund Balance - July 1, 2011, as restated             | <u>\$ 2,630,869</u> | <u>\$ 411,117</u>            |

**NOTE 15—SUBSEQUENT EVENTS**

*Long-Term Obligations*

During November 2012, the Town has drawn down funds on its existing notes payable for road construction. An additional \$1,250,000 was drawn down against the \$2,000,000 note payable with an interest rate of 2.95% and maturing on June 13, 2022. An additional \$1,113,732 was also drawn down against the \$1,875,000 note payable with an interest rate of 3.67% and maturing on June 30, 2026.

During January 2013, the Town issued a \$2,000,000 note payable for road reconstruction. This note has an interest rate of 2.25% and matures on June 7, 2023. No funds have been drawn down against this note payable as of June 21, 2013.

During January 2013, a note payable for the reconstruction of three bridges that was issued for \$2,100,260 was modified. Effective January 2013, this note has an interest rate of 2.50% and matures on July 13, 2028. No additional funds have been drawn down against this note payable as of June 21, 2013.

SCHEDULE 1  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
For the Year Ended June 30, 2012

|  | Budgeted Amounts    |                     | Actual<br>Amounts   | Variance with<br>Final Budget -<br>Favorable<br>(Unfavorable) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               |                     |   |
| Revenues:                                      |                     |                     |                     |   |
| Taxes  | \$ 6,585,763        | \$ 6,585,763        | \$ 6,773,752        | \$ 187,989  |
| Licenses and permits                           | 2,357,460           | 2,357,460           | 2,444,643           | 87,183  |
| Intergovernmental                              | 901,602             | 1,006,721           | 1,014,548           | 7,827   |
| Charges for services                           | 375,625             | 375,625             | 440,792             | 65,167  |
| Interest income                                | 30,000              | 30,000              | 22,886              | (7,114)   |
| Miscellaneous                                  | 15,605              | 15,605              | 7,108               | (8,497)   |
| Total Revenues                                 | <u>10,266,055</u>   | <u>10,371,174</u>   | <u>10,703,729</u>   | <u>332,555</u>  |
| Expenditures:                                  |                     |                     |                     |   |
| Current operations:                            |                     |                     |                     |   |
| General government                             | 1,833,291           | 1,789,226           | 1,768,804           | 20,422  |
| Public safety                                  | 3,389,139           | 3,403,457           | 3,334,055           | 69,402  |
| Highways and streets                           | 2,944,540           | 3,075,645           | 3,039,373           | 36,272  |
| Sanitation                                     | 591,638             | 591,638             | 555,959             | 35,679  |
| Health and welfare                             | 116,588             | 126,588             | 116,150             | 10,438  |
| Culture and recreation                         | 1,163,059           | 1,164,459           | 1,175,796           | (11,337)  |
| Capital outlay                                 | 22,288              | 3,200               | 3,200               | -   |
| Debt service:                                  |                     |                     |                     |   |
| Principal retirement                           | 327,490             | 327,490             | 315,823             | 11,667  |
| Interest and fiscal charges                    | 109,205             | 87,335              | 78,827              | 8,508   |
| Total Expenditures                             | <u>10,497,238</u>   | <u>10,569,038</u>   | <u>10,387,987</u>   | <u>181,051</u>  |
| Excess revenues over (under) expenditures      | <u>(231,183)</u>    | <u>(197,864)</u>    | <u>315,742</u>      | <u>513,606</u>  |
| Other financing sources (uses):                |                     |                     |                     |   |
| Transfers in                                   | 64,230              | 64,230              | 75,369              | 11,139  |
| Transfers out                                  | <u>(70,730)</u>     | <u>(70,730)</u>     | <u>(70,730)</u>     | <u>-</u>  |
| Total other financing sources (uses)           | <u>(6,500)</u>      | <u>(6,500)</u>      | <u>4,639</u>        | <u>11,139</u>   |
| Net change in fund balance                     | (237,683)           | (204,364)           | 320,381             | 524,745   |
| Fund balance at beginning of year, as restated |                     |                     |                     |   |
| - Budgetary Basis                              | <u>2,583,976</u>    | <u>2,583,976</u>    | <u>2,583,976</u>    | <u>-</u>  |
| Fund balance at end of year                    |                     |                     |                     |   |
| - Budgetary Basis                              | <u>\$ 2,346,293</u> | <u>\$ 2,379,612</u> | <u>\$ 2,904,357</u> | <u>\$ 524,745</u>   |

