

# TOWN OF AMHERST, NEW HAMPSHIRE

## FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021

**TOWN OF AMHERST, NEW HAMPSHIRE  
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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen  
Town of Amherst  
2 Main Street  
Amherst, New Hampshire 03031

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Town of Amherst, as of and for the fiscal year ended June 30, 2021 which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Town of Amherst, as of June 30, 2021, and the respective changes in financial position thereof, and where applicable, cash flows, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

*Change in Accounting Principle*

As discussed in Note I.B.5. to the financial statements, in the fiscal year ended June 30, 2021, the Town adopted new accounting guidance regarding the accounting and reporting for fiduciary activities. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and OPEB information on pages 3-9 and 46-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

February 3, 2022

*Roberts & Heene, PLLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Having responsibility for the financial management of the Town of Amherst ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2021.

### Financial Highlights

As of June 30, 2021, the assets of the Town exceeded its liabilities by \$35,785,592 (net position). Of this amount, the unrestricted net position is \$4,085,181.

The Town's net position increased by \$2,233,267. This was due primarily to increases in the investment in capital assets from construction and some reduction in outstanding bonds through principal payments.

As of June 30, 2021, the Town's governmental funds reported combined ending fund balances of \$12,450,257, a decrease of \$660,156 in comparison with the prior year.

As of June 30, 2021, the unassigned fund balance of the General Fund is \$6,298,273 which represents 41.9% of total General Fund expenditures and other financing sources.

During the year ended June 30, 2021, the Town's total general obligation bonded debt decreased by \$1,155,999, which represents bond principal payments.

### Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. 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 year ended June 30, 2021. 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 only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are followed by reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report.

Proprietary fund. The proprietary fund is used to account for the resources and activity of the Baboosic Septic Fund, where the intent is that expenses be covered by charges to users.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement, because the resources of those funds are not available to support the Town's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Schedules related to pensions and other post-employment benefits are in the Required Supplementary Information Section, which follows the notes. The combining statements, referred to above in connection with non-major governmental funds, and detailed General Fund schedules are presented immediately following this information.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-Wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,785,592 at June 30, 2021.

The largest portion of the Town's net position (80%) reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles and equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Town of Amherst Net Position Governmental Activities

	June 30, 2021	June 30, 2020
Governmental Activities:		
Current Assets	\$ 39,685,773	\$ 36,839,138
Capital Assets	<u>32,636,777</u>	<u>31,915,761</u>
Total Assets	72,322,550	68,754,899
Deferred Outflows of Resources	<u>1,812,070</u>	<u>974,233</u>
Current Liabilities	22,604,942	20,879,875
Long-term Liabilities	<u>11,121,384</u>	<u>10,871,310</u>
Total Liabilities	33,726,326	31,751,185
Deferred Inflows of Resources	5,137,110	5,112,594
Net Position:		
Net Investment in Capital Assets	28,346,084	26,520,757
Restricted	2,939,634	2,359,060
Unrestricted	<u>3,985,466</u>	<u>4,039,536</u>
Net Position	<u>35,271,184</u>	<u>32,919,353</u>
Business-Type Activities:		
Current Assets	108,352	97,559
Capital Assets	<u>538,628</u>	<u>448,918</u>
Total Assets	646,980	546,477
Current Liabilities	40,564	34,264
Long-term Liabilities	<u>92,008</u>	<u>123,935</u>
Total Liabilities	132,572	158,199
Net Position:		
Net Investment in Capital Assets	414,693	293,054
Unrestricted	<u>99,715</u>	<u>95,224</u>
Net Position	<u>514,408</u>	<u>388,278</u>
Total Net Position	<u>\$ 35,785,592</u>	<u>\$ 33,307,631</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Another portion of the Town's net position, \$2,939,634, represents resources that are subject to external restrictions on how they may be used.

As indicated by the schedule below, the Town's net position increased by \$2,233,267 during the year ended June 30, 2021.

### Town of Amherst Changes in Net Position

	Year Ended June 30, 2021	Year Ended June 30, 2020
Governmental Activities:		
Expenses, net of program revenue:		
General government	\$ 2,190,510	\$ 2,362,861
Public safety	4,639,473	3,833,268
Highways and streets	2,670,559	3,708,674
Sanitation	534,569	643,188
Health	52,960	42,562
Welfare	419	10,864
Culture and recreation	1,402,266	1,663,681
Conservation	34,988	(250,683)
Interest on long-term debt	111,360	142,777
Capital outlay	699,454	20,333
COVID-19	(277,910)	129,023
Total	12,058,648	12,306,548
General Revenues:		
Property taxes	9,077,643	9,464,777
Other taxes	413,410	56,083
Licenses and permits	3,519,599	2,919,364
Non-specific Grants and Contributions	671,250	663,907
Miscellaneous	587,350	670,317
Total General Revenues	14,269,252	13,774,448
Change in Net Position	2,210,604	1,467,900
Net Position, beginning of year, restated	33,060,580	31,451,453
Net Position, end of year	35,271,184	32,919,353
Business-Type Activities:		
Expenses, net of revenue	(22,663)	(38,576)
Net position, beginning of year, as restated	491,745	349,702
Net position, end of year	514,408	388,278
Total Net Position	\$ 35,785,592	\$ 33,307,631



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis of the Town's Funds

As noted above, 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, 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.

As of June 30, 2021, the Town's governmental funds reported combined fund balances of \$12,450,257, a decrease of \$660,156 in comparison to the prior year. This amount consists of: non-spendable fund balances of \$2,045,882 representing, tax deeded property for resale, prepaid expenditures, inventory and the non-spendable portion of permanent funds; restricted fund balances of \$1,027,448 representing the library fund, grants, and the expendable portion of permanent funds; committed fund balances of \$3,237,692 representing the special revenue and capital project funds; assigned fund balances of \$856,632 representing purchase orders or encumbrances authorized by the Board of Selectmen; and unassigned fund balance of \$5,282,603, representing the General Fund unassigned balance of \$6,298,273 and the deficit balances in the Roads and Bridges Capital Project Funds which equal \$1,015,670.

During the year ended June 30, 2021, the unassigned fund balance of the General Fund decreased by \$670,337.

#### Budgetary Highlights

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual demonstrates compliance with the adopted budget for the year ended June 30, 2021. Actual revenues and transfers in of the General Fund were over budgetary estimates by \$362,152, while expenditures and transfers out were \$371,342 under budget. This produced a favorable total variance of \$733,494.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2021 amounted to \$28,760,777 (net of accumulated depreciation and related long-term debt).

Investment in Capital Assets		
	June 30, 2021	June 30, 2020
Governmental activities:		
Land	\$ 8,646,280	\$ 8,646,280
Art	22,079	22,079
Construction in progress	-	620,540
Land improvements	565,106	565,106
Buildings and building improvements	4,364,449	4,268,922
Vehicles and equipment	8,107,420	7,208,248
Infrastructure	<u>22,197,449</u>	<u>20,757,558</u>
Total Investment in Capital Assets	43,902,783	42,088,733
Related Long-Term Debt	4,290,693	5,559,511
Accumulated Depreciation	<u>11,266,006</u>	<u>10,172,972</u>
Net Investment in Capital Assets	<u>28,346,084</u>	<u>26,356,250</u>
Business-Type Activities:		
Infrastructure	1,552,000	1,552,000
Related Long-Term Debt	123,935	155,862
Accumulated Depreciation	<u>1,013,372</u>	<u>999,616</u>
Net Investment in Capital Assets	<u>414,693</u>	<u>396,522</u>
 Total Net Investment in Capital Assets	 <u>\$ 28,760,777</u>	 <u>\$ 26,752,772</u>

Additional information on the Town's capital assets can be found in the notes to the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term bonded debt. As of June 30, 2021, the Town had total long-term bonded debt outstanding of \$4,223,996. The entire amount is backed by the full faith and credit of the Town.

### Long-Term Bonded Debt

	June 30, 2021	June 30, 2020
Governmental activities:		
2011 Spring Road	\$ -	\$ 50,000
2014 Road Reconstruction	400,000	600,000
2015 Road Reconstruction	600,000	800,000
2016 Refunding	1,223,996	1,529,995
2017 Road Reconstruction	2,000,000	2,400,000
	<u>\$ 4,223,996</u>	<u>\$ 5,379,995</u>

In addition, the Town has outstanding notes payable as follow:

	June 30, 2021	June 30, 2020
Business-Type Activities:		
2008 Phase II	\$ 23,800	\$ 35,700
2011 Phase III	56,900	68,280
2011 Phase IV	43,235	51,882
	<u>\$ 123,935</u>	<u>\$ 155,862</u>

There were no authorized but unissued bonds at June 30, 2021.

### Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address.

Town of Amherst  
Selectmen's Office  
2 Main Street  
Amherst, NH 03031

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 25,427,470	\$ -	\$ 25,427,470
Investments	10,050,365	-	10,050,365
Intergovernmental receivable	136,560	100,728	237,288
Other receivables, net of allowance for uncollectibles	3,966,505	22,186	3,988,691
Inventory	24,718	-	24,718
Prepaid items	39,700	-	39,700
Tax deeded property held for resale	25,893	-	25,893
Internal balances	14,562	(14,562)	-
Capital assets, not being depreciated:			
Land	8,646,280	-	8,646,280
Art	22,079	-	22,079
Capital assets, net of accumulated depreciation:			
Land improvements	81,160	-	81,160
Buildings and building improvements	2,476,256	-	2,476,256
Vehicles and equipment	2,399,698	-	2,399,698
Infrastructure	19,011,304	538,628	19,549,932
Total assets	<u>72,322,550</u>	<u>646,980</u>	<u>72,969,530</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	1,714,263	-	1,714,263
Deferred amounts related to OPEB	97,807	-	97,807
Total deferred outflows of resources	<u>1,812,070</u>	<u>-</u>	<u>1,812,070</u>
<b>LIABILITIES</b>			
Accounts payable	1,079,072	6,755	1,085,827
Accrued payroll and benefits	257,290	-	257,290
Accrued interest payable	61,887	1,882	63,769
Intergovernmental payable	20,068,237	-	20,068,237
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	1,105,999	31,927	1,137,926
Capital leases payable	17,874	-	17,874
Compensated absences payable	14,583	-	14,583
Due in more than one year:			
Bonds and notes payable	3,117,997	92,008	3,210,005
Capital leases payable	48,823	-	48,823
Compensated absences payable	349,779	-	349,779
Net pension liability	6,093,565	-	6,093,565
Other postemployment benefits liability	1,511,220	-	1,511,220
Total liabilities	<u>33,726,326</u>	<u>132,572</u>	<u>33,858,898</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	4,980,939	-	4,980,939
Deferred amounts related to pensions	75,976	-	75,976
Deferred amounts related to OPEB	80,195	-	80,195
Total deferred inflows of resources	<u>5,137,110</u>	<u>-</u>	<u>5,137,110</u>
<b>NET POSITION</b>			
Net investment in capital assets	28,346,084	414,693	28,760,777
Restricted for:			
Endowments:			
Nonexpendable	2,207,732	-	2,207,732
Expendable	299,574	-	299,574
Other purposes	432,328	-	432,328
Unrestricted	3,985,466	99,715	4,085,181
Total net position	<u>\$ 35,271,184</u>	<u>\$ 514,408</u>	<u>\$ 35,785,592</u>

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

**EXHIBIT 2**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,615,324	\$ 14,669	\$ 410,145	\$ -	\$ (2,190,510)	\$ -	\$ (2,190,510)
Public safety	5,123,119	393,455	90,191	-	(4,639,473)	-	(4,639,473)
Highways and streets	3,006,275	10,740	-	324,976	(2,670,559)	-	(2,670,559)
Sanitation	620,059	85,490	-	-	(534,569)	-	(534,569)
Health	52,960	-	-	-	(52,960)	-	(52,960)
Welfare	419	-	-	-	(419)	-	(419)
Culture and recreation	1,837,997	435,731	-	-	(1,402,266)	-	(1,402,266)
Conservation	34,988	-	-	-	(34,988)	-	(34,988)
Interest on long-term debt	111,360	-	-	-	(111,360)	-	(111,360)
Capital outlay	699,454	-	-	-	(699,454)	-	(699,454)
COVID-19	50,200	-	328,110	-	277,910	-	277,910
Total governmental activities	<u>14,152,155</u>	<u>940,085</u>	<u>828,446</u>	<u>324,976</u>	<u>(12,058,648)</u>	<u>-</u>	<u>(12,058,648)</u>
Business-type activities:							
Baboosic Septic	55,291	76,092	-	1,466	-	22,267	22,267
Total primary government	<u>\$ 14,207,446</u>	<u>\$ 1,016,177</u>	<u>\$ 828,446</u>	<u>\$ 326,442</u>	<u>(12,058,648)</u>	<u>22,267</u>	<u>(12,036,381)</u>
General revenues:							
Property taxes					9,077,643	-	9,077,643
Other taxes					413,410	-	413,410
Licenses and permits					3,519,599	-	3,519,599
Grants and contributions not restricted to specific programs					671,250	-	671,250
Miscellaneous					587,350	396	587,746
Total general revenues					<u>14,269,252</u>	<u>396</u>	<u>14,269,648</u>
Change in net position					2,210,604	22,663	2,233,267
Net position, beginning, as restated, see Note III.D.3.					33,060,580	491,745	33,552,325
Net position, ending					<u>\$ 35,271,184</u>	<u>\$ 514,408</u>	<u>\$ 35,785,592</u>

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

**EXHIBIT 3**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 22,310,123	\$ 3,117,347	\$ 25,427,470
Investments	7,566,488	2,483,877	10,050,365
Receivables, net of allowance for uncollectibles:			
Taxes	3,443,114	-	3,443,114
Accounts	237,035	2,661	239,696
Intergovernmental	218,237	-	218,237
Interfund receivable	1,063,410	341,466	1,404,876
Inventory	24,718	-	24,718
Prepaid items	83,085	-	83,085
Tax deeded property held for resale	25,893	-	25,893
Total assets	<u>\$ 34,972,103</u>	<u>\$ 5,945,351</u>	<u>\$ 40,917,454</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,035,859	\$ 43,213	\$ 1,079,072
Accrued salaries and benefits	256,863	427	257,290
Intergovernmental payable	20,068,237	-	20,068,237
Interfund payable	340,520	1,049,794	1,390,314
Total liabilities	<u>21,701,479</u>	<u>1,093,434</u>	<u>22,794,913</u>
Deferred inflows of resources:			
Deferred revenue	<u>5,672,284</u>	<u>-</u>	<u>5,672,284</u>
Fund balances:			
Nonspendable	133,696	1,912,186	2,045,882
Restricted	22,239	1,005,209	1,027,448
Committed	287,500	2,950,192	3,237,692
Assigned	856,632	-	856,632
Unassigned	6,298,273	(1,015,670)	5,282,603
Total fund balances	<u>7,598,340</u>	<u>4,851,917</u>	<u>12,450,257</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,972,103</u>	<u>\$ 5,945,351</u>	<u>\$ 40,917,454</u>

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

**EXHIBIT 4**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position**  
**June 30, 2021**

Total fund balances of governmental funds (Exhibit 3)		\$ 12,450,257
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 43,902,783	
Less accumulated depreciation	<u>(11,266,006)</u>	32,636,777
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Prepaid principal of debt		(43,385)
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (1,390,314)	
Payables	<u>1,390,314</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 605,528	
Unavailable ambulance revenue	85,817	
Unavailable elderly and welfare liens	<u>202,018</u>	893,363
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(61,887)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 4,223,996	
Capital leases outstanding	66,697	
Compensated absences payable	364,362	
Net pension liability	6,093,565	
Other postemployment benefits liability	<u>1,511,220</u>	(12,259,840)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 1,714,263	
Deferred outflows of resources related to OPEB	97,807	
Deferred inflows of resources related to pensions	(75,976)	
Deferred inflows of resources related to OPEB	<u>(80,195)</u>	
Total net position of governmental activities (Exhibit 1)		<u>1,655,899</u> <u>\$ 35,271,184</u>

