

**TOWN OF AMHERST, NEW HAMPSHIRE**

**Financial Statements**

**June 30, 2013**

**and**

**Independent Auditor's Report**

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance**

**Schedule of Findings and Questioned Costs**

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**June 30, 2013**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	
MANAGEMENT’S DISCUSSION AND ANALYSIS	i-viii
<b>BASIC FINANCIAL STATEMENTS</b>	
EXHIBITS:	
A Statement of Net Position	1
B Statement of Activities	2
C Balance Sheet – Governmental Funds	3
D Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
E Statement of Net Position - Proprietary Funds	5
F Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	6
G Statement of Cash Flows - Proprietary Funds	7
H Statement of Fiduciary Net Position – Fiduciary Funds	8
I Statement of Changes in Fiduciary Net Position – Fiduciary Funds	9
NOTES TO BASIC FINANCIAL STATEMENTS	10-31
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
SCHEDULES:	
1 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	32
2 Schedule of Funding Progress for Other Post-Employment Benefits	33
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	34-35

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**June 30, 2013**

**TABLE OF CONTENTS (CONTINUED)**

	<u>Page(s)</u>
<b>FEDERAL COMPLIANCE</b>	
SCHEDULE:	
I    Schedule of Expenditures of Federal Awards	36
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	37
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	38-39
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance	40-41
Schedule of Findings and Questioned Costs	42-45
<b>SUPPLEMENTAL SCHEDULES</b>	
SCHEDULES:	
A    Combining Balance Sheet – Governmental Funds – All Nonmajor Funds	46
A-1  Combining Balance Sheet – Governmental Funds – All Nonmajor Special Revenue Funds	47
B    Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Funds	48
B-1  Combining Statement of Revenues, Expenditures and Changes in Funds Balances – Governmental Funds – All Nonmajor Special Revenue Funds	49
C    Combining Statement of Assets and Liabilities - Fiduciary Funds - All Agency Funds	50

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Selectmen  
Town of Amherst, New Hampshire

### **Report on the Financial Statements**

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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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 benefits on pages i-viii and 32-35 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.

### ***Supplementary Information***

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 accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the combining nonmajor governmental fund and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the combining nonmajor governmental fund and fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the combining nonmajor governmental fund and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2014 on our consideration of the Town of Amherst, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Amherst, New Hampshire's internal control over financial reporting and compliance.

*Vachon Clukey & Company PC*

Manchester, New Hampshire  
February 5, 2014

## 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, 2013. 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 unmodified opinion in the Independent Auditor's Report.
- The total assets and deferred outflows of resources of the Town exceeded total liabilities and deferred inflows of resources at fiscal year ending June 30, 2013 by \$23,837,319.

### 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 Position 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 Position** presents all of the Town's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources. The *difference* between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as "net position" instead of fund equity as had been required in the past. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 has 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 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 Position.

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

For fiscal 2013 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 Position

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, 2013 amounted to \$21,233,551 for the governmental funds and \$1,053,452 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 2012.

	Governmental Activities		Business-type Activities		Total	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Statement of Net Position:						
Current assets	28,393,424	26,626,601	(148,272)	(154,181)	28,245,152	26,472,420
Capital assets	21,233,551	18,511,415	1,053,452	1,156,930	22,287,003	19,668,345
Other assets	19,292	19,292			19,292	19,292
Total assets	49,646,267	45,157,308	905,180	1,002,749	50,551,447	46,160,057
Total Deferred Outflows of Resources	-	-	-	-	-	-
Current and other liabilities:						
Long-term bonds, notes and capital leases payable	4,201,284	2,442,005	432,263	477,418	4,633,547	2,919,423
Other liabilities	1,250,240	1,407,407	25,263	21,832	1,275,503	1,429,239
Other Post Employment Benefits Payable	193,365	147,805			193,365	147,805
Total liabilities	5,644,889	3,997,217	457,526	499,250	6,102,415	4,496,467
Total Deferred Inflows of Resources	20,611,713	19,817,717	-	-	20,611,713	19,817,717
Net position:						
Net investment in capital assets	17,032,267	16,069,410	621,189	679,512	17,653,456	16,748,922
Restricted	2,064,371	1,964,804			2,064,371	1,964,804
Unrestricted (deficit)	4,293,027	3,308,160	(173,535)	(176,013)	4,119,492	3,132,147
Total net position	23,389,665	21,342,374	447,654	503,499	23,837,319	21,845,873

#### Statement of Activities

For fiscal year 2013 the Town's governmental activities expenses amounted to \$10,396,003 and business-type activities expenses amounted to \$145,856. Revenues for governmental activities were \$12,443,294 and \$90,011 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 2012.

	FY 13			FY 12		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Program revenues:						
Charges for services	764,080	90,011	854,091	808,726	86,460	895,186
Operating grants and contributions	975,360		975,360	516,701		516,701
Capital grants and contributions					128,334	128,334
Total program revenues	1,739,440	90,011	1,829,451	1,325,427	214,794	1,540,221
General revenues:						
Property taxes	7,484,799		7,484,799	6,948,868		6,948,868
Licenses and permits	2,500,291		2,500,291	2,444,643		2,444,643
Grants and contributions	501,767		501,767	500,790		500,790
Interest and investment earnings	143,004		143,004	82,436		82,436
Miscellaneous	62,393		62,393	36,737		36,737
Contributions to permanent fund	11,600		11,600	7,500		7,500
Total general revenues and contributions	10,703,854		10,703,854	10,020,974		10,020,974
Total revenues	12,443,294	90,011	12,533,305	11,346,401	214,794	11,561,195
Expenses:						
General government	2,396,788		2,396,788	1,810,723		1,810,723
Public safety	3,524,267		3,524,267	3,517,943		3,517,943
Highways and streets	2,235,450		2,235,450	2,586,400		2,586,400
Health and welfare	91,172		91,172	114,950		114,950
Sanitation	548,475		548,475	569,366		569,366
Culture and recreation	1,482,080		1,482,080	1,513,454		1,513,454
Interest and finance charges	117,771		117,771	92,652		92,652
Baboosic Lake Fund		145,856	145,856		146,916	146,916
Total Activities	10,396,003	145,856	10,541,859	10,205,488	146,916	10,352,404
Increase (Decrease) in net position	2,047,291	(55,845)	1,991,446	1,140,913	67,878	1,208,791
Net position - beginning of year	21,342,374	503,499	21,845,873	20,201,461	435,621	20,637,082
Net position - ending of year	23,389,665	447,654	23,837,319	21,342,374	503,499	21,845,873

Property and other taxes amounted to \$7,484,799 in revenues. Licenses and permits amounted to \$2,500,291 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 \$90,011 in revenues from the Baboosic Lake Septic Proprietary fund.

The Town's \$10,541,859 in expenses covered a range of services. The highway and sanitation department's expenses amounted to \$2,783,925. Public safety amounted to \$3,524,267. General government expenses amounted to \$2,396,788. Culture and recreation amounted to \$1,482,080. 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 \$145,856. 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 page 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 \$2,874,737 and total fund equity was \$4,030,905, an increase of \$576,360 from the prior fiscal year.

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 2013 total appropriations for town, school, and county totaled \$51,592,050 setting the unassigned fund balance range at \$2,579,603 to \$5,159,205. On the budgetary basis, the Town's unassigned fund balance as of June 30, 2013 is \$3,512,739 (See Note 2 in the Notes to Required Supplementary Information) or 6.81% of total appropriations.

