

**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT**

**Financial Statements**

**With Schedule of Expenditures of Federal Awards**

**June 30, 2012**

**and**

**Independent Auditor's Report**

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

**Report on Compliance With Requirements That Could  
Have a Direct and Material Effect on Each Major Program  
and on Internal Control Over Compliance in Accordance  
With OMB Circular A-133**

**Schedule of Findings and Questioned Costs**

**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
June 30, 2012**

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**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
June 30, 2012**

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## **INDEPENDENT AUDITOR'S REPORT**

To the School Board  
Amherst, New Hampshire School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst, New Hampshire School District, as of and for the year ended June 30, 2012, which collectively comprise the Amherst, New Hampshire School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Amherst, New Hampshire School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

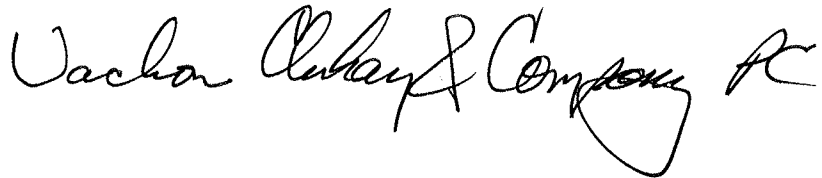
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst, New Hampshire School District, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012 on our consideration of Amherst, New Hampshire School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for other post-employment benefits on pages i-vi and 21-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Amherst, New Hampshire School District's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Vachon Charley & Company PC". The signature is written in a cursive, flowing style with a large, stylized "V" at the beginning and a long, sweeping underline that extends to the right.

December 13, 2012

**AMHERST, NH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2012**

Presented herewith please find the Management Discussion & Analysis Report for the Amherst, NH School District (the District) for the fiscal year ending June 30, 2012. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the District's financial position, including the results of operations of all the funds of the District. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the District's financial activities have been included.

The District is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the District are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

**Overview of the Financial Statements**

The financial statements presented herein include all of the activities of the District using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The basic financial statements are comprised of the following three components:

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

***Government-Wide Financial Statements***

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

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain the control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All the funds of the District are included in two categories, governmental and fiduciary funds.

**AMHERST, NH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2012**

**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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District'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, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Assets and Statement of Activities.

The District maintains numerous individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Federal Projects Fund, which are considered major funds. Data for the other governmental funds such as the Food Service Fund and Capital Projects Fund is combined into a single, aggregate presentation.

The District adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget. Budgetary information has not been included in these financial statements for the Federal Projects Fund as it is neither practical nor meaningful.

The District abides by GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. Under Statement 54, the District has segregated fund balances into five classifications: Non-spendable, Restricted, Committed, Assigned, and Unassigned. Complete descriptions of the above mentioned classifications may be found beginning on Page 19 of the Notes to Basic Financial Statements.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside of the general School District's operating budget. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

***Notes to the Basic Financial Statements***

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

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

**AMHERST, NH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2012**

**Financial Highlights**

As of the close of the fiscal year, total assets exceeded liabilities by \$3,808,873 (i.e., net assets), a change of (\$74,559) from the previous year.

Governmental funds reported combined ending fund balances of \$419,943, a change of \$14,930 from the previous year.

The General Fund shows a fund balance of \$356,790, a change of \$23,679 from the previous year.

The Nonmajor Governmental Fund shows a fund balance of \$63,153, a change of (\$8,749) from the previous year.

Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$5,207,000, a decrease of (\$378,000) from the previous year.

***Comparative Analysis***

The financial statements of the District have been prepared in accordance with Governmental Accounting Standards Board Statement No. 34. Comparative financial analysis is provided in this statement to the fiscal year ending June 30, 2011.

**Government-Wide Financial Analysis**

**Statement of Net Assets for the fiscal years ending June 30, 2012 and 2011:**

	<b><u>FY 2012</u></b>	<b><u>FY 2011</u></b>
Capital and other assets:		
Capital assets, net	\$ 10,329,691	\$ 10,634,731
Other assets	789,743	594,248
Total Assets	<u>\$ 11,119,434</u>	<u>\$ 11,228,979</u>
Long-term and other liabilities:		
Bonds payable	\$ 5,207,000	\$ 5,585,000
Deferred bond premium	125,749	
Compensated absences	1,355,582	1,296,011
Other post-employment benefits	207,569	163,243
Other liabilities	414,661	301,293
Total Liabilities	<u>\$ 7,310,561</u>	<u>\$ 7,345,547</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 5,038,399	\$ 5,049,731
Restricted	31	31
Unrestricted (deficit)	<u>(1,229,557)</u>	<u>(1,166,330)</u>
Total Net Assets	<u>\$ 3,808,873</u>	<u>\$ 3,883,432</u>