See accompanying notes to the required supplementary information

SCHEDULE 2  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Schedule of Funding Progress for Other Post-Employment Benefits**  
For the Year Ended June 30, 2012

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability (AAL) -<br>Projected Unit<br>Credit | Unfunded<br>AAL<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL as a<br>Percentage of<br>Covered<br>Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|--|
| 7/1/2009                       | \$ -                            | \$ 1,255,353  | \$ 1,255,353              | 0%              | \$ 3,265,756       | 38.4%  |

*See accompanying notes to the required supplementary information*

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2012**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary expenditures were adjusted for compensated absences payable amounts budgeted on a “pay as you go” basis, encumbrances, and activity budgeted in the current and subsequent fiscal year. Budgetary revenues and expenditures were adjusted for non-budgetary revenues and expenditures, budgetary transfers, and capital lease activity.

|  | Revenues<br>and Other<br>Financing<br><u>Sources</u> | Expenditures<br>and Other<br>Financing<br><u>Uses</u> |
|--|--|---|
| Per Exhibit D  | \$ 11,186,940  | \$ 10,476,624   |
| Difference in property taxes meeting<br>susceptible to accrual criteria                      | (174,007)  |   |
| Compensated absences payable, June 30, 2011  |  | 256,707   |
| Compensated absences payable, June 30, 2012  |  | (284,796)   |
| Encumbrances, June 30, 2011  |  | (157,742)   |
| Encumbrances, June 30, 2012  |  | 314,113   |
| Activity recognized in the prior fiscal year and<br>budgeted in the current fiscal year      |  | 17,900  |
| Activity recognized in the current fiscal year and<br>budgeted in the subsequent fiscal year |  | (16,700)  |
| Non-budgetary revenues and expenditures  | (95,657)   | (25,072)  |
| Budgetary transfers  | 30,369   | 46,230  |
| Capital lease activity   | (168,547)  | (168,547)   |
| Per Schedule 1   | <u>\$ 10,779,098</u>                                 | <u>\$ 10,458,717</u>                                  |

**NOTE 2—BUDGETARY FUND BALANCES**

The components of the budgetary fund balance for the General Fund are as follows:

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**June 30, 2012**

|  |                     |
|--|---------------------|
| <b>Nonspendable:</b>                   |                     |
| Prepaid expenses                       | \$ 967              |
| Inventory                              | 28,227              |
| Tax deeded property                    | 10,923              |
| <b>Restricted:</b>                     |                     |
| PEG grant                              | 14,231              |
| <b>Committed:</b>                      |                     |
| Non-lapsing carryforward appropriation | 19,088              |
| <b>Unassigned</b>                      | <u>2,830,921</u>    |
|  | <u>\$ 2,904,357</u> |

**NOTE 3—SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS**

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the Town is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The Town implemented the provisions of GASB Statement #45 during the year ended June 30, 2010. Accordingly, the funding progress has only been presented for the most recent actuarial valuation report. Additional disclosures will be made as the information becomes available.