### Road Construction Fund

In fiscal 2012, a new fund was created (Road Construction Fund) in order to better track the borrowed portion of the voter approved \$15 million appropriation to reconstruct various roads in Town. During fiscal 2013, the Town spent \$2,761,961 in total on road reconstruction which can be broken down into two components, \$1,792,929 came from borrowed funds and the balance of \$969,032 came from the general fund appropriation. During fiscal 2013, \$2,363,732 was drawn down on available lines of credit and used to cover road construction expenditures. As of June 30, 2013, the balance of the voter approved \$15 million appropriation was just under \$10.7 million. Exhibit C & D on pages 3 and 4 shows some additional information. As of June 30, 2013 there was \$1,010,716 in 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 are moved out of CIP and added to the capital assets of the Town and depreciated in accordance with Town policy.

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

An increase of \$114,727 in fund balance of the Permanent funds for fiscal 2013 was realized while the fund balance in Special Revenue Funds decreased by \$90,401. The combined funds resulted in a fund balance increase of \$24,326.

Also included in the other governmental funds-all non-major funds is the Library Fund. In 2013, the Library Fund reported revenues of \$34,874 and expended \$57,969 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 32 (Schedule 1).

The final budget for estimated revenues and other financing sources was \$73,925 more than the original budgeted revenue amounts. The actual revenues received exceeded the final budget for estimated revenues by \$395,540. The final budget for expenditures was \$73,925 more than the original budget. The overall actual expenditures were under budgeted expenditures by \$575,471 or 5.57%.

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 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, 2013 amounts to \$29,125,579. Accumulated depreciation amounted to \$6,838,576, leaving a net book value of \$22,287,003. 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 2013, the Town had a total of \$4,048,287 for notes payable for governmental activities. Business-type activities notes payable were \$432,263. Capital leases payable amounted to \$152,997.

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 Position**  
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 19,106,061		\$ 19,106,061
Investments	2,894,164		2,894,164
Taxes receivable, net	5,948,003		5,948,003
Accounts receivable, net	197,408	\$ 15,088	212,496
Due from other governments	52,681		52,681
Internal balances	163,360	(163,360)	-
Prepaid expenses	1,804		1,804
Inventory	29,943		29,943
Total Current Assets	<u>28,393,424</u>	<u>(148,272)</u>	<u>28,245,152</u>
Noncurrent Assets:			
Tax deeded property	10,923		10,923
Restricted cash	8,369		8,369
Capital assets:			
Non-depreciable capital assets	11,726,435		11,726,435
Depreciable capital assets, net	<u>9,507,116</u>	<u>1,053,452</u>	<u>10,560,568</u>
Total Noncurrent Assets	<u>21,252,843</u>	<u>1,053,452</u>	<u>22,306,295</u>
Total Assets	<u>49,646,267</u>	<u>905,180</u>	<u>50,551,447</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	691,541	17,427	708,968
Retainage payable	93,916		93,916
Accrued expenses	455,621	7,836	463,457
Due to other governments	793		793
Current portion of notes payable	430,822	45,155	475,977
Current portion of capital leases payable	<u>69,600</u>		<u>69,600</u>
Total Current Liabilities	<u>1,742,293</u>	<u>70,418</u>	<u>1,812,711</u>
Noncurrent Liabilities:			
Payable from restricted assets	8,369		8,369
Notes payable	3,617,465	387,108	4,004,573
Capital leases payable	83,397		83,397
Other post-employment benefits payable	<u>193,365</u>		<u>193,365</u>
Total Noncurrent Liabilities	<u>3,902,596</u>	<u>387,108</u>	<u>4,289,704</u>
Total Liabilities	<u>5,644,889</u>	<u>457,526</u>	<u>6,102,415</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned tax revenue	20,602,988		20,602,988
Unearned other revenue	<u>8,725</u>		<u>8,725</u>
Total Deferred Inflows of Resources	<u>20,611,713</u>	<u>-</u>	<u>20,611,713</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,032,267	621,189	17,653,456
Restricted	2,064,371		2,064,371
Unrestricted (deficit)	<u>4,293,027</u>	<u>(173,535)</u>	<u>4,119,492</u>
Total Net Position	<u>\$ 23,389,665</u>	<u>\$ 447,654</u>	<u>\$ 23,837,319</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, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Primary Government	Business-type	
				Governmental Activities	Activities	
Governmental Activities:						
General government	\$ 2,396,788	\$ 13,641	\$ 507,524	\$ (1,875,623)		\$ (1,875,623)
Public safety	3,524,267	341,914	140,597	(3,041,756)		(3,041,756)
Highways and streets	2,235,450	7,911	327,239	(1,900,300)		(1,900,300)
Sanitation	548,475	90,177		(458,298)		(458,298)
Health and welfare	91,172			(91,172)		(91,172)
Culture and recreation	1,482,080	310,437		(1,171,643)		(1,171,643)
Debt service	117,771			(117,771)		(117,771)
Total governmental activities	<u>10,396,003</u>	<u>764,080</u>	<u>975,360</u>	<u>(8,656,563)</u>	<u>\$ -</u>	<u>(8,656,563)</u>
Business-type activities:						
Sewer	145,856	90,011			(55,845)	(55,845)
Total business-type activities	<u>145,856</u>	<u>90,011</u>	<u>-</u>	<u>-</u>	<u>(55,845)</u>	<u>(55,845)</u>
Total primary government	<u>\$ 10,541,859</u>	<u>\$ 854,091</u>	<u>\$ 975,360</u>	<u>(8,656,563)</u>	<u>(55,845)</u>	<u>(8,712,408)</u>
General revenues:						
Property and other taxes				7,484,799		7,484,799
Licenses and permits				2,500,291		2,500,291
Grants and contributions:						
Rooms and meals tax distribution				501,012		501,012
State and federal forest land				13		13
Railroad tax				742		742
Interest and investment income				143,004		143,004
Miscellaneous				62,393		62,393
Contributions to permanent fund principal				11,600		11,600
Total general revenues and contributions to permanent fund principal				<u>10,703,854</u>	<u>-</u>	<u>10,703,854</u>
Change in net position				2,047,291	(55,845)	1,991,446
Net position - beginning, as restated				21,342,374	503,499	21,845,873
Net position - ending				<u>\$ 23,389,665</u>	<u>\$ 447,654</u>	<u>\$ 23,837,319</u>

See accompanying notes to the basic financial statements



EXHIBIT C  
TOWN OF AMHERST, NEW HAMPSHIRE  
Balance Sheet  
Governmental Funds  
June 30, 2013

	General Fund	Road Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,923,541		\$ 182,520	\$ 19,106,061
Investments	657,598		2,236,566	2,894,164
Taxes receivable, net	5,948,003			5,948,003
Accounts receivable, net	187,229		10,179	197,408
Due from other governments	52,681			52,681
Due from other funds	448,043		405,127	853,170
Prepaid expenses	1,804			1,804
Tax deeded property	10,923			10,923
Inventory	29,943			29,943
Restricted cash	8,369			8,369
Total Assets	<u>26,268,134</u>	<u>\$ -</u>	<u>2,834,392</u>	<u>29,102,526</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 26,268,134</u>	<u>\$ -</u>	<u>\$ 2,834,392</u>	<u>\$ 29,102,526</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 396,858	\$ 259,508	\$ 35,175	\$ 691,541
Retainage payable	14,756	79,160		93,916
Accrued expenses	437,462			437,462
Due to other governments	793			793
Due to other funds	405,127	252,710	31,973	689,810
Payable from restricted assets	8,369			8,369
Total Liabilities	<u>1,263,365</u>	<u>591,378</u>	<u>67,148</u>	<u>1,921,891</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned tax revenue	20,965,139			20,965,139
Unearned other revenue	8,725			8,725
Total Deferred Inflows of Resources	<u>20,973,864</u>	<u>-</u>	<u>-</u>	<u>20,973,864</u>
<b>FUND BALANCES</b>				
Nonspendable	31,747		1,600,120	1,631,867
Restricted	128,753		335,498	464,251
Committed	723,603		698,869	1,422,472
Assigned	272,065		132,757	404,822
Unassigned (deficit)	2,874,737	(591,378)		2,283,359
Total Fund Balances	<u>4,030,905</u>	<u>(591,378)</u>	<u>2,767,244</u>	<u>6,206,771</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,268,134</u>	<u>\$ -</u>	<u>\$ 2,834,392</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				21,233,551
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis				362,151
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:				
Notes payable				(4,048,287)
Capital leases payable				(152,997)
Accrued interest on long-term obligations				(18,159)
Other post-employment benefits payable				(193,365)
Net position of governmental activities				<u>\$ 23,389,665</u>