**AMHERST, NH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2012**

**Statement of Activities for the fiscal years ending June 30, 2012 and 2011:**

	<u><b>FY 2012</b></u>	<u><b>FY 2011</b></u>
Program revenues:		
Charges for services	\$ 1,590,509	\$ 1,359,142
Operating grants and contributions	1,119,350	1,119,714
Capital grants and contributions	<u>157,402</u>	<u>157,402</u>
Total Program revenues	<u>2,867,261</u>	<u>2,636,258</u>
General revenues:		
Property taxes	18,550,791	17,743,173
State adequacy grant	2,702,760	2,658,676
State fiscal stabilization funding		
Miscellaneous	<u>53,470</u>	<u>38,665</u>
Total General revenues	<u>21,312,930</u>	<u>20,449,206</u>
Total Revenues	<u>24,180,191</u>	<u>23,085,464</u>
Expenses:		
Instruction	16,672,750	17,328,795
Supporting service	1,026,328	1,074,502
Instructional staff services	570,164	495,713
General administration	2,784,761	1,558,243
Operation and maintenance of plant	1,775,290	1,682,440
Pupil transportation	662,602	595,599
Food service	467,463	466,865
Other miscellaneous	14,901	23,936
Debt service	<u>280,491</u>	<u>265,081</u>
Total Expenses	<u>24,254,750</u>	<u>23,491,174</u>
Change in net assets	(74,559)	(405,710)
Net assets, beginning of year	<u>3,883,432</u>	<u>4,289,142</u>
Net assets, end of year	<u><u>\$ 3,808,873</u></u>	<u><u>\$ 3,883,432</u></u>

***Financial Analysis***

**Government-Wide**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$3,808,873, a change of (\$74,559) from the previous year. See page 4 of the Basic Financial Statements for a detailed reconciliation.

The largest portion of net assets \$5,038,399 reflects our investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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.

**AMHERST, NH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2012**

An additional portion of net assets in the amount of \$31 represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net assets balance is what is available to meet the government's ongoing obligations to its citizens and creditors.

**Governmental Funds**

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

As of June 30, 2012, governmental funds reported combined ending fund balances for all fund types of \$419,943 a change of \$14,930 when compared to last year, including a \$23,679 change in the total General Fund Balance. The General Fund is the chief operating fund of the District.

Assigned Fund Balances account for the largest percentage of the total Fund Balance and include \$214,076 designated to offset the subsequent fiscal year tax rate, \$63,122 for Food Service Operations, and \$46,047 for Special Purposes – Master Plan. The Committed Fund Balance includes an Expendable Trust balance of \$96,235. The Non-spendable Fund Balance includes \$3,432 for pre-paid expenses. The Restricted Fund includes a Capital Projects Fund balance of \$31. Please see Note 12, Fund Balance Components, beginning on Page 19 for additional details.

**General Fund Budgetary Highlights**

Budgetary information for the major governmental funds (the General Fund) is included in the "Required Supplementary Information" section. The budgetary information is not presented for the Federal Projects Fund or Food Service as it is neither practical nor meaningful.

There was no difference between the original and final budgets for the General Fund in the current fiscal year. Actual revenues on the budgetary basis were higher than the budgeted amount by \$231,235. A significant portion of this difference is due to Catastrophic Aid, Medicaid Reimbursement and tuition from other LEA's being higher than anticipated. Actual expenses on the budgetary basis were \$63,023 lower than expected. Savings were realized in supporting services, instructional staff services, general administration and interest charges. See Schedule on page 21 for additional information.

**Capital Assets**

The District considers a capital asset to be an asset whose cost equals or exceeds \$5,000 and has a useful life of greater than two years. Assets are depreciated using the straight-line method over the course of their estimated useful life. See Note 6 in the Notes to the Basic Financial Statements for additional information on the capital assets activity.

**Long-Term Obligations**

During fiscal year 2012 the District showed a decrease in general obligations bonds of \$378,000 due to scheduled payments made during the fiscal year. Other post-employment benefits and compensated absences had net increases in potential future payments of \$44,326 and \$59,571, respectively. See Notes 8 and 9 in the Notes to the Basic Financial Statements for a summary of all outstanding long-term obligations activity.

**AMHERST, NH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2012**

**Contacting District's Financial Management**

This financial report serves to provide our citizens and creditors with a general overview of the District's finances and to show accountability for the money it receives. If you have questions about this report or need to get additional information, contact the SAU #39 Business Office at PO Box 849-1 School Street, Amherst, NH 03031-0849.