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



**EXHIBIT 5**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 9,003,833	\$ 268,680	\$ 9,272,513
Licenses, permits and fees	3,519,599	-	3,519,599
Intergovernmental	1,414,527	-	1,414,527
Charges for services	496,355	497,202	993,557
Miscellaneous	297,438	700,057	997,495
Total revenues	<u>14,731,752</u>	<u>1,465,939</u>	<u>16,197,691</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	2,468,688	84,644	2,553,332
Public safety	4,369,650	85,239	4,454,889
Highways and streets	4,063,978	-	4,063,978
Sanitation	620,216	-	620,216
Health	52,960	-	52,960
Welfare	419	-	419
Culture and recreation	1,364,809	362,272	1,727,081
Conservation	10,919	24,069	34,988
COVID-19 related	50,200	-	50,200
<b>Debt service:</b>			
Principal	1,156,000	-	1,156,000
Interest	124,018	-	124,018
Capital outlay	2,869	696,585	699,454
Total expenditures	<u>14,284,726</u>	<u>1,252,809</u>	<u>15,537,535</u>
Excess of revenues over expenditures	<u>447,026</u>	<u>213,130</u>	<u>660,156</u>
<b>Other financing sources (uses):</b>			
Transfers in	43,842	726,222	770,064
Transfers out	(722,000)	(48,064)	(770,064)
Total other financing sources and uses	<u>(678,158)</u>	<u>678,158</u>	<u>-</u>
Net change in fund balances	(231,132)	891,288	660,156
Fund balances, beginning, as restated, see Note III.D.3.	7,829,472	3,960,629	11,790,101
Fund balances, ending	<u>\$ 7,598,340</u>	<u>\$ 4,851,917</u>	<u>\$ 12,450,257</u>

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

**EXHIBIT 6**  
**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, 2021**

Net change in fund balances of governmental funds (Exhibit 5)		\$ 660,156
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 1,814,050	
Depreciation expense	(1,093,034)	
		721,016
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Change in prepaid debt		(1,470)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (770,064)	
Transfers out	770,064	
		-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue	\$ 221,445	
Change in unavailable ambulance revenue	(53,472)	
Change in unavailable elderly and welfare liens	(2,905)	
		165,068
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond principal	\$ 1,155,999	
Repayment of capital lease principal	112,819	
		1,268,818
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 13,919	
Increase in compensated absences payable	(65,171)	
Decrease in OPEB liability and related deferrals	5,266	
		(45,986)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 438,628	
Cost of benefits earned, net of employee contributions	(995,626)	
		(556,998)
Change in net position of governmental activities (Exhibit 2)		\$ 2,210,604

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

**EXHIBIT 7**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**General Fund**  
**Statement of Revenue, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUE</b>			
Taxes	\$ 9,294,516	\$ 9,225,278	\$ (69,238)
Licenses, permits and fees	3,325,000	3,519,599	194,599
Intergovernmental	1,118,626	1,414,527	295,901
Charges for services	498,245	496,355	(1,890)
Miscellaneous	398,500	297,438	(101,062)
Total revenues	<u>14,634,887</u>	<u>14,953,197</u>	<u>318,310</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,768,792	2,514,970	253,822
Public safety	4,499,292	4,396,182	103,110
Highways and streets	3,884,936	4,196,546	(311,610)
Sanitation	725,201	620,216	104,985
Health	52,560	52,960	(400)
Welfare	14,326	419	13,907
Culture and recreation	1,558,566	1,364,809	193,757
Conservation	14,991	10,919	4,072
COVID-19	-	50,200	(50,200)
Debt service:			
Principal	1,156,000	1,156,000	-
Interest	114,723	124,018	(9,295)
Capital outlay	287,500	218,306	69,194
Total expenditures	<u>15,076,887</u>	<u>14,705,545</u>	<u>371,342</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(442,000)</u>	<u>247,652</u>	<u>689,652</u>
Other financing sources (uses):			
Transfers in	-	43,842	43,842
Transfers out	(722,000)	(722,000)	-
Total other financing sources and uses	<u>(722,000)</u>	<u>(678,158)</u>	<u>43,842</u>
Net change in fund balance	<u>\$ (1,164,000)</u>	(430,506)	<u>\$ 733,494</u>
Increase in nonspendable fund balance		(10,757)	
Unassigned fund balance, beginning		7,345,064	
Unassigned fund balance, ending		<u>\$ 6,903,801</u>	

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

**EXHIBIT 8**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Business-type Activites - Enterprise Fund
	Baboosic Septic
<b>ASSETS</b>	
Current assets:	
Accounts receivable	\$ 22,186
Intergovernmental receivable	100,728
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Infrastructure	538,628
Total assets	661,542
<b>LIABILITIES</b>	
Current liabilities:	
Interfund payable	14,562
Accounts payable	6,755
Accrued interest payable	1,882
Noncurrent obligations:	
Due within one year:	
Notes payable	31,927
Due in more than one year:	
Notes payable	92,008
Total liabilities	147,134
<b>NET POSITION</b>	
Net investment in capital assets	414,693
Unrestricted	99,715
Total net position	\$ 514,408

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

**EXHIBIT 9**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-type Activites - Enterprise Fund
	Baboosic Septic
Operating revenues:	
Charges for services	\$ 76,092
Miscellaneous	396
Total operating revenues	76,488
Operating expenses:	
Plant operation and maintenance	37,084
Depreciation	13,755
Total operating expenses	50,839
Operating income	25,649
Nonoperating revenue (expense):	
Intergovernmental revenue	1,466
Interest expense	(4,452)
Total nonoperating revenue (expense)	(2,986)
Change in net position	22,663
Net position, beginning, as restated, see Note III.D.3.	491,745
Net position, ending	\$ 514,408

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

**EXHIBIT 10**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business -type Activities- Enterprise Fund Baboosic Septic
Cash flows from operating activities:	
Receipts from customers and users	\$ 77,897
Payments to vendors	(30,329)
Net cash provided by operating activities	47,568
Cash flows from capital and related financing activities:	
Proceeds from state grants	14,930
Principal paid on notes	(31,926)
Interest paid on notes	(4,905)
Net cash used in capital and related financing activities	(21,901)
Increase in cash	25,667
Cash and cash equivalents, beginning*	(40,229)
Cash and cash equivalents, ending*	\$ (14,562)
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 25,649
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	13,755
Decrease in accounts receivable	1,410
Increase in accounts payable	6,754
Total adjustments	21,919
Net cash provided by operating activities	\$ 47,568

\*As this fund records cash activity through the pooled cash account, this overdraft represents interfund borrowing.

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

**EXHIBIT 11**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

	Private Purpose Trust	Custodial
Assets:		
Cash and cash equivalents	\$ 134,604	\$ 1,261,076
Investments	1,496,384	375,332
Total assets	<u>1,630,988</u>	<u>1,636,408</u>
Liabilities:		
Accounts payable	-	85,558
Net position:		
Held in trust for specific purposes	1,630,988	-
Held on behalf of School District	-	1,452,960
Held in escrow	-	97,890
Total net position	<u>\$ 1,630,988</u>	<u>\$ 1,550,850</u>

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

**EXHIBIT 12**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	Private Purpose Trust	Custodial
Additions:		
Deposits from developers	\$ -	\$ 62,656
Receipt from Souhegan Cooperative School District	-	400,000
Investment earnings:		
Interest and dividends	62,919	18,597
Net change in fair value of investments	226,827	41,124
Total additions	<u>289,746</u>	<u>522,377</u>
Deductions:		
Trust distributions	28,975	-
Payments to Souhegan Cooperative School District	-	2,661
Payments to developers	-	91,656
Total deductions	<u>28,975</u>	<u>94,317</u>
Change in net position	260,771	428,060
Net position, beginning, as restated, see Note III.D.3.	1,370,217	1,122,790
Net position, ending	<u>\$ 1,630,988</u>	<u>\$ 1,550,850</u>

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



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

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Amherst (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended June 30, 2021.

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

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

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

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

*Government-Wide Financial Statements*

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

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

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

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

*Fund Financial Statements*

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

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

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Expenditures are

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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

*Governmental Funds*

The Town reports the following major governmental fund:

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

The Town also reports ten nonmajor governmental funds.

*Proprietary Fund*

The Town reports the Baboosic Septic Fund as a Proprietary Fund, which accounts for the financial activity associated with this septic system.

*Fiduciary Funds*

The Town reports the following fiduciary funds:

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

*Custodial Funds* – Account for fiduciary assets held by the Town in a custodial capacity on behalf of others. These assets are therefore not available to support the Town's own programs. The Town's custodial funds are used to account for the various capital reserve and scholarship accounts held by the Trustees of Trust Funds on behalf of the local school districts, and escrow and performance deposits.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**I.B.5. *Change in Accounting Principle***

During the year, the Town adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. This results in a change in the measurement and presentation of the former agency fund, which is now reported as a custodial fund, and additions and deductions are now reported on the Statement of Changes in Fiduciary net Position. The prior year's equity was restated as shown in Note III.D.3. to reflect this change.

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

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

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

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

New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

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

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

Receivables include taxes and amounts due for ambulance, septic, and other user charges. These are reported net of any allowances for uncollected amounts.