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, 2013

	General Fund	Road Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,535,904		\$ 11,027	\$ 7,546,931
Licenses and permits	2,500,291			2,500,291
Intergovernmental	978,978		498,149	1,477,127
Charges for services	409,141		330,590	739,731
Interest and investment income	19,111		123,893	143,004
Miscellaneous	36,425		61,917	98,342
Total Revenues	<u>11,479,850</u>	<u>\$ -</u>	<u>1,025,576</u>	<u>12,505,426</u>
Expenditures:				
Current operations:				
General government	1,864,850		503,324	2,368,174
Public safety	3,439,100		34,216	3,473,316
Highways and streets	3,056,993			3,056,993
Sanitation	543,516			543,516
Health and welfare	91,172			91,172
Culture and recreation	1,143,169		317,624	1,460,793
Capital outlay	138,250	1,792,929	125,686	2,056,865
Debt service:				
Principal retirement	510,822			510,822
Interest and fiscal charges	136,018			136,018
Total Expenditures	<u>10,923,890</u>	<u>1,792,929</u>	<u>980,850</u>	<u>13,697,669</u>
Excess revenues over (under) expenditures	<u>555,960</u>	<u>(1,792,929)</u>	<u>44,726</u>	<u>(1,192,243)</u>
Other financing sources (uses):				
Proceeds from note issuances		2,363,732		2,363,732
Transfers in	40,000		19,600	59,600
Transfers out	(19,600)		(40,000)	(59,600)
Total other financing sources (uses)	<u>20,400</u>	<u>2,363,732</u>	<u>(20,400)</u>	<u>2,363,732</u>
Net change in fund balances	576,360	570,803	24,326	1,171,489
Fund balances (deficit) at beginning of year, as restated	<u>3,454,545</u>	<u>(1,162,181)</u>	<u>2,742,918</u>	<u>5,035,282</u>
Fund balances (deficit) at end of year	<u>\$ 4,030,905</u>	<u>\$ (591,378)</u>	<u>\$ 2,767,244</u>	<u>\$ 6,206,771</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, 2013

Net Change in Fund Balances--Total Governmental Funds	\$ 1,171,489
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.	2,737,929
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(62,132)
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 position.	(2,363,732)
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 position.	604,453
In the statement of activities, interest is accrued on outstanding bonds, notes and capital leases, whereas in governmental funds, an interest expenditure is reported when due.	20,637
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss of disposed capital assets reduced by the actual proceeds received from the sale of capital assets.	(15,793)
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.	(45,560)
Change in Net Position of Governmental Activities	<u>\$ 2,047,291</u>

See accompanying notes to the basic financial statements

EXHIBIT E  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2013

	Business-type Activities
	<u>Baboosic Lake Septic Fund</u>
<b>ASSETS</b>	
Current Assets:	
Accounts receivable	\$ 15,088
Total Current Assets	<u>15,088</u>
Noncurrent Assets:	
Capital assets:	
Depreciable capital assets, net	<u>1,053,452</u>
Total Noncurrent Assets	<u>1,053,452</u>
Total Assets	<u>1,068,540</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total Deferred Outflows of Resources	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,068,540</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 17,427
Accrued expenses	7,836
Due to other funds	163,360
Current portion of notes payable	<u>45,155</u>
Total Current Liabilities	<u>233,778</u>
Noncurrent Liabilities:	
Notes payable	<u>387,108</u>
Total Noncurrent Liabilities	<u>387,108</u>
Total Liabilities	<u>620,886</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Total Deferred Inflows of Resources	<u>-</u>
<b>NET POSITION</b>	
Net investment in capital assets	621,189
Unrestricted (deficit)	<u>(173,535)</u>
Total Net Position	<u>447,654</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,068,540</u>

*See accompanying notes to the basic financial statements*

EXHIBIT F  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
For the Year Ended June 30, 2013

	Business-type Activities
	<u>Baboosic Lake Septic Fund</u>
Operating revenues:	
Charges for services	\$ 90,011
Total operating revenues	<u>90,011</u>
Operating expenses:	
Cost of operations	25,910
Depreciation	<u>103,478</u>
Total operating expenses	<u>129,388</u>
Operating loss	<u>(39,377)</u>
Non-operating (expenses):	
Interest expense	<u>(16,468)</u>
Net non-operating (expenses)	<u>(16,468)</u>
Change in net position	(55,845)
Total net position at beginning of year, as restated	<u>503,499</u>
Total net position at end of year	<u>\$ 447,654</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, 2013

	Business-type Activities <u>Baboosic Lake Septic Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 87,737
Cash paid to suppliers	<u>(22,479)</u>
Net cash provided by operating activities	<u>65,258</u>
Cash flows from capital financing activities:	
Principal paid on long-term debt	(45,155)
Interest paid on long-term debt	<u>(16,468)</u>
Net cash used for capital financing activities	<u>(61,623)</u>
Net increase in cash and cash equivalents	3,635
Cash and cash equivalents (deficiency) at beginning of year	<u>(166,995)</u>
Cash and cash equivalents (deficiency) at end of year	<u><u>\$ (163,360)</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (39,377)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	103,478
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable	(2,274)
Accounts payable	<u>3,431</u>
Net cash provided by operating activities	<u><u>\$ 65,258</u></u>

*See accompanying notes to the basic financial statements*

EXHIBIT H  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2013

	Private- Purpose <u>Trust Funds</u>	Agency <u>Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents		\$ 202,432
Investments	\$ 1,136,953	626,239
Total Assets	<u>1,136,953</u>	<u>\$ 828,671</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Total Deferred Outflows of Resources	<u>-</u>	
Total Assets and Deferred Outflows of Resources	<u>\$ 1,136,953</u>	
<b>LIABILITIES</b>		
Due to other governments		\$ 626,239
Due to others		202,432
Total Liabilities	<u>\$ -</u>	<u>\$ 828,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total Deferred Inflows of Resources	<u>-</u>	
<b>NET POSITION</b>		
Held in trust	<u>1,136,953</u>	
Total Net Position	<u>1,136,953</u>	
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,136,953</u>	

*See accompanying notes to the basic financial statements*

EXHIBIT I  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
For the Year Ended June 30, 2013

	Private- Purpose <u>Trust Funds</u>
ADDITIONS:	
Investment earnings:	
Interest	\$ 27,663
Realized gains on investments	104,794
Net decrease in the fair value of investments	<u>(37,020)</u>
Total Investment Earnings	<u>95,437</u>
Total Additions	<u>95,437</u>
DEDUCTIONS:	
Benefits	15,000
Administrative expenses	<u>2,689</u>
Total Deductions	<u>17,689</u>
Change in net position	77,748
Net position - beginning of year	<u>1,059,205</u>
Net position - end of year	<u>\$ 1,136,953</u>

*See accompanying notes to the basic financial statements*

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

During the year ended June 30, 2013, the Town implemented GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*” Under this new standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets.

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

The statement of net position 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 position 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.