EXHIBIT A  
**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Statement of Net Assets**  
June 30, 2012

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 441,686
Accounts receivable	25,018
Due from other governments	281,150
Deferred debt financing expense	4,146
Prepaid expenses	432
Total current assets	<u>752,432</u>
Noncurrent assets:	
Deferred debt financing expense	37,311
Capital assets:	
Non-depreciable capital assets	850,170
Depreciable capital assets, net	<u>9,479,521</u>
Total noncurrent assets	<u>10,367,002</u>
Total assets	<u><u>\$ 11,119,434</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 269,137
Accrued expenses	101,077
Due to other governments	10,357
Deferred revenue	34,090
Current portion of bonds payable	397,000
Current portion of deferred bond premium	22,463
Current portion of compensated absences payable	<u>81,397</u>
Total current liabilities	<u>915,521</u>
Noncurrent liabilities:	
Bonds payable	4,810,000
Deferred bond premium	103,286
Compensated absences payable	1,274,185
Other-post employment benefits payable	<u>207,569</u>
Total noncurrent liabilities	<u>6,395,040</u>
Total liabilities	<u>7,310,561</u>
NET ASSETS	
Invested in capital assets, net of related debt	5,038,399
Restricted for:	
Capital projects	31
Unrestricted (deficit)	<u>(1,229,557)</u>
Total net assets	<u>3,808,873</u>
Total liabilities and net assets	<u><u>\$ 11,119,434</u></u>

*See accompanying notes to the basic financial statements*

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

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Instruction	\$ 16,672,750	\$ 1,217,865	\$ 914,550		\$(14,540,335)
Supporting services	1,026,328				(1,026,328)
Instructional staff services	570,164		124,488		(445,676)
General administration	2,784,761		1,230		(2,783,531)
Operation and maintenance of plant	1,775,290				(1,775,290)
Pupil transportation	662,602				(662,602)
Food service	467,463	372,644	79,082		(15,737)
Other miscellaneous	14,901				(14,901)
Debt service	280,491			\$ 157,402	(123,089)
Total governmental activities	<u>\$24,254,750</u>	<u>\$ 1,590,509</u>	<u>\$ 1,119,350</u>	<u>\$ 157,402</u>	<u>(21,387,489)</u>
General revenues:					
					18,550,791
					2,702,760
					5,909
					53,470
					<u>21,312,930</u>
					(74,559)
					<u>3,883,432</u>
					<u>\$ 3,808,873</u>

See accompanying notes to the basic financial statements

EXHIBIT C  
**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2012

	General Fund	Federal Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 441,655		\$ 31	\$ 441,686
Accounts receivable	20,363		4,655	25,018
Due from other governments	123,711	\$ 154,248	3,191	281,150
Due from other funds	52,283		74,167	126,450
Prepaid expenses	432			432
Total assets	<u>\$ 638,444</u>	<u>\$ 154,248</u>	<u>\$ 82,044</u>	<u>\$ 874,736</u>
<b>Liabilities:</b>				
Accounts payable	\$ 248,549	\$ 17,624	\$ 2,964	\$ 269,137
Accrued expenses	14,759			14,759
Due to other governments	10,357			10,357
Due to other funds		126,450		126,450
Deferred revenue	7,989	10,174	15,927	34,090
Total liabilities	<u>281,654</u>	<u>154,248</u>	<u>18,891</u>	<u>454,793</u>
<b>Fund balances:</b>				
Nonspendable	432			432
Restricted			31	31
Committed	96,235			96,235
Assigned	260,123		63,122	323,245
Total fund balances	<u>356,790</u>	<u>-</u>	<u>63,153</u>	<u>419,943</u>
Total liabilities and fund balances	<u>\$ 638,444</u>	<u>\$ 154,248</u>	<u>\$ 82,044</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 10,329,691

Deferred debt financing expense is recognized on an accrual basis in the statement of net assets, not the modified accrual basis 41,457

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

Bonds payable (5,207,000)  
Deferred bond premium (125,749)  
Compensated absences payable (1,355,582)  
Other post-employment benefits payable (207,569)  
Accrued interest on long-term obligations (86,318)

Net assets of governmental activities \$ 3,808,873

See accompanying notes to the basic financial statements

## EXHIBIT D

## AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

For the Year Ended June 30, 2012

	General Fund	Federal Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 18,550,791			\$ 18,550,791
Intergovernmental	3,420,305	\$ 480,125	\$ 79,082	3,979,512
Charges for services	1,217,865		372,644	1,590,509
Interest income	5,909			5,909
Miscellaneous	33,341	18,759	1,370	53,470
Total Revenues	<u>23,228,211</u>	<u>498,884</u>	<u>453,096</u>	<u>24,180,191</u>
Expenditures:				
Current operations				
Instruction	16,297,670	370,166		16,667,836
Supporting services	1,016,821			1,016,821
Instructional staff services	408,358	127,488		535,846
General administration	2,726,602	1,230		2,727,832
Operation and maintenance of plant	1,377,742			1,377,742
Pupil transportation	662,602			662,602
Food service			461,845	461,845
Other miscellaneous	14,901			14,901
Capital outlay	99,897			99,897
Debt service:				
Principal retirement	