**TOWN OF AMHERST, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**I.C.3. Capital Assets and Depreciation**

Generally, the Town’s property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. The Town generally capitalizes assets with cost of \$10,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

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

	Years
Land improvements	15
Buildings and building improvements	15-40
Vehicles and equipment	5-60
Infrastructure	40

**I.C.4. Long-Term Debt**

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

**I.C.5. Equity**

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, nonexpendable, which consists of the principal balance of the permanent funds that must be invested to generate income and cannot be expended.
- Restricted for endowments, expendable, which consists of the balance of the permanent funds’ income that is allowed to be expended for Town purposes.
- Restricted for other purposes, which consists of the balance of the library fund, and the balance of grants that are restricted to specific uses.
- Unrestricted, which consists of the remaining balance of net position.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The governmental funds report the following components of fund balance:

- Nonspendable, representing the principal balance of the permanent funds that cannot be spent, and inventory, prepaid items and tax deeded property held for resale which are not in a spendable form.
- Restricted, representing the income portion of the permanent funds and the balance of the library fund that can only be used for specific purposes per terms of endowments or State law, and the balances of grants whose use is restricted by grantor terms or law.
- Committed, representing the positive balances of capital projects funds (including the capital reserve fund), special revenue funds (excluding the library fund which is restricted), and the balance of nonlapsing warrant articles, which are established by a vote of Town Meeting and require an equally formal action to modify or rescind.
- Assigned, representing amounts encumbered by purchase order or action of the Board of Selectmen.
- Unassigned, representing the remaining balance of the General Fund, and the deficit balances in the Roads and Bridges Capital Project Funds.

**I.C.6. *Use of Estimates***

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

**II. Stewardship, Compliance and Accountability**

**II.A. Budgetary Information**

An annual budget was adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all governmental fund appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. For fiscal year 2021, \$940,000 was so used, and \$224,000 was appropriated from fund balance.

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

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

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

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

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 14,997,039
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	384,083
Tax revenue deferred in the current year	(605,528)
Per Exhibit 5 (GAAP basis)	<u>\$ 14,775,594</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 15,427,545
Adjustments:	
Basis difference:	
Encumbrances, beginning	723,313
Encumbrances, ending	(1,144,132)
Per Exhibit 5 (GAAP basis)	<u>\$ 15,006,726</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 6,903,801
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(605,528)
Per Exhibit 3 (GAAP basis)	<u>\$ 6,298,273</u>

**II.C. Deficit Fund Equity**

The Roads and Bridges Capital Project Funds both ended the year with deficit balances of \$616,842 and \$398,828, respectively. The deficit in the Roads Fund remains unchanged from the prior year, while the deficit in the Bridges Fund increased from the beginning deficit primarily as additional expenditures were incurred. Management intends to fund the deficits through additional State bridge aid, long-term borrowing and use of capital reserve funds.

*The notes continue on the following page.*



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

**III.A. Assets**

**III.A.1. Investments**

As of June 30, 2021, the Town had the following investments:

Certificates of Deposit	\$ 7,566,488
US Government Agencies	349,058
Mutual Funds	837,566
Common Stock	2,607,413
Corporate Bonds	561,556
	<u>\$ 11,922,081</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 10,050,365
Fiduciary funds - statement of fiduciary net position (Exhibit 7)	1,871,716
Total	<u>\$ 11,922,081</u>

*Fair Value Measurement*

The Town categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2021:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
U.S. Government Agencies	\$ 349,058	\$ -	349,058
Mutual Funds	837,566	-	837,566
Common Stock	2,607,413	-	2,607,413
Corporate Bonds	561,556	-	561,556
Certificates of Deposit	-	7,566,488	7,566,488
	<u>\$ 4,355,593</u>	<u>\$ 7,566,488</u>	<u>\$ 11,922,081</u>

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

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*Investment Policies*

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Both the Board of Selectmen and the Trustees of Trust Funds have adopted investment policies that address the minimum credit ratings of investments to reduce this risk.

The Town has the following investments subject to credit risk:

	Fair Value
Aaa	\$ 299,211
Aa	101,276
A	430,750
Baa	79,377
Exempt from disclosure	11,011,467
	\$ 11,922,081

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's investment policies limit average maturities in order to reduce this risk.

The Town has the following investments subject to interest rate risk:

	Fair Value	Investment maturities (in years)	
		1 to 5	5 to 10
U.S. Government Agencies	\$ 349,058	\$ 349,058	\$ -
Corporate Bonds	561,556	403,249	158,307
	\$ 910,614	\$ 752,307	\$ 158,307

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. Other than certificates of deposit in a bank that are collateralized with U.S. government agency obligations, the Town has no single investment that exceeds 5% of total investments.

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

*Property Taxes Receivable and Property Tax Calendar*

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on all taxes committed in calendar year 2019 or later, and 12% per annum on all previously committed taxes not received by the due date. The spring billing is an estimate only based on half of the previous year's tax rate. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien should be executed on any unpaid property taxes in the following year and this

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lien takes priority over any others. Interest of 18% per annum is charged upon redemption of liened taxes levied prior to 2019, and 14% per annum for the redemption of taxes levied thereafter. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town.

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

The net assessed valuation as of April 1, 2020, upon which the 2020 property tax levy was based was:

For the New Hampshire education tax	\$ 1,698,425,800
For all other taxes	\$ 1,745,846,700

The tax rates and amounts assessed for the year ended June 30, 2021 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$5.60	\$ 9,785,527
School portion:		
State of New Hampshire	\$2.15	3,648,060
Local	\$19.53	34,095,716
County portion	\$1.20	2,090,456
Total property taxes assessed		<u>\$ 49,619,759</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2021	\$ 3,241,008
Levy of 2020	147,851
Unredeemed (under tax lien):	
Levy of 2019	57,165
Levy of 2018	4,879
Levy of 2017	1,094
Levy of 2016	1,059
Levy of 2015	1,189
Levy of 2014	1,194
Levy of 2013	1,184
Levy of 2012	5,672
Levy of 2011	5,491
Excavation	328
Less: allowance for estimated uncollectible taxes	(25,000)
Net taxes receivable	<u>\$ 3,443,114</u>

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*Other Receivables and Uncollectible/Unavailable Accounts*

Other receivables include amounts due for ambulance and other service fees, and in the Septic Fund, septic fees. The accounts receivable are reported net of an allowance for uncollectible accounts, which is comprised of an amount for potential adjustments to ambulance receivables. There are also elderly and welfare liens receivable which are reported in the General Fund, net of an allowance equal to their totals as the timing of collection is indeterminable.

Related amounts in the Governmental Funds are as follow:

Accounts	\$ 732,696
Intergovernmental	218,237
Liens	202,018
Less: allowance for uncollectible amounts	(695,018)
Net total receivables	<u>\$ 457,933</u>

Deferred revenue in the governmental funds consists of \$605,528 of taxes, and \$85,817 of ambulance charges that were not received within sixty days of year-end; and \$4,911,621 of property taxes committed for the fiscal year 2022, and \$69,318 of tax overpayments to be applied to the next billing. In the governmental activities, the amounts that were not received within sixty days are not considered to be deferred, and the other amounts are reported as unearned.

*The notes continue on the following page.*

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

*Changes in Capital Assets*

The following provides a summary of changes in capital assets:

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 8,646,280	\$ -	\$ -	\$ 8,646,280
Art	22,079	-	-	22,079
Construction in progress	620,540	-	(620,540)	-
Total capital assets not being depreciated	<u>9,288,899</u>	<u>-</u>	<u>(620,540)</u>	<u>8,668,359</u>
Being depreciated:				
Land improvements	565,106	-	-	565,106
Buildings and building improvements	4,268,922	95,527	-	4,364,449
Vehicles and equipment	7,208,248	899,172	-	8,107,420
Infrastructure	20,757,558	1,439,891	-	22,197,449
Total capital assets being depreciated	<u>32,799,834</u>	<u>2,434,590</u>	<u>-</u>	<u>35,234,424</u>
Total all capital assets	<u>42,088,733</u>	<u>2,434,590</u>	<u>(620,540)</u>	<u>43,902,783</u>
Less accumulated depreciation:				
Land improvements	(447,260)	(36,686)	-	(483,946)
Buildings and building improvements	(1,780,131)	(108,062)	-	(1,888,193)
Vehicles and equipment	(5,296,374)	(411,348)	-	(5,707,722)
Infrastructure	(2,649,207)	(536,938)	-	(3,186,145)
Total accumulated depreciation	<u>(10,172,972)</u>	<u>(1,093,034)</u>	<u>-</u>	<u>(11,266,006)</u>
Net book value, capital assets being depreciated	<u>22,626,862</u>	<u>1,341,556</u>	<u>-</u>	<u>23,968,418</u>
Net book value, all capital assets	<u>\$ 31,915,761</u>	<u>\$ 1,341,556</u>	<u>\$ (620,540)</u>	<u>\$ 32,636,777</u>