**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

**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 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 deferred outflows of resources, and liabilities and deferred inflows of resources 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 position, 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.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

**3. Fiduciary Funds:**

Fiduciary fund reporting focuses on net position and changes in net position. 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 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

**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, deferred outflows of resources, current liabilities and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**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. Unearned Revenue:**

Unearned 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 unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned 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.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

***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 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, 2013, the Town applied \$200,000 of its unassigned fund balance to reduce taxes.

***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
	Lake Septic
	<u>Fund</u>
Due to other funds	<u>\$ 163,360</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, 2013 are recorded as receivables net of reserves for estimated uncollectibles of \$210,249.

***Accounts Receivable***

Accounts receivable are recorded net of reserves for estimated uncollectibles of \$63,350 in the General Fund.

***Prepaid Expenses***

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items.

***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.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

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

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

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 Position***

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets 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 position is 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. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that is not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions 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, 2013**

- 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, 2013**

**NOTE 2—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$1,568,504,100 as of April 1, 2012) and are due in two installments on July 2, 2012 and December 13, 2012. 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 dedeed 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 \$18,886,100, \$12,717,212 and \$1,825,243 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, 2013 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, 2013.

***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, 2013**

***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, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 19,106,061
Investments	2,894,164
Restricted cash	8,369
Statement of Fiduciary Net Position:	
Cash and cash equivalents	202,432
Investments	1,763,192
	<u>\$ 23,974,218</u>

Deposits and investments at June 30, 2013 consist of the following:

Cash on hand	\$ 10,793
Deposits with financial institutions	19,660,128
Investments	4,303,297
	<u>\$ 23,974,218</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, 2013**

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	<u>\$ 883,514</u>	<u>\$ 51,565</u>	<u>\$ 717,646</u>	<u>\$ 114,303</u>

***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:

	Investment Type			
	Corporate	Money	Market	
	Bonds	Mutual	Mutual	Totals
		Funds	Funds	
Ratings as of Year End				
A1	\$ 219,450			\$ 219,450
A2	340,063			340,063
A3	218,473			218,473
BAA2	105,528			105,528
Not Rated		\$ 1,563,556	\$ 166,946	1,730,502
Fair Value	<u>\$ 883,514</u>	<u>\$ 1,563,556</u>	<u>\$ 166,946</u>	<u>\$ 2,614,016</u>

***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, 2013**

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, \$18,848,764 was collateralized by securities held by the bank in the bank's name.

As of June 30, 2013, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

	Reported <u>Amount</u>
Corporate bonds	\$ 883,514
Equity securities	1,689,281
Money market mutual funds	1,563,556
Mutual funds	<u>166,946</u>
	<u>\$ 4,303,297</u>

**NOTE 5—CAPITAL ASSETS**

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

	(as restated) Balance <u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2013</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 7,625,170	\$ 125,686		\$ 7,750,856
Library books	2,885,544	57,240		2,942,784
Works of art	22,079			22,079
Construction in progress	<u>3,046,504</u>	<u>2,761,961</u>	<u>\$(4,797,749)</u>	<u>1,010,716</u>
Total capital assets not being depreciated	<u>13,579,297</u>	<u>2,944,887</u>	<u>(4,797,749)</u>	<u>11,726,435</u>
Other capital assets:				
Infrastructure	1,267,707	4,797,749		6,065,456
Land improvements	565,106			565,106
Buildings and improvements	2,943,466			2,943,466
Vehicles and equipment	5,649,178	358,587	(79,543)	5,928,222
Library media	<u>344,895</u>			<u>344,895</u>
Total other capital assets at historical cost	<u>10,770,352</u>	<u>5,156,336</u>	<u>(79,543)</u>	<u>15,847,145</u>
Less accumulated depreciation for:				
Infrastructure	(115,587)	(185,314)		(300,901)
Land improvements	(144,490)	(37,486)		(181,976)
Buildings and improvements	(957,277)	(76,016)		(1,033,293)
Vehicles and equipment	(4,456,378)	(251,841)	63,750	(4,644,469)
Library media	<u>(164,502)</u>	<u>(14,888)</u>		<u>(179,390)</u>
Total accumulated depreciation	<u>(5,838,234)</u>	<u>(565,545)</u>	<u>63,750</u>	<u>(6,340,029)</u>
Total other capital assets, net	<u>4,932,118</u>	<u>4,590,791</u>	<u>(15,793)</u>	<u>9,507,116</u>
Total capital assets, net	<u>\$ 18,511,415</u>	<u>\$ 7,535,678</u>	<u>\$(4,813,542)</u>	<u>\$ 21,233,551</u>

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 31,611
Public safety	100,537
Highways and streets	352,641
Sanitation	750
Culture and recreation	80,006
Total governmental activities depreciation expense	<u>\$ 565,545</u>

The balance of the assets acquired through capital leases as of June 30, 2013 is as follows:

Vehicles and equipment	\$ 319,689
Less accumulated depreciation for:	
Vehicles and equipment	<u>(116,729)</u>
	<u>\$ 202,960</u>

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

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013
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>(395,069)</u>	<u>(103,478)</u>		<u>(498,547)</u>
Total accumulated depreciation	<u>(395,069)</u>	<u>(103,478)</u>	<u>-</u>	<u>(498,547)</u>
Total other capital assets, net	<u>1,156,930</u>	<u>(103,478)</u>	<u>-</u>	<u>1,053,452</u>
Total capital assets, net	<u>\$ 1,156,930</u>	<u>\$ (103,478)</u>	<u>\$ -</u>	<u>\$ 1,053,452</u>

Depreciation expense was charged to the proprietary fund as follows:

Baboosic Lake Septic Fund	<u>\$ 103,478</u>
---------------------------	-------------------

**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.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

***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, 2013, 2012, and 2011 were \$286,442, \$298,889, and \$222,763, 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. The retirement eligibility requirements for general employees and police officers who are members of the New Hampshire Retirement System (NHRS) have changed for those hired on/after July 1, 2011.

The retiree health benefits eligibility requirements remained unchanged for those general employees and police officers hired prior to July 1, 2011. For general employees (Groups I) covered by the 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 public safety officers (Group II), the employee must reach the age of 45 with 20 years of service or reach the age of 60 to qualify for this benefit.

For general employees (Group I) covered by the NHRS and hired on/after July 1, 2011, the employee must reach the age of 60 with 30 years of service or reach the age of 65 to qualify for this benefit. For public safety officers (Group II) hired on/after July 1, 2011, the employee must reach the age of 50 with 25 years of service or reach the age of 60 to qualify for this benefit.

For general employees that are 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.

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, 2012, the actuarial valuation date, approximately 3 retirees and 59 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

***Annual OPEB Costs***

The Town's fiscal 2013 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, 2013**

June 30, 2013 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, 2012 is as follows:

Annual Required Contribution (ARC)	\$ 109,844
Interest on Net OPEB obligation (NOO)	5,912
NOO Amortization adjustment to ARC	<u>(5,874)</u>
Annual OPEB cost	109,882
Contributions made	<u>(64,322)</u>
Increase in Net OPEB obligation	45,560
Net OPEB obligation - beginning of year	<u>147,805</u>
Net OPEB obligation - end of year	<u>\$ 193,365</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, 2013, 2012 and 2011 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 109,882	58.6%	\$ 193,365
6/30/2012	\$ 114,601	61.8%	\$ 147,805
6/30/2011	\$ 115,915	53.4%	\$ 104,013

The Town's net OPEB obligation as of June 30, 2013 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, 2012, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 1,212,589
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,212,589</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 3,192,264
UAAL as a percentage of covered payroll	38.0%

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 RP-2000 Combined Mortality Table fully generational using scale AA. 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

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

changes in future health costs due to the passage of the 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, 2012 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 9.0% initially, and then reduced by .5% decrements to an ultimate rate of 5.0% after 9 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, 2013 are as follows:

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 80,000		\$ (80,000)	\$ -	\$ -
Notes payable	2,115,377	\$ 2,363,732	(430,822)	4,048,287	430,822
Capital leases payable	246,628		(93,631)	152,997	69,600
Total governmental activities	<u>\$ 2,442,005</u>	<u>\$ 2,363,732</u>	<u>\$ (604,453)</u>	<u>\$ 4,201,284</u>	<u>\$ 500,422</u>
<b>Business-type activities:</b>					
Notes payable	\$ 477,418		\$ (45,155)	\$ 432,263	\$ 45,155
Total business-type activities	<u>\$ 477,418</u>	<u>\$ -</u>	<u>\$ (45,155)</u>	<u>\$ 432,263</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, 2013**

*Notes Payable*

Governmental Activities:

Notes payable for governmental activities at June 30, 2013 are comprised of the following individual issues:

\$1,825,000 Road Reconstruction Notes due in annual installments of \$121,667 through June 2026; interest at 3.67%	\$ 1,581,667
\$500,000 Spring Road Notes due in annual installments of \$50,000 through August 2020; interest at 3.02%	400,000
\$300,000 OSAC Land Notes due in annual installments of \$30,000 through October 2017; interest at 3.56%	150,000
\$291,554 Tanker Notes due in annual installments of \$29,155 through July 2016; interest at 4.45%	116,620
\$2,000,000 Road Reconstruction Notes due in annual installments of \$200,000 through June 2022; interest at 2.95%	<u>1,800,000</u>
	<u>\$ 4,048,287</u>

Debt service requirements to retire the notes payable for governmental activities at June 30, 2013 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 430,822	\$ 132,569	\$ 563,391
2015	430,822	118,328	549,150
2016	430,822	104,088	534,910
2017	430,821	89,871	520,692
2018	401,667	76,261	477,928
2019-2023	1,558,333	202,019	1,760,352
2024-2026	<u>365,000</u>	<u>26,791</u>	<u>391,791</u>
	<u>\$4,048,287</u>	<u>\$ 749,927</u>	<u>\$ 4,798,214</u>

As included on the Statement of Activities (Exhibit B), interest for the year ended June 30, 2013 was \$115,761 on notes payable for governmental activities.

Business-type Activities:

Notes payable at June 30, 2013 are comprised of the following individual issues:



**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

\$178,500 Baboosic Lake Septic Notes due in annual installments of \$11,900 through September 2022; interest at 4.20%.	\$ 119,000
\$132,278 Baboosic Lake Septic Notes due in annual installments of \$13,228 through July 2016; interest at 4.45%.	52,912
\$170,700 Baboosic Lake Septic Notes due in annual installments of \$11,380 through August 2025; interest at 3.17%.	147,940
\$258,039 Baboosic Lake Septic Notes due in annual installments of \$8,647 through April 2026; interest at 2.91%.	
A total of \$128,334 of principal was forgiven at the time of the initial payment.	<u>112,411</u>
	<u>\$ 432,263</u>

Debt service requirements to retire the notes payable for business-type activities at June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Totals
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	31,927	8,260	40,187
2019-2023	159,635	24,625	184,260
2024-2026	60,081	3,676	63,757
	<u>\$ 432,263</u>	<u>\$ 85,435</u>	<u>\$ 517,698</u>

As included on the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (Exhibit F), interest expense for the year ended June 30, 2013 was \$16,468 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, 2013:

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

Highway equipment lease, due in annual installments of \$7,056, including interest at 4.07% through August 2014	\$ 13,294
Highway equipment lease, due in annual installments of \$39,976, including interest at 2.85% through January 2016	113,320
Vehicle lease, due in annual installments of \$27,132, including interest at 2.84% through October 2013	<u>26,383</u>
	<u>\$ 152,997</u>

Debt service requirements to retire capital lease obligations outstanding at June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2014	\$ 69,600	\$ 4,563	\$ 74,163
2015	44,543	2,489	47,032
2016	38,854	1,122	39,976
	<u>\$ 152,997</u>	<u>\$ 8,174</u>	<u>\$ 161,171</u>

***Authorized and Unissued Debt***

As of June 30, 2013, the Town had the following debt authorized and unissued:

Road reconstruction	\$ 10,675,000
Open space land	5,200,000
Bridge replacement	2,100,260
Baboosic Lake Septic	129,795
Baboosic Lake Community Septic	<u>166,961</u>
	<u>\$ 18,272,016</u>

**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, 2013 are as follows:

	General Fund	Due from			Totals
		Road Construction Fund	Nonmajor Governmental Funds	Baboosic Lake Septic Fund	
General Fund		\$ 252,710	\$ 31,973	\$ 163,360	\$ 448,043
Nonmajor Governmental Funds	<u>\$ 405,127</u>				<u>405,127</u>
	<u>\$ 405,127</u>	<u>\$ 252,710</u>	<u>\$ 31,973</u>	<u>\$ 163,360</u>	<u>\$ 853,170</u>

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

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, 2013 are as follows:

	General Fund	Transfer from Nonmajor Governmental Funds		Totals
Transfer to General Fund		\$ 40,000		\$ 40,000
Nonmajor Governmental Funds	\$ 19,600			19,600
	<u>\$ 19,600</u>	<u>\$ 40,000</u>		<u>\$ 59,600</u>

**NOTE 10—RESTRICTED NET POSITION**

Net position is restricted for specific purposes at June 30, 2013 as follows:

Endowments - principal	\$ 1,600,120
Endowments - income	330,517
Open space land	110,717
Miscellaneous grants and donations	23,017
	<u>\$ 2,064,371</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, 2013, the Town held performance deposits totaling \$141,500.

**NOTE 12—COMPONENTS OF FUND BALANCE**

The components of the Town's fund balance for its governmental funds at June 30, 2013 are as follows:

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

<u>Fund Balances</u>	<u>General Fund</u>	<u>Road Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>				
Prepaid expenses	\$ 1,804			\$ 1,804
Endowments			\$ 1,600,120	1,600,120
Inventory	29,943			29,943
<b>Restricted for:</b>				
Endowments - income			330,517	330,517
Open space land	110,717			110,717
Miscellaneous grants and donations	18,036		4,981	23,017
<b>Committed for:</b>				
Recreation Fund			210,066	210,066
Peabody Mill Environmental Center Fund			159,115	159,115
Police Detail Revolving Fund			40,002	40,002
Conservation Commission Fund			289,686	289,686
Capital Reserves Fund	624,809			624,809
Land Use Change Tax Fund	98,794			98,794
<b>Assigned for:</b>				
Encumbrances	65,872			65,872
Designated to offset subsequent fiscal year tax rate	200,000			200,000
Library Fund			127,814	127,814
Town Band Fund			4,943	4,943
Recycle Fund	1,730			1,730
Rescue Fund	118			118
Friends of the Orchard Fund	4,345			4,345
<b>Unassigned (deficit):</b>				
Road construction		\$ (591,378)		(591,378)
General Fund operations	2,874,737			2,874,737
	<u>\$ 4,030,905</u>	<u>\$ (591,378)</u>	<u>\$ 2,767,244</u>	<u>\$ 6,206,771</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, which was modified in January 2013. Per the original agreement, this note had an interest rate of 3.15% and was to mature on July 13, 2027. Effective January 2013, this note has an interest rate of 2.50% and matures on July 13, 2028. No funds have been drawn down against this note payable as of June 30, 2013.

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 30, 2013. Subsequent to year end (see Note 15), funds have been drawn down against this note payable.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2013**

***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**

***Government-Wide Statements***

During the year ended June 30, 2013, management reviewed the road reconstruction activity and determined that the construction in progress and the net book value of the capitalized infrastructure were understated. In addition, various parcels of land below the Town's capitalization threshold had been included in capital assets.