SCHEDULE A  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
June 30, 2012

|                                     | Special<br>Revenue<br>Funds | Permanent<br>Funds  | Combining<br>Totals |
|-------------------------------------|-----------------------------|---------------------|---------------------|
| ASSETS                              |                             |                     |                     |
| Cash and cash equivalents           | \$ 297,659                  |                     | \$ 297,659          |
| Investments                         | 292,465                     | \$ 1,847,307        | 2,139,772           |
| Accounts receivable                 | 4,102                       |                     | 4,102               |
| Due from other funds                | 361,390                     |                     | 361,390             |
| Total Assets                        | <u>\$ 955,616</u>           | <u>\$ 1,847,307</u> | <u>\$ 2,802,923</u> |
| LIABILITIES                         |                             |                     |                     |
| Accounts payable                    | \$ 28,608                   |                     | \$ 28,608           |
| Due to other funds                  |                             | \$ 31,397           | 31,397              |
| Total Liabilities                   | <u>28,608</u>               | <u>31,397</u>       | <u>60,005</u>       |
| FUND BALANCES                       |                             |                     |                     |
| Nonspendable                        |                             | 1,519,819           | 1,519,819           |
| Restricted                          | 4,867                       | 296,091             | 300,958             |
| Committed                           | 766,510                     |                     | 766,510             |
| Assigned                            | 155,631                     |                     | 155,631             |
| Total Fund Balances                 | <u>927,008</u>              | <u>1,815,910</u>    | <u>2,742,918</u>    |
| Total Liabilities and Fund Balances | <u>\$ 955,616</u>           | <u>\$ 1,847,307</u> | <u>\$ 2,802,923</u> |

SCHEDULE A-1  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
June 30, 2012

|                                     | Library<br>Fund   | Recreation<br>Fund | Peabody Mill<br>Environmental<br>Center<br>Fund | Police<br>Detail<br>Revolving<br>Fund | Conservation<br>Commission<br>Fund | Town Band<br>Fund | Miscellaneous<br>Donations<br>Fund | Total Nonmajor<br>Special Revenue<br>Funds |
|-------------------------------------|-------------------|--------------------|---|---------------------------------------|------------------------------------|-------------------|------------------------------------|--|
| <b>ASSETS</b>                       |                   |                    |   |                                       |                                    |                   |                                    |  |
| Cash and cash equivalents           | \$ 46,038         | \$ 25              | \$ 9,928  |                                       | \$ 232,079                         | \$ 4,722          | \$ 4,867                           | \$ 297,659                                 |
| Investments                         | 112,338           |                    |   |                                       | 180,127                            |                   |                                    | 292,465                                    |
| Accounts receivable                 |                   |                    |   | \$ 4,102                              |                                    |                   |                                    | 4,102                                      |
| Due from other funds                |                   | 165,956            | 145,347   | 30,030                                | 20,057                             |                   |                                    | 361,390                                    |
| Total Assets                        | <u>\$ 158,376</u> | <u>\$ 165,981</u>  | <u>\$ 155,275</u>                               | <u>\$ 34,132</u>                      | <u>\$ 432,263</u>                  | <u>\$ 4,722</u>   | <u>\$ 4,867</u>                    | <u>\$ 955,616</u>                          |
| <b>LIABILITIES</b>                  |                   |                    |   |                                       |                                    |                   |                                    |  |
| Accounts payable                    | \$ 7,467          | \$ 19,381          | \$ 1,760  |                                       |                                    |                   |                                    | \$ 28,608                                  |
| Total Liabilities                   | <u>7,467</u>      | <u>19,381</u>      | <u>1,760</u>                                    | <u>\$ -</u>                           | <u>\$ -</u>                        | <u>\$ -</u>       | <u>\$ -</u>                        | <u>28,608</u>                              |
| <b>FUND BALANCES</b>                |                   |                    |   |                                       |                                    |                   |                                    |  |
| Restricted                          |                   |                    |   |                                       |                                    |                   | 4,867                              | 4,867                                      |
| Committed                           |                   | 146,600            | 153,515   | 34,132                                | 432,263                            |                   |                                    | 766,510                                    |
| Assigned                            | 150,909           |                    |   |                                       |                                    | 4,722             |                                    | 155,631                                    |
| Total Fund Balances                 | <u>150,909</u>    | <u>146,600</u>     | <u>153,515</u>                                  | <u>34,132</u>                         | <u>432,263</u>                     | <u>4,722</u>      | <u>4,867</u>                       | <u>927,008</u>                             |
| Total Liabilities and Fund Balances | <u>\$ 158,376</u> | <u>\$ 165,981</u>  | <u>\$ 155,275</u>                               | <u>\$ 34,132</u>                      | <u>\$ 432,263</u>                  | <u>\$ 4,722</u>   | <u>\$ 4,867</u>                    | <u>\$ 955,616</u>                          |