	Balance, beginning	Additions	Balance, ending
Business-type activities:			
At cost:			
Infrastructure:			
Phase I	\$ 355,051	\$ -	\$ 355,051
Phase II	445,808	-	445,808
Phase III	494,060	-	494,060
Phase IV	257,081	-	257,081
Total all capital assets	<u>1,552,000</u>	<u>-</u>	<u>1,552,000</u>
Less accumulated depreciation:			
Phase I	(303,148)	(1,403)	(304,551)
Phase II	(271,915)	(4,348)	(276,263)
Phase III	(301,346)	(4,818)	(306,164)
Phase IV	(123,207)	(3,187)	(126,394)
Total accumulated depreciation	<u>(999,616)</u>	<u>(13,756)</u>	<u>(1,013,372)</u>
Net book value, all capital assets	<u>\$ 552,384</u>	<u>\$ (13,756)</u>	<u>\$ 538,628</u>

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

Governmental activities:	
General government	\$ 64,136
Public safety	180,242
Highways and streets	722,506
Culture and recreation	126,150
Total	<u>\$ 1,093,034</u>

In the Business-type activities, the depreciation was all charged to septic expense.

**III.B. Liabilities**

**III.B.1. Intergovernmental Payable**

The amounts due to other governments at June 30, 2021 consist of \$9,750 of miscellaneous fees due to the State of New Hampshire, and the portions of the June property tax commitment due to the School District (\$19,007,246) and Hillsborough County (\$1,051,241).

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

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). Bonds of the Septic Fund are repaid from user fees. These liabilities are backed by the full faith and credit of the Town. Long-term liabilities also include capital leases, compensated absences, the net pension liability, and the OPEB liability.

*This note continues on the following page.*

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Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 06/30/2021	Current Portion
<b>Governmental activities:</b>						
<b>General obligation bonds payable:</b>						
Road reconstruction	\$2,000,000	2014	2023	2.25	\$ 400,000	\$ 200,000
Road reconstruction	\$2,000,000	2015	2024	2.30	600,000	200,000
Refunding	\$3,059,999	2016	2025	2.39	1,223,996	305,999
Road reconstruction	\$4,000,000	2017	2026	2.30	2,000,000	400,000
					<u>4,223,996</u>	<u>1,105,999</u>
<b>Capital leases payable:</b>						
Six-wheeled dump truck	\$129,764	2018	2023	3.39	27,043	-
International truck	\$149,764	2019	2023	3.68	17,864	-
F250 truck	\$31,431	2020	2022	1.91	10,472	10,472
Copiers	\$22,282	2020	2023	0.67	11,318	7,402
					<u>66,697</u>	<u>17,874</u>
<b>Compensated absences payable:</b>						
Accrued vacation leave					364,362	14,583
<b>Net pension liability</b>						
					6,093,565	-
<b>Other postemployment benefits payable</b>						
					1,511,220	-
					<u>\$ 12,259,840</u>	<u>\$ 1,138,456</u>
	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 06/30/2021	Current Portion
<b>Business-type activities:</b>						
<b>General obligation notes payable:</b>						
Phase II	\$178,500	2008	2023	4.20	\$ 23,800	\$ 11,900
Phase III	\$170,700	2011	2026	3.17	56,900	11,380
Phase IV	\$258,039	2011	2026	2.91	43,235	8,647
					<u>\$ 123,935</u>	<u>\$ 31,927</u>

The following is a summary of changes in the long-term liabilities of the Governmental Activities for the year ended June 30, 2021:

	General Obligation Bonds Payable	Capital Leases Payable	Compensated Absences Payable	Net Pension Liability	OPEB Liability	Total
Governmental activities:						
Balance, beginning	\$ 5,379,995	\$ 179,516	\$ 299,191	\$ 4,597,414	\$ 1,572,463	\$ 12,028,579
Additions	-	-	65,171	1,496,151	-	1,561,322
Reductions	(1,155,999)	(112,819)	-	-	(61,243)	(1,330,061)
Balance, ending	<u>\$ 4,223,996</u>	<u>\$ 66,697</u>	<u>\$ 364,362</u>	<u>\$ 6,093,565</u>	<u>\$ 1,511,220</u>	<u>\$ 12,259,840</u>

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The following is a summary of changes in the long-term liabilities of the Business-type Activities for the year ended June 30, 2021:

	General Obligation Notes Payable
Balance, beginning	\$ 155,862
Reductions	(31,927)
Balance, ending	<u>\$ 123,935</u>

The annual debt service requirements to maturity for the bonds and notes as of year-end are as follow:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 1,105,999	\$ 96,904	\$ 1,202,903
2023	1,105,999	71,290	1,177,289
2024	905,999	45,717	951,716
2025	705,999	22,764	728,763
2026	400,000	9,200	409,200
Totals	<u>\$ 4,223,996</u>	<u>\$ 245,875</u>	<u>\$ 4,469,871</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 31,927	\$ 3,812	\$ 35,739
2023	31,927	2,700	34,627
2024	20,027	1,837	21,864
2025	20,027	1,226	21,253
2026	20,027	613	20,640
Totals	<u>\$ 123,935</u>	<u>\$ 10,188</u>	<u>\$ 134,123</u>

The annual debt service requirements to maturity for the capital leases are as follow:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 17,874	\$ 1,000	\$ 18,874
2023	48,823	1,655	50,478
Totals	<u>\$ 66,697</u>	<u>\$ 2,655</u>	<u>\$ 69,352</u>



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

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

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

The following shows the interfund balances at June 30, 2021:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,048,848
General	Baboosic Septic	14,562
Nonmajor governmental	General	340,520
Nonmajor governmental	Nonmajor governmental	946
		<u>\$ 1,404,876</u>

The amount due to the General Fund from the Nonmajor Governmental Funds represents overdrafts of pooled cash in the Roads and Bridges Capital Projects Funds, and reimbursement for cemetery care from the Permanent Fund and relevant expenditures from the Capital Reserve Fund. The amount due to the General Fund from the Baboosic Septic Fund also represents an overdraft of pooled cash. The amount due to the Nonmajor Governmental Funds from the General Fund represents an amount to the Conservation Commission Fund for land use change tax collected. The amount due from Nonmajor Governmental Funds to other Nonmajor Governmental Funds represents interest earned in the Permanent Fund due to the Library Fund.

**III.C.2. Transfers**

Transfers within the reporting entity are substantially for the purposes of making additions to and using capital reserve accounts, and using income from the Permanent Fund. The government-wide statement of activities eliminates transfers reported within the activities columns. The following shows the transfers within the reporting entity:

	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Transfers out:			
General fund	\$ -	\$ 722,000	\$ 722,000
Nonmajor funds	43,842	4,222	48,064
	<u>\$ 43,842</u>	<u>\$ 726,222</u>	<u>\$ 770,064</u>

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The transfers from the General Fund represent \$722,000 of additions to the Capital Reserve Fund. The transfers from the nonmajor funds to the General Fund represent \$29,954 from the Permanent Fund, \$3,375 from the Conservation Commission Fund, and \$10,513 from the Capital Reserve Fund for reimbursement of expenditures. The transfer from nonmajor funds to other nonmajor funds of \$4,222 represents interest earned in the Permanent Fund transferred to the Library Fund.

**III.D. Net Position and Fund Balances**

**III.D.1. Restricted Net Position**

The government-wide statement of net position includes restricted net position of \$2,507,306 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures; and \$432,328 represents the balance of the Library Fund, and prior year highway block grant funds not yet expended.