During the year ended June 30, 2013, it was also determined that the interfund balance between the General Fund and the Baboosic Lake Septic Fund was understated.

The impact of the restatement on the governmental activities and business-type activities is as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Net Position - July 1, 2012 (as previously reported)	\$ 20,537,070	\$ 616,859
Amount of restatement due to:		
Understatement of the net book value of capital assets	691,944	
Understatement of internal balances	<u>113,360</u>	<u>(113,360)</u>
Net Position - July 1, 2012, as restated	<u>\$ 21,342,374</u>	<u>\$ 503,499</u>

***Fund Financial Statements***

During the year ended June 30, 2013, it was determined that the interfund balance between the General Fund and the Baboosic Lake Septic Fund was understated. The impact of this restatement is as follows:

	General <u>Fund</u>	Baboosic Lake Septic <u>Fund</u>
Fund Balance/Net Position - July 1, 2012 (as previously reported)	\$ 3,341,185	\$ 616,859
Amount of restatement due to:		
Understatement of due from/(due to) other funds	<u>113,360</u>	<u>(113,360)</u>
Fund Balance/Net Position - July 1, 2012, as restated	<u>\$ 3,454,545</u>	<u>\$ 503,499</u>

**NOTE 15—SUBSEQUENT EVENT**

During November 2013, the Town has drawn down \$2,000,000 on an existing note payable for road construction. These notes have an interest rate of 2.25% and mature June 2023.

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 7,398,737	\$ 7,398,737	\$ 7,462,745	\$ 64,008
Licenses and permits	2,338,650	2,338,650	2,500,291	161,641
Intergovernmental	853,810	876,877	978,978	102,101
Charges for services	370,164	370,164	409,141	38,977
Interest income	5,000	5,000	17,656	12,656
Miscellaneous	9,000	9,000	33,477	24,477
Total Revenues	<u>10,975,361</u>	<u>10,998,428</u>	<u>11,402,288</u>	<u>403,860</u>
Expenditures:				
Current operations:				
General government	1,800,433	1,994,861	1,871,484	123,377
Public safety	3,533,997	3,452,633	3,386,910	65,723
Highways and streets	3,175,706	3,133,035	2,847,737	285,298
Sanitation	577,358	587,743	561,334	26,409
Health and welfare	104,047	109,047	91,172	17,875
Culture and recreation	1,164,658	1,173,758	1,141,807	31,951
Capital outlay	99,088	149,946	138,250	11,696
Debt service:				
Principal retirement	510,824	510,825	510,822	3
Interest and fiscal charges	220,969	149,157	136,018	13,139
Total Expenditures	<u>11,187,080</u>	<u>11,261,005</u>	<u>10,685,534</u>	<u>575,471</u>
Excess revenues over (under) expenditures	<u>(211,719)</u>	<u>(262,577)</u>	<u>716,754</u>	<u>979,331</u>
Other financing sources (uses):				
Transfers in	50,000	100,858	92,538	(8,320)
Transfers out	<u>(71,600)</u>	<u>(71,600)</u>	<u>(71,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>(21,600)</u>	<u>29,258</u>	<u>20,938</u>	<u>(8,320)</u>
Net change in fund balance	(233,319)	(233,319)	737,692	971,011
Fund balance at beginning of year, as restated				
- Budgetary Basis	<u>3,017,717</u>	<u>3,017,717</u>	<u>3,017,717</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 2,784,398</u>	<u>\$ 2,784,398</u>	<u>\$ 3,755,409</u>	<u>\$ 971,011</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, 2013

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability (AAL) - Projected Unit <u>Credit</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
7/1/2009	\$ -	\$ 1,255,353	\$ 1,255,353	0%	\$ 3,265,756	38.4%
7/1/2012	\$ -	\$ 1,212,589	\$ 1,212,589	0%	\$ 3,192,264	38.0%

*See accompanying notes to the required supplementary information*

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2013**

**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 fiscal year. Budgetary revenues and expenditures were adjusted for non-budgetary revenues and expenditures and budgetary transfers.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 11,519,850	\$ 10,943,490
Difference in property taxes meeting susceptible to accrual criteria	(62,132)	
Compensated absences payable, June 30, 2012		284,796
Compensated absences payable, June 30, 2013		(286,774)
Encumbrances, June 30, 2012		(314,113)
Encumbrances, June 30, 2013		65,872
Activity recognized in the prior fiscal year and budgeted in the current fiscal year		16,700
Non-budgetary revenues and expenditures	(15,430)	(4,837)
Budgetary transfers	52,538	52,000
Per Schedule 1	<u>\$ 11,494,826</u>	<u>\$ 10,757,134</u>

**NOTE 2—BUDGETARY FUND BALANCES**

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

<b>Nonspendable:</b>	
Prepaid expenses	\$ 1,804
Inventory	29,943
Tax deeded property	10,923
<b>Assigned:</b>	
Designated to offset subsequent fiscal year tax rate	200,000
<b>Unassigned</b>	<u>3,512,739</u>
	<u>\$ 3,755,409</u>



**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**June 30, 2013**

**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 reports. Additional disclosures will be made as the information becomes available.

SCHEDULE I  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2013

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b>Pass Through Payments from Community Development</b>		
<b>Finance Authority</b>		
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii #11-112-CDHS	14.228	\$ 498,149
Sustainable Communities Regional Planning Grant Program #CCPNH0061-11	14.703	9,375
<b>Total Department of Housing and Urban Development</b>		<u>507,524</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Pass Through Payments from the New Hampshire</b>		
<b>Department of Transportation</b>		
Highway Planning and Construction #X-A002(272)	20.205	14,540
State and Community Highway Safety #304-13A-023	20.600	280
<b>Total Department of Transportation</b>		<u>14,820</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>		
<b>Pass Through Payments from the New Hampshire Department</b>		
<b>of Safety</b>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters) #FEMA-3360-EM-NH	97.036	50,300
Emergency Management Performance Grants	97.042	43,700
<b>Total Department of Homeland Security</b>		<u>94,000</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 616,344</u>

*See notes to schedule of expenditures of federal awards*

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2013

**NOTE 1—GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Amherst, New Hampshire. The Town's reporting entity is defined in Note 1 of the Town's basic financial statements. All federal funds are included on the schedule.

**NOTE 2—BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the Town's basic financial statements.

**NOTE 3—RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The recognition of expenditures of federal awards has been reported in the Town's basic financial statements as intergovernmental revenues in the governmental funds as follows:

Major Governmental Fund:	
General Fund	\$ 118,195
Nonmajor Governmental Funds	<u>498,149</u>
	<u>\$ 616,344</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Board of Selectmen  
Town of Amherst, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Amherst, New Hampshire as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Amherst, New Hampshire's basic financial statements, and have issued our report thereon dated February 5, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Amherst, New Hampshire's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Amherst, New Hampshire's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Amherst, New Hampshire's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness (see finding #2013-01).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with

governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies (see findings #2013-02 and #2013-03).

### **Compliance and Other Matters**

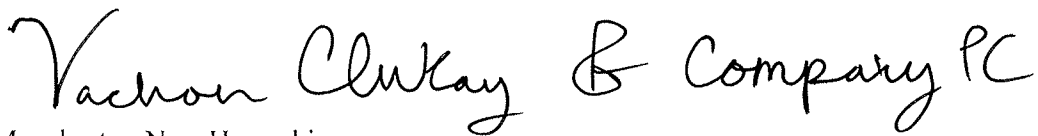
As part of obtaining reasonable assurance about whether the Town of Amherst, New Hampshire's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Management's Response to Findings**

The Town of Amherst, New Hampshire's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Town of Amherst, New Hampshire's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vachon Clukey & Company PC". The signature is written in a cursive, flowing style.