SCHEDULE B  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - All Nonmajor Funds**  
For the Year Ended June 30, 2012

|                                      | Special<br>Revenue<br><u>Funds</u> | Permanent<br><u>Funds</u> | Combining<br><u>Totals</u> |
|--------------------------------------|------------------------------------|---------------------------|----------------------------|
| Revenues:                            |                                    |                           |                            |
| Taxes                                | \$ 87,558                          |                           | \$ 87,558                  |
| Intergovernmental                    | 2,943                              |                           | 2,943                      |
| Charges for services                 | 345,089                            |                           | 345,089                    |
| Interest and investment income       | 5,086                              | \$ 52,375                 | 57,461                     |
| Miscellaneous                        | <u>46,464</u>                      | <u>7,500</u>              | <u>53,964</u>              |
| Total Revenues                       | <u>487,140</u>                     | <u>59,875</u>             | <u>547,015</u>             |
| Expenditures:                        |                                    |                           |                            |
| Current operations:                  |                                    |                           |                            |
| General government                   |                                    | 364                       | 364                        |
| Public safety                        | 46,067                             |                           | 46,067                     |
| Culture and recreation               | <u>305,995</u>                     |                           | <u>305,995</u>             |
| Total Expenditures                   | <u>352,062</u>                     | <u>364</u>                | <u>352,426</u>             |
| Excess revenues over expenditures    | <u>135,078</u>                     | <u>59,511</u>             | <u>194,589</u>             |
| Other financing sources (uses):      |                                    |                           |                            |
| Transfers in                         | 24,500                             |                           | 24,500                     |
| Transfers out                        | <u>(45,000)</u>                    |                           | <u>(45,000)</u>            |
| Total other financing sources (uses) | <u>(20,500)</u>                    | <u>-</u>                  | <u>(20,500)</u>            |
| Net change in fund balances          | 114,578                            | 59,511                    | 174,089                    |
| Fund balances at beginning of year   | <u>812,430</u>                     | <u>1,756,399</u>          | <u>2,568,829</u>           |
| Fund balances at end of year         | <u>\$ 927,008</u>                  | <u>\$ 1,815,910</u>       | <u>\$ 2,742,918</u>        |

SCHEDULE B-1  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
For the Year Ended June 30, 2012