**III.D.2. Components of Fund Balances**

Fund balance of the Governmental Funds is categorized in the following components as described in Note I.C.5.:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 1,912,186
Inventory	24,718	-
Prepaid items	83,085	-
Tax deeded property	25,893	-
Total nonspendable	<u>133,696</u>	<u>1,912,186</u>
Restricted:		
General government	-	595,120
Highways and streets	22,239	-
Culture and recreation	-	410,089
Total restricted	<u>22,239</u>	<u>1,005,209</u>
Committed:		
General government	-	35,085
Public safety	-	154,177
Culture and recreation	-	226,997
Conservation	-	636,728
Capital outlay	287,500	1,897,205
Total committed	<u>287,500</u>	<u>2,950,192</u>
Assigned:		
General government	47,532	-
Public safety	26,532	-
Highways and streets	782,568	-
Total assigned	<u>856,632</u>	<u>-</u>
Unassigned	6,298,273	(1,015,670)
Total fund balance	<u>\$ 7,598,340</u>	<u>\$ 4,851,917</u>

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**III.D.3. Restatement of Beginning Equity Balances**

The beginning equity balances were restated as follow:

	Governmental Activities	Business-Type Activities	General Fund	Baboosic Septic Fund	Custodial Fund
To record additional expenditure	\$ (7,629)	\$ -	\$ (7,629)	\$ -	\$ -
To record additional lease payment	148,856	-	-	-	-
To correct capital asset balances	-	103,467	-	103,467	-
To implement GASB Statement No. 84	-	-	-	-	1,122,790
Net position/fund blaances, as previously reported	32,919,353	388,278	7,837,101	388,278	-
Net position/fund balances, as restated	<u>\$ 33,060,580</u>	<u>\$ 491,745</u>	<u>\$ 7,829,472</u>	<u>\$ 491,745</u>	<u>\$ 1,122,790</u>

**IV. Other Information**

**IV.A. Risk Management**

The Town’s risk management activities are reported with governmental activities and recorded in the General Fund. During the fiscal year, the Town was a member of the NH Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

Primex’s Workers’ Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage was provided for the fiscal year for property/liability and workers’ compensation. Contributions billed and paid in fiscal year 2021 to be recorded as an insurance expenditure/expense totaled \$130,526 for property/liability and \$144,427 for workers’ compensation. The member agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

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

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Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers and firefighters were 11.55% and 11.80% of gross earnings, respectively. During fiscal year 2021, the rates of contribution from the Town for the pension and the medical subsidy were 28.43% for police and 30.89% for fire personnel, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during fiscal years 2019, 2020, and 2021 were \$482,148, \$423,226, and \$438,628, respectively.

*Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2021, the Town reported a liability of \$6,093,565 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2021, the Town's proportion was 0.0953%, which was a decrease of 0.0002% from its proportion reported as of June 30, 2020.

For the year ended June 30, 2021, the Town recognized pension expense of \$995,626. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 131,411	\$ 10,549
Net differences between projected and actual earnings on pension plan investments	376,894	-
Changes in assumptions	602,774	-
Differences between expected and actual experience	164,556	65,427
Town contributions subsequent to the measurement date	438,628	-
	<u>\$ 1,714,263</u>	<u>\$ 75,976</u>

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The Town reported \$438,628 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follow:

Fiscal Year	
2022	\$ 272,011
2023	316,784
2024	331,043
2025	279,821
	\$ 1,199,659

*Actuarial Assumptions*

The total pension liability in the June 30, 2020 valuation was determined using the valuation as of June 30, 2019 rolled forward, using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015. Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

*Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$7,888,686	\$6,093,565	\$4,626,712

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

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**IV.C. Contingent Liabilities**

Amounts received from grantor agencies are subject to audit and adjustments by such agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**IV.D. Other Postemployment Benefits (OPEB)**

*Plan Description*

The Town is part of two different OPEB plans, one that is a retiree health care benefits program operating as a single-employer plan that is used to provide OPEB for all permanent full-time employees (implicit rate subsidy); and the other that consists of benefits to its retired employees and their beneficiaries as required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The latter are provided through the New Hampshire Retirement System (NHRS) operating as a cost-sharing, multiple-employer OPEB medical subsidy healthcare plan (medical insurance subsidy). Further information on this plan can be found in the audited report of the NHRS Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan, which is available on the NHRS website at [www.nhrs.org](http://www.nhrs.org).

*Benefits Provided*

The Town provides its eligible retirees and terminated employees including certain beneficiaries, the ability to purchase health, dental and prescription drug coverage at the Town's group rates. All active employees who retire from the Town and meet the eligibility requirements can receive these benefits. The Town does not supplement the cost of these plans directly, but recognizes the liability for the inclusion of implicit rate subsidies to the retirees. The subsidy occurs because when a blended rate is used for a group of individuals that includes younger and presumably healthier people along with older, retired people, implicitly, the premiums for the active employees are subsidizing the retirees. As of June 30, 2021, there were four retirees, and forty-five active employees participating in the plan.

*Funding Policy*

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children who are living in the retiree's household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants.

**TOWN OF AMHERST, NEW HAMPSHIRE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Retirees contribute all of the premiums as determined by the Town, but the remainder of the costs as derived from the implicit rate subsidy is paid by the Town on a pay-as-you-go basis.

*Total OPEB Liability*

The Town's total OPEB liability of \$1,511,220 consists of \$927,321 for the implicit rate subsidy determined by an actuarial valuation as of June 30, 2020 rolled forward to determine the liability as of June 30, 2021 and \$583,899 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2019 with roll-forward procedures used to determine the liability as of June 30, 2020.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Implicit rate subsidy:

Discount rate	2.19%
Healthcare cost trend rates:	
Current year trend	7.50%
Second year trend	7.00%
Decrement	0.50%
Ultimate trend	4.50%
Year ultimate trend rate is reached	2028
Payroll growth	3.25%
Inflation rate	2.50%

Medical Insurance Subsidy:

Discount rate	6.75%
Healthcare cost trend rates	N/A, benefits are fixed stipends
Payroll growth	3.25%
Inflation rate	2.50%
Investment rate of return	7.25%, net of investment expense, including inflation
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Tables with credibility adjustments and adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study

*Changes in the Total OPEB Liability*

The Town's total OPEB liability decreased by \$61,243 during the year from a beginning balance of \$1,572,463 to \$1,511,220.

**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Sensitivity of the OPEB Liability to Changes in the Discount Rate*

The following presents what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for each portion of the total OPEB liability.

Implicit Rate Subsidy	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Town's OPEB liability	<u>\$990,098</u>	<u>\$927,321</u>	<u>\$869,727</u>
Medical Insurance Subsidy	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's OPEB liability	<u>\$634,053</u>	<u>\$583,899</u>	<u>\$540,355</u>

*Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following presents what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate for the implicit rate subsidy.

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Town's OPEB liability	<u>\$847,356</u>	<u>\$927,321</u>	<u>\$1,020,332</u>

*This note continues on the following page.*



**TOWN OF AMHERST, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB*

For the year ended June 30, 2021, the Town recognized OPEB expense of \$81,081. At year-end, the Town reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 6,535
Net differences between projected and actual earnings on OPEB plan investments	2,185	-
Changes in assumptions	31,450	-
Differences between expected and actual experience	-	73,660
Town contributions subsequent to the measurement date	64,172	-
	<u>\$ 97,807</u>	<u>\$ 80,195</u>

The Town reported \$64,172 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability in fiscal year 2022.

Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
<u>2022</u>	\$ (48,579)
2023	647
2024	771
2025	601
	<u>\$ (46,560)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Town's proportion of net pension liability	0.0953%	0.0955%	0.0918%	0.0917%	0.0888%	0.0813%	0.0920%	0.0931%
Town's proportionate share of the net pension liability	\$6,093,565	\$4,597,414	\$4,420,860	\$4,511,453	\$4,722,645	\$3,220,451	\$3,454,042	\$4,007,767
Town's covered-employee payroll	\$1,753,334	\$1,691,801	\$1,618,110	\$1,516,099	\$1,464,927	\$1,324,835	\$1,266,132	\$1,370,568
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	347.54%	271.75%	273.21%	297.57%	322.38%	243.08%	272.80%	292.42%
Plan fiduciary position as a percentage of the total pension liability	58.7%	65.6%	64.7%	62.7%	58.3%	65.5%	66.3%	59.8%

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

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

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	\$ 438,628	\$ 423,226	\$ 482,148	\$ 450,177	\$ 318,016	\$ 301,135	\$ 272,727
Contribution in relation to the contractually required contribution	<u>(438,628)</u>	<u>(423,226)</u>	<u>(482,148)</u>	<u>(450,177)</u>	<u>(318,016)</u>	<u>(301,135)</u>	<u>(272,727)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$1,753,334	\$1,691,801	\$1,618,110	\$1,516,099	\$1,464,927	\$1,324,835	\$1,266,132
Contributions as a percentage of covered-employee payroll	25.02%	25.02%	29.80%	29.69%	21.71%	22.73%	21.54%