Manchester, New Hampshire  
February 5, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditor's Report

To the Board of Selectmen  
Town of Amherst, New Hampshire

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Amherst, New Hampshire's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Town of Amherst, New Hampshire's major federal program for the year ended June 30, 2013. The Town of Amherst, New Hampshire's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Town of Amherst, New Hampshire's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Amherst, New Hampshire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town of Amherst, New Hampshire's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town of Amherst, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2013.



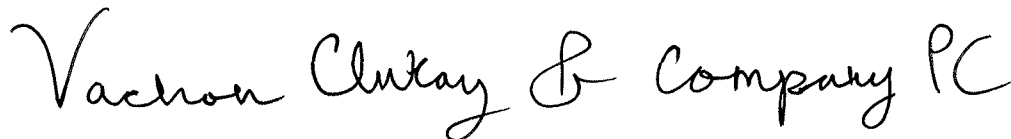
## Report on Internal Control Over Compliance

Management of the Town of Amherst, New Hampshire is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Amherst, New Hampshire's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Amherst, New Hampshire's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vachon Clutney & Company PC". The signature is written in a cursive, flowing style.

Manchester, New Hampshire  
February 5, 2014

**Town of Amherst, New Hampshire**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

**Section I—Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified - all reporting units  
Internal control over financial reporting:  
    Material weakness(es) identified?                      X   yes                           no  
    Significant deficiency(ies) identified  
        not considered to be material weaknesses?                      X   yes                           no  
Noncompliance material to financial statements noted?                           yes                      X   no

**Federal Awards**

Internal Control over major programs:  
    Material weakness(es) identified?                           yes                      X   no  
    Significant deficiency(ies) identified  
        not considered to be material weaknesses?                           yes                      X   none reported

Type of auditor's report issued on compliance  
    for major programs: Unmodified

Any audit findings disclosed that are required  
    to be reported in accordance with  
    Circular A-133, Section .510(a)?                           yes                      X   no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B program: \$ 300,000.

Auditee qualified as low-risk auditee?                           yes                      X   no



## **Section II—Financial Statement Findings**

The following findings relating to the internal control structure are required to be reported by GAGAS.

### **Finding #2013-01 – Payroll Disbursements**

**Criteria or specific requirement:** A key element of internal controls is to have a proper segregation of duties among employees to allow for a system of checks and balances.

**Condition:** The town's finance director currently has access to several functions associated with the town's payroll, which is contrary to the concept of a proper segregation of duties.

**Context:** Our procedures on the payroll transaction cycle indicated that the finance director has access to several functions associated with the town's payroll. The finance director currently has the authority to do the following: change approved pay rates within the software, process payroll transactions, and transmit direct deposit payroll information to the bank.

We also noted several instances in which an employee's time sheet was not formally approved by a department head.

**Effect:** The controls over cash are weakened as unauthorized payments may be issued. In addition, without approved time sheets, there is an increased risk that an employee will submit an overstated time sheet that will go undetected. The Selectmen are responsible for establishing and maintaining appropriate internal control procedures to ensure the safeguarding of all Town assets.

**Cause:** Payroll expenditures for the year ending June 30, 2013 amounted to approximately \$4,400,000. There is an increased risk that unauthorized payroll payments will be issued and not detected in a timely manner.

**Recommendation:** We recommend that the Board of Selectmen establish a policy to increase the controls over payroll disbursements. Although a majority of the Board reviews the payroll manifests, there is an increased risk that the payroll approved by the Board will not agree to the data electronically submitted to the bank. The duties of compiling the direct deposit information and submitting the information to the bank should be segregated.

We also recommend that any unauthorized time sheets be returned to the department heads. No payroll should be processed from incomplete forms.

**Views of Responsible Officials and Planned Corrective Actions:** The current Finance Department is staffed with 1.5 FTEs. The Finance Director is currently working on training the part-time staff with entering the timesheets which was being done by the Finance Director. Once the timesheets are entered into the payroll software by the staff member, the Finance Director reviews the timesheet journal against the data input sheets for accuracy. Once reviewed, the timesheet journal is sent back to the staff member to finish the payroll process. The Finance Director then transmits the data to the bank printing out bank reports showing the transfer amounts. One addition to the Payroll Manifest that was implemented in FY13 was the addition of a summary sheet. The summary shows the range of checks cut and the dollar amount, the direct deposit amount, the payroll taxes and the amount to fund the 457(b) retirement account. The source reports for the summary sheet as well as the bank reports are attached to the Payroll Manifest for the Board of Selectmen to review and sign.

### **Finding #2013-02 – Capital Asset Records**

***Criteria or specific requirement:*** Accounting principles generally accepted in the United States of America require capital assets, net of accumulated depreciation to be reported in the financial statements.

***Condition:*** The Town's capital asset software is unreliable and requires duplicate effort by the finance director to produce capital asset reports. The necessity to export data to an excel spreadsheet to remove disposed assets and print reports diminishes the value of having the capital asset software.

***Context:*** Updating information in the capital asset software and then exporting the information to separate excel spreadsheets is inefficient. As of June 30, 2013, the Town's capital assets, net of accumulated depreciation, were \$21,233,551 and \$1,053,452 in its governmental activities and business-type activities, respectively.

***Effect:*** The Town's capital asset software is also not integrated with the Town's financial software contributing to an understatement of construction in progress and infrastructure balances as of June 30, 2012.

***Cause:*** The Town's annual audit is consistently delayed due to the inability to produce reliable capital asset figures.

***Recommendation:*** Financial reporting systems are an integral part of financial management. We recommend that the Town consider either updating the current software to a recent version or acquiring a new capital asset software program.

***Views of Responsible Officials and Planned Corrective Actions:*** For FY14, the Town is planning to replace the finance software which will include the capital asset system. As noted, the current software is not fully integrated with the general ledger and the report writer is also separate from the accounting system as well. Invoices have to be manually flagged as capital assets then entered manually into the capital asset system which slows down the processing time and increases the potential for errors. The new software will be fully integrated with a report writer. Updating the capital asset module will be done in real-time by flagging capital asset invoices while going through the accounts payable process and sending the data directly to the capital asset program thus eliminating double entries. The year-end process will be greatly shortened and generate more accurate reports.

### **Finding #2013-03 – Accounts Payable Reconciliation**

***Criteria or specific requirement:*** The accounts payable balances in the general ledger were not reconciled during the year.

***Condition:*** The accounts payable module within the Town's accounting system does not provide reliable reports. There are unidentified programming errors which produce incorrect total figures on requested subsidiary general ledger reports.

***Context:*** The accounts payable balance of the various town funds did not reconcile with the detailed listing produced from the payable module of the accounting software system. Further analysis identified that the accounts payable detailed report did not properly add to the amount indicated on the report.

***Effect:*** The controls over the Town's financial reporting are weakened. The accounts payable module within the Town's accounting system does not provide reliable reports.

***Cause:*** Additional time was necessary to substantiate the recorded accounts payable balance and reconcile this balance to a detailed listing. The listing provided at the audit was higher than the recorded balance by approximately \$44,000, several invoices included within the listing represented subsequent year expenditures, and this computer generated detailed listing did not properly add.

***Recommendation:*** Financial reporting systems are an integral part of financial management. We urge accounting personnel to reconcile the general ledger balance sheet accounts on a regular basis to the subsidiary reports to detect any errors or omissions in a timely fashion. We also recommend that the Town consider either updating the current software to a recent version or acquiring a new accounting software program.

***Views of Responsible Officials and Planned Corrective Actions:*** For FY14, the Town is planning to replace the finance software which includes the accounts payable system. Currently, the system utilizes a separate report writer that runs into conflicts with newer programs. The result is reports that do not compile properly and don't reflect what the general ledger has for an open payable balance. Again, the new software will be more integrated with a report writer and will produce more accurate reports.