|  | Library<br>Fund   | Recreation<br>Fund | Peabody Mill<br>Environmental<br>Center<br>Fund | Police Detail<br>Revolving<br>Fund | Conservation<br>Commission<br>Fund | Town Band<br>Fund | Miscellaneous<br>Donations<br>Fund | Total Nonmajor<br>Special Revenue<br>Funds |
|--|-------------------|--------------------|---|------------------------------------|------------------------------------|-------------------|------------------------------------|--|
| Revenues:                                    |                   |                    |   |                                    |                                    |                   |                                    |  |
| Taxes  |                   |                    |   |                                    | \$ 87,558                          |                   |                                    | \$ 87,558                                  |
| Intergovernmental                            |                   |                    |   |                                    | 2,943                              |                   |                                    | 2,943                                      |
| Charges for services                         | \$ 3,179          | \$ 227,049         | \$ 49,722                                       | \$ 65,139                          |                                    |                   |                                    | 345,089                                    |
| Interest and investment income               | 2,997             |                    | 4   |                                    | 2,080                              | \$ 3              | \$ 2                               | 5,086                                      |
| Miscellaneous                                | 25,475            | 7,500              | 4,505   |                                    | 4,005                              | 4,349             | 630                                | 46,464                                     |
| Total Revenues                               | <u>31,651</u>     | <u>234,549</u>     | <u>54,231</u>                                   | <u>65,139</u>                      | <u>96,586</u>                      | <u>4,352</u>      | <u>632</u>                         | <u>487,140</u>                             |
| Expenditures:                                |                   |                    |   |                                    |                                    |                   |                                    |  |
| Current operations:                          |                   |                    |   |                                    |                                    |                   |                                    |  |
| Public safety                                |                   |                    |   | 45,867                             |                                    |                   | 200                                | 46,067                                     |
| Culture and recreation                       | 43,352            | 187,287            | 62,600  |                                    | 6,464                              | 6,292             |                                    | 305,995                                    |
| Total Expenditures                           | <u>43,352</u>     | <u>187,287</u>     | <u>62,600</u>                                   | <u>45,867</u>                      | <u>6,464</u>                       | <u>6,292</u>      | <u>200</u>                         | <u>352,062</u>                             |
| Excess revenues over<br>(under) expenditures | <u>(11,701)</u>   | <u>47,262</u>      | <u>(8,369)</u>                                  | <u>19,272</u>                      | <u>90,122</u>                      | <u>(1,940)</u>    | <u>432</u>                         | <u>135,078</u>                             |
| Other financing sources (uses):              |                   |                    |   |                                    |                                    |                   |                                    |  |
| Transfers in                                 |                   |                    | 24,500  |                                    |                                    |                   |                                    | 24,500                                     |
| Transfers out                                |                   |                    |   |                                    | (45,000)                           |                   |                                    | (45,000)                                   |
| Total other financing sources (uses)         | <u>-</u>          | <u>-</u>           | <u>24,500</u>                                   | <u>-</u>                           | <u>(45,000)</u>                    | <u>-</u>          | <u>-</u>                           | <u>(20,500)</u>                            |
| Net change in fund balances                  | (11,701)          | 47,262             | 16,131  | 19,272                             | 45,122                             | (1,940)           | 432                                | 114,578                                    |
| Fund balances at beginning of year           | 162,610           | 99,338             | 137,384   | 14,860                             | 387,141                            | 6,662             | 4,435                              | 812,430                                    |
| Fund balances at end of year                 | <u>\$ 150,909</u> | <u>\$ 146,600</u>  | <u>\$ 153,515</u>                               | <u>\$ 34,132</u>                   | <u>\$ 432,263</u>                  | <u>\$ 4,722</u>   | <u>\$ 4,867</u>                    | <u>\$ 927,008</u>                          |

SCHEDULE C  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds - All Agency Funds**  
June 30, 2012

|                           | School<br>Agency<br><u>Funds</u> | Performance<br>Bond Agency<br><u>Funds</u> | Combining<br><u>Totals</u> |
|---------------------------|----------------------------------|--|----------------------------|
| ASSETS                    |                                  |  |                            |
| Cash and cash equivalents |                                  | \$ 225,003                                 | \$ 225,003                 |
| Investments               | <u>\$ 464,560</u>                |  | <u>464,560</u>             |
| Total assets              | <u>\$ 464,560</u>                | <u>\$ 225,003</u>                          | <u>\$ 689,563</u>          |
| LIABILITIES               |                                  |  |                            |
| Due to other governments  | \$ 464,560                       |  | \$ 464,560                 |
| Due to others             |                                  | <u>\$ 225,003</u>                          | <u>225,003</u>             |
| Total liabilities         | <u>\$ 464,560</u>                | <u>\$ 225,003</u>                          | <u>\$ 689,563</u>          |