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

**EXHIBIT 15**  
**TOWN OF AMHERST**  
**Schedule of Changes in the Town's Total OPEB Liability and Related Ratios**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Total OPEB liability:				
Service cost	\$ 85,822	\$ 44,534	\$ 42,004	\$ 65,844
Interest	69,922	86,739	37,793	32,293
Changes in proportion and differences between employer contributions and share of contributions	-	-	44,335	-
Changes in assumptions	57,945	41,199	19,203	(25,843)
Differences between expected and actual experience	(85,600)	(40,496)	(44,306)	102,131
Differences between projected and actual investment earnings on OPEB plan investments	-	-	(2,043)	-
Change in actuarial cost method	(49,327)	19,056	168,921	-
Benefit payments	(140,005)	(163,374)	(92,619)	(65,573)
Net change in total OPEB liability	(61,243)	(12,342)	173,288	108,852
Total OPEB liability, beginning	1,572,463	1,584,805	1,411,517	868,706
Restatement for medical subsidy portion for fiscal year 2018	-	-	-	433,959
Total OPEB liability, ending	<u>\$ 1,511,220</u>	<u>\$ 1,572,463</u>	<u>\$ 1,584,805</u>	<u>\$ 1,411,517</u>
Covered-employee payroll	\$4,284,010	\$4,060,620	\$4,437,900	\$3,823,622
Total OPEB liability as a percentage of covered-employee payroll	35.28%	38.72%	35.71%	36.92%

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

**EXHIBIT 16**  
**TOWN OF AMHERST**  
**Schedule of the Town's OPEB Contributions**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	\$ 141,725	\$ 155,808	\$ 148,940	\$ 65,573
Contributions in relation to the actuarially determined contribution	(141,725)	(155,808)	(148,940)	(65,573)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$4,284,010	\$4,060,620	\$4,437,900	\$3,823,622
Contributions as a percentage of covered-employee payroll	3.31%	3.84%	3.36%	1.71%

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

**TOWN OF AMHERST, NEW HAMPSHIRE  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The pension and OPEB information presented in the preceding four schedules is meant to present related information for ten years. Because this is the seventh year that the Town has presented the pension schedules, and the fourth year that the OPEB information has been presented since the change in standard, only eight years and four years worth of information are shown. An additional year's information will be added each year until there are ten years shown.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**



**EXHIBIT 17**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

	Special Revenue Funds					Capital Projects Funds				Total	
	Conservation Commission	Recreation Revolving	July 4th Revolving	Police Detail Revolving	Library	Other	Capital Reserve	Roads	Bridges		Permanent Fund
<b>ASSETS</b>											
Cash and cash equivalents	\$ 298,819	\$ 252,233	\$ 15,437	\$ 151,516	\$ 253,996	\$ 21,334	\$ 1,914,536	\$ -	\$ -	\$ 209,476	\$ 3,117,347
Investments	-	-	-	-	155,147	-	-	-	-	2,328,730	2,483,877
Accounts receivable	-	-	-	2,661	-	-	-	-	-	-	2,661
Interfund receivable	339,707	-	-	-	946	-	813	-	-	-	341,466
Total assets	<u>\$ 638,526</u>	<u>\$ 252,233</u>	<u>\$ 15,437</u>	<u>\$ 154,177</u>	<u>\$ 410,089</u>	<u>\$ 21,334</u>	<u>\$ 1,915,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,538,206</u>	<u>\$ 5,945,351</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable	\$ -	\$ 24,809	\$ 244	\$ -	\$ -	\$ 16	\$ 18,144	\$ -	\$ -	\$ -	\$ 43,213
Accrued salaries and benefits	-	427	-	-	-	-	-	-	-	-	427
Interfund payable	1,798	-	-	-	-	1,426	-	616,842	398,828	30,900	1,049,794
Total liabilities	<u>1,798</u>	<u>25,236</u>	<u>244</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>18,144</u>	<u>616,842</u>	<u>398,828</u>	<u>30,900</u>	<u>1,093,434</u>
Fund balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	1,912,186	1,912,186
Restricted	-	-	-	-	410,089	-	-	-	-	595,120	1,005,209
Committed	636,728	226,997	15,193	154,177	-	19,892	1,897,205	-	-	-	2,950,192
Unassigned	-	-	-	-	-	-	-	(616,842)	(398,828)	-	(1,015,670)
Total fund balances	<u>636,728</u>	<u>226,997</u>	<u>15,193</u>	<u>154,177</u>	<u>410,089</u>	<u>19,892</u>	<u>1,897,205</u>	<u>(616,842)</u>	<u>(398,828)</u>	<u>2,507,306</u>	<u>4,851,917</u>
Total liabilities and fund balances	<u>\$ 638,526</u>	<u>\$ 252,233</u>	<u>\$ 15,437</u>	<u>\$ 154,177</u>	<u>\$ 410,089</u>	<u>\$ 21,334</u>	<u>\$ 1,915,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,538,206</u>	<u>\$ 5,945,351</u>

**EXHIBIT 18**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2021**

	Special Revenue Funds						Capital Projects Funds			Permanent Fund	Total
	Conservation Commission	Recreation Revolving	July 4th Revolving	Police Detail Revolving	Library	Other	Capital Reserve	Roads	Bridges		
<b>REVENUES</b>											
Taxes	\$ 268,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268,680
Charges for services	-	435,675	-	61,471	56	-	-	-	-	-	497,202
Miscellaneous	2,978	40,002	8,000	-	233,680	432	4,819	-	-	410,146	700,057
Total revenues	<u>271,658</u>	<u>475,677</u>	<u>8,000</u>	<u>61,471</u>	<u>233,736</u>	<u>432</u>	<u>4,819</u>	<u>-</u>	<u>-</u>	<u>410,146</u>	<u>1,465,939</u>
<b>EXPENDITURES</b>											
Current:											
General government	-	-	-	-	-	-	84,644	-	-	-	84,644
Public safety	-	-	-	50,236	-	1,171	33,832	-	-	-	85,239
Culture and recreation	-	346,503	7,044	-	6,823	1,902	-	-	-	-	362,272
Conservation	24,069	-	-	-	-	-	-	-	-	-	24,069
Capital outlay	-	-	-	-	-	-	652,169	-	44,416	-	696,585
Total expenditures	<u>24,069</u>	<u>346,503</u>	<u>7,044</u>	<u>50,236</u>	<u>6,823</u>	<u>3,073</u>	<u>770,645</u>	<u>-</u>	<u>44,416</u>	<u>-</u>	<u>1,252,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>247,589</u>	<u>129,174</u>	<u>956</u>	<u>11,235</u>	<u>226,913</u>	<u>(2,641)</u>	<u>(765,826)</u>	<u>-</u>	<u>(44,416)</u>	<u>410,146</u>	<u>213,130</u>
Other financing sources (uses):											
Transfers in	-	-	-	-	4,222	-	722,000	-	-	-	726,222
Transfers out	(3,375)	-	-	-	-	-	(10,513)	-	-	(34,176)	(48,064)
Total other financing sources and uses	<u>(3,375)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,222</u>	<u>-</u>	<u>711,487</u>	<u>-</u>	<u>-</u>	<u>(34,176)</u>	<u>678,158</u>
Net change in fund balances	244,214	129,174	956	11,235	231,135	(2,641)	(54,339)	-	(44,416)	375,970	891,288
Fund balances, beginning	392,514	97,823	14,237	142,942	178,954	22,533	1,951,544	(616,842)	(354,412)	2,131,336	3,960,629
Fund balances, ending	<u>\$ 636,728</u>	<u>\$ 226,997</u>	<u>\$ 15,193</u>	<u>\$ 154,177</u>	<u>\$ 410,089</u>	<u>\$ 19,892</u>	<u>\$ 1,897,205</u>	<u>\$ (616,842)</u>	<u>\$ (398,828)</u>	<u>\$ 2,507,306</u>	<u>\$ 4,851,917</u>

**EXHIBIT 19**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Estimated and Actual Revenue (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2021**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 9,223,975	\$ 9,080,548	\$ (143,427)
Timber	-	754	754
Excavation	50	-	(50)
Elderly lien redemption	100	-	(100)
Payments in lieu of taxes	20,391	16,785	(3,606)
Interest and penalties on delinquent taxes	50,000	127,191	77,191
Total taxes	<u>9,294,516</u>	<u>9,225,278</u>	<u>(69,238)</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	215,000	213,928	(1,072)
Motor vehicle permits	2,900,000	3,044,366	144,366
Building permits	150,000	204,870	54,870
Other	60,000	56,435	(3,565)
Total licenses, permits and fees	<u>3,325,000</u>	<u>3,519,599</u>	<u>194,599</u>
<b>Intergovernmental:</b>			
State sources:			
Municipal aid	76,613	76,613	-
Meals and rooms distributions	586,941	586,941	-
Highway block grant	325,059	324,976	(83)
State and federal forest land	13	12	(1)
Railroad tax	30,000	7,684	(22,316)
Opioid abatement	-	598	598
Federal sources:			
HHS stimulus	10,000	-	(10,000)
FEMA	-	44,806	44,806
COVID-19 grant	-	283,304	283,304
Other government sources:			
SRO reimbursement from school	90,000	89,593	(407)
Total intergovernmental	<u>1,118,626</u>	<u>1,414,527</u>	<u>295,901</u>
<b>Charges for services:</b>			
Income from departments	<u>498,245</u>	<u>496,355</u>	<u>(1,890)</u>
<b>Miscellaneous:</b>			
Sale of property	3,500	21,277	17,777
Interest on investments	340,000	233,296	(106,704)
Insurance dividends and reimbursements	45,000	43,129	(1,871)
Other	10,000	(264)	(10,264)
Total miscellaneous	<u>398,500</u>	<u>297,438</u>	<u>(101,062)</u>
<b>Other financing sources:</b>			
Transfers in:			
Nonmajor funds	<u>-</u>	<u>43,842</u>	<u>43,842</u>
Total revenue and other financing sources	14,634,887	<u>\$ 14,997,039</u>	<u>\$ 362,152</u>
Use of fund balance to reduce taxes	940,000		
Fund balance appropriated	224,000		
Total revenue, other financing sources and use of fund balance	<u>\$ 15,798,887</u>		

**EXHIBIT 20**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2021**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 468,818	\$ 408,514	\$ -	\$ 60,304
Election and registration	-	220,623	242,108	-	(21,485)
Financial administration	1,250	448,550	440,221	-	9,579
Revaluation of property	-	181,166	174,693	-	6,473
Legal	-	45,800	60,788	-	(14,988)
Personnel administration	-	226,656	196,260	-	30,396
Planning and zoning	-	550,603	435,243	41,446	73,914
General government buildings	-	333,048	339,339	6,086	(12,377)
Cemeteries	-	41,002	40,996	-	6
Insurance, not otherwise allocated	-	132,526	130,526	-	2,000
Other	-	120,000	-	-	120,000
Total general government	<u>1,250</u>	<u>2,768,792</u>	<u>2,468,688</u>	<u>47,532</u>	<u>253,822</u>
Public safety:					
Police	-	2,687,160	2,636,744	-	50,416
Ambulance	-	637,007	627,418	-	9,589
Fire	-	685,840	615,662	26,532	43,646
Emergency management	-	8,501	8,500	-	1
Other	-	480,784	481,326	-	(542)
Total public safety	<u>-</u>	<u>4,499,292</u>	<u>4,369,650</u>	<u>26,532</u>	<u>103,110</u>
Highways and streets:					
Administration	-	389,654	384,622	23,013	(17,981)
Highways and streets	650,000	3,470,932	3,655,576	759,555	(294,199)
Street lighting	-	24,350	23,780	-	570
Total highways and streets	<u>650,000</u>	<u>3,884,936</u>	<u>4,063,978</u>	<u>782,568</u>	<u>(311,610)</u>
Sanitation:					
Solid waste collection	-	391,579	277,740	-	113,839
Solid waste disposal	-	333,622	342,476	-	(8,854)
Total sanitation	<u>-</u>	<u>725,201</u>	<u>620,216</u>	<u>-</u>	<u>104,985</u>
Health:					
Administration	-	2,159	2,231	-	(72)
Animal control	-	401	729	-	(328)
Health agencies and hospitals	-	50,000	50,000	-	-
Total health	<u>-</u>	<u>52,560</u>	<u>52,960</u>	<u>-</u>	<u>(400)</u>
Welfare	-	14,326	419	-	13,907

(continued)

**EXHIBIT 20 (continued)**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2021**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	522,319	404,231	-	118,088
Public library	-	1,025,175	952,030	-	73,145
Patriotic purposes	-	8,500	8,000	-	500
Other	-	2,572	548	-	2,024
Total culture and recreation	-	<u>1,558,566</u>	<u>1,364,809</u>	-	<u>193,757</u>
Conservation	-	<u>14,991</u>	<u>10,919</u>	-	<u>4,072</u>
COVID-19	-	-	<u>50,200</u>	-	<u>(50,200)</u>
Debt service:					
Principal	-	1,156,000	1,156,000	-	-
Interest	-	114,723	124,018	-	(9,295)
Total debt service	-	<u>1,270,723</u>	<u>1,280,018</u>	-	<u>(9,295)</u>
Capital outlay:					
Buildings	72,063	-	2,869	-	69,194
Improvements other than buildings	-	287,500	-	287,500	-
Total capital outlay	<u>72,063</u>	<u>287,500</u>	<u>2,869</u>	<u>287,500</u>	<u>69,194</u>
Other financing uses:					
Transfers out:					
Nonmajor funds	-	722,000	722,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 723,313</u>	<u>\$ 15,798,887</u>	<u>\$ 15,006,726</u>	<u>\$ 1,144,132</u>	<u>\$ 371,342</u>

**EXHIBIT 21**  
**TOWN OF AMHERST, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended June 30, 2021**

Unassigned fund balance, beginning		\$ 7,345,064
Changes:		
Unassigned fund balance used to reduce tax rate	\$ (940,000)	
Unassigned fund balance appropriated	<u>(224,000)</u>	
		(1,164,000)
Budget summary:		
Revenue surplus (Exhibit 19)	\$ 362,152	
Unexpended balance of appropriations (Exhibit 20)	<u>371,342</u>	
Budget surplus		733,494
Increase in nonspendable fund balance		<u>(10,757)</u>
Unassigned fund balance, ending		<u><u>\$ 6,903,801</u></u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Members of the Board of Selectmen  
Town of Amherst  
2 Main Street  
Amherst, NH 03031

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Town of Amherst as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Amherst's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

We consider the following deficiency in internal control to be a material weakness:

### *Cash Entries and Reconciliation*

Significant time was spent by the Town to reconcile its cash accounts, and additional audit time was necessary to further audit those balances. This was likely the result in turnover of Finance staff, with a gap of many months where no reconciliations were performed. During our audit, we also noted that cash transactions that were for pooled accounts, such as escrows, conservation, etc., were incorrectly posted to the accounting software system, adding to the difficulties in reconciling accounts. There were also duplicate cash postings, and automatic clearinghouse transactions related to payroll deductions that were not recorded. In order to identify and correct errors timely, we recommend that the Town reconcile its bank balances to the general ledger on a monthly basis, and that such reconciliations be reviewed by another person.

We consider the following deficiencies in internal control to be significant deficiencies:

### *Budget Amounts Not Updated*

We noted that budget amounts in the Town's accounting system were not updated to reflect changes that were made by the NH Department of Revenue through its normal approval process. This results in an increased chance of management making decisions based on incorrect financial data.

**Town of Amherst**  
**Independent Auditor's Communication to Management**

*NSF Checks Not Reconciled*

As part of the reconciliation process recommended above, deposits that are returned for insufficient funds should be reconciled between the Tax Collector and Town Clerk records and the cash reconciliation. Although not a material amount, there were non-trivial deposits that had been returned for lack of funds and had not yet been redeposited that were not accounted for in the general ledger, and this contributed to the additional difficulties in reconciling cash.

*Escrow Account Reimbursement*

We noted that there were a number of transactions that occurred from the General Fund on behalf of various escrow accounts that were not yet reimbursed from the separate escrow bank accounts. This results in negative cash flows in the operating account. We recommend that procedures be developed and implemented to ensure that when escrow funds are used, a corresponding reimbursement from the escrow cash account is made on a timely basis.

We also wish to communicate the following other matter:

*Personnel Policy*

While testing the Town's liability for compensated absences, we noted that it has been the Town's practice to pay employees unused personal time upon termination of employment. However, this is not explicitly noted in the Town's personnel policy. We recommend that the Town include the benefit in its policy to ensure consistent application to all eligible employees.

This communication is intended solely for the information and use of management, the Board of Selectmen and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

February 3, 2022

*Roberts & Heene, PLLC*