### **Section III—Federal Award Findings and Questioned Costs**

There were no findings and questioned costs as defined under OMB Circular A-133 .510(a).

SCHEDULE A  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
June 30, 2013

	Special Revenue Funds	Permanent Funds	Combining Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 182,520		\$ 182,520
Investments	273,956	\$ 1,962,610	2,236,566
Accounts receivable	10,179		10,179
Due from other funds	405,127		405,127
Total Assets	<u>871,782</u>	<u>1,962,610</u>	<u>2,834,392</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 871,782</u>	<u>\$ 1,962,610</u>	<u>\$ 2,834,392</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 35,175		\$ 35,175
Due to other funds		\$ 31,973	31,973
Total Liabilities	<u>35,175</u>	<u>31,973</u>	<u>67,148</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable		1,600,120	1,600,120
Restricted	4,981	330,517	335,498
Committed	698,869		698,869
Assigned	132,757		132,757
Total Fund Balances	<u>836,607</u>	<u>1,930,637</u>	<u>2,767,244</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 871,782</u>	<u>\$ 1,962,610</u>	<u>\$ 2,834,392</u>

SCHEDULE A-1  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
June 30, 2013

	Library Fund	Recreation Fund	Peabody Mill Environmental Center Fund	Police Detail Revolving Fund	Conservation Commission Fund	Town Band Fund	Miscellaneous Donations Fund	Hidden Pond Grant Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 45,927	\$ 25	\$ 9,931		\$ 108,613	\$ 4,943	\$ 4,981	\$ 8,100	\$ 182,520
Investments	93,058				180,898				273,956
Accounts receivable		413		\$ 9,766					10,179
Due from other funds		223,499	151,217	30,236	175				405,127
Total Assets	<u>138,985</u>	<u>223,937</u>	<u>161,148</u>	<u>40,002</u>	<u>289,686</u>	<u>4,943</u>	<u>4,981</u>	<u>8,100</u>	<u>871,782</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 138,985</u>	<u>\$ 223,937</u>	<u>\$ 161,148</u>	<u>\$ 40,002</u>	<u>\$ 289,686</u>	<u>\$ 4,943</u>	<u>\$ 4,981</u>	<u>\$ 8,100</u>	<u>\$ 871,782</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 11,171	\$ 13,871	\$ 2,033					\$ 8,100	\$ 35,175
Total Liabilities	<u>11,171</u>	<u>13,871</u>	<u>2,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,100</u>	<u>35,175</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>									
Restricted							4,981		4,981
Committed		210,066	159,115	40,002	289,686				698,869
Assigned	127,814					4,943			132,757
Total Fund Balances	<u>127,814</u>	<u>210,066</u>	<u>159,115</u>	<u>40,002</u>	<u>289,686</u>	<u>4,943</u>	<u>4,981</u>	<u>-</u>	<u>836,607</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 138,985</u>	<u>\$ 223,937</u>	<u>\$ 161,148</u>	<u>\$ 40,002</u>	<u>\$ 289,686</u>	<u>\$ 4,943</u>	<u>\$ 4,981</u>	<u>\$ 8,100</u>	<u>\$ 871,782</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, 2013

	Special Revenue Funds	Permanent Funds	Combining Totals
Revenues:			
Taxes	\$ 11,027		\$ 11,027
Intergovernmental	498,149		498,149
Charges for services	330,590		330,590
Interest and investment income	6,641	\$ 117,252	123,893
Miscellaneous	50,317	11,600	61,917
Total Revenues	<u>896,724</u>	<u>128,852</u>	<u>1,025,576</u>
Expenditures:			
Current operations:			
General government	498,149	5,175	503,324
Public safety	34,216		34,216
Culture and recreation	308,674	8,950	317,624
Capital outlay	<u>125,686</u>	<u></u>	<u>125,686</u>
Total Expenditures	<u>966,725</u>	<u>14,125</u>	<u>980,850</u>
Excess revenues over (under) expenditures	<u>(70,001)</u>	<u>114,727</u>	<u>44,726</u>
Other financing sources (uses):			
Transfers in	19,600		19,600
Transfers out	<u>(40,000)</u>	<u></u>	<u>(40,000)</u>
Total other financing sources (uses)	<u>(20,400)</u>	<u>-</u>	<u>(20,400)</u>
Net change in fund balances	(90,401)	114,727	24,326
Fund balances at beginning of year	<u>927,008</u>	<u>1,815,910</u>	<u>2,742,918</u>
Fund balances at end of year	<u>\$ 836,607</u>	<u>\$ 1,930,637</u>	<u>\$ 2,767,244</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, 2013

	Library Fund	Recreation Fund	Peabody Mill Environmental Center Fund	Police Detail Revolving Fund	Conservation Commission Fund	Town Band Fund	Miscellaneous Donations Fund	Hidden Pond Grant Fund	Total Nonmajor Special Revenue Funds
Revenues:									
Taxes					\$ 11,027				\$ 11,027
Intergovernmental								\$ 498,149	498,149
Charges for services	\$ 2,224	\$ 246,628	\$ 42,354	\$ 39,384					330,590
Interest and investment income	5,784		3		851	\$ 2	\$ 1		6,641
Miscellaneous	26,866	3,700	50		15,352	3,534	815		50,317
Total Revenues	<u>34,874</u>	<u>250,328</u>	<u>42,407</u>	<u>39,384</u>	<u>27,230</u>	<u>3,536</u>	<u>816</u>	<u>498,149</u>	<u>896,724</u>
Expenditures:									
Current operations:									
General government								498,149	498,149
Public safety				33,514			702		34,216
Culture and recreation	57,969	186,862	56,407		4,121	3,315			308,674
Capital outlay					125,686				125,686
Total Expenditures	<u>57,969</u>	<u>186,862</u>	<u>56,407</u>	<u>33,514</u>	<u>129,807</u>	<u>3,315</u>	<u>702</u>	<u>498,149</u>	<u>966,725</u>
Excess revenues over (under) expenditures	<u>(23,095)</u>	<u>63,466</u>	<u>(14,000)</u>	<u>5,870</u>	<u>(102,577)</u>	<u>221</u>	<u>114</u>	<u>-</u>	<u>(70,001)</u>
Other financing sources (uses):									
Transfers in			19,600						19,600
Transfers out					(40,000)				(40,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>19,600</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,400)</u>
Net change in fund balances	(23,095)	63,466	5,600	5,870	(142,577)	221	114	-	(90,401)
Fund balances at beginning 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>-</u>	<u>927,008</u>
Fund balances at end of year	<u>\$ 127,814</u>	<u>\$ 210,066</u>	<u>\$ 159,115</u>	<u>\$ 40,002</u>	<u>\$ 289,686</u>	<u>\$ 4,943</u>	<u>\$ 4,981</u>	<u>\$ -</u>	<u>\$ 836,607</u>

SCHEDULE C  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Combining Statement of Assets and Liabilities**  
**Fiduciary Funds - All Agency Funds**  
June 30, 2013

	School Agency <u>Funds</u>	Performance Bond Agency <u>Funds</u>	Combining <u>Totals</u>
ASSETS			
Cash and cash equivalents		\$ 202,432	\$ 202,432
Investments	<u>\$ 626,239</u>		<u>626,239</u>
Total Assets	<u>\$ 626,239</u>	<u>\$ 202,432</u>	<u>\$ 828,671</u>
LIABILITIES			
Due to other governments	\$ 626,239		\$ 626,239
Due to others		\$ 202,432	202,432
Total Liabilities	<u>\$ 626,239</u>	<u>\$ 202,432</u>	<u>\$ 828,671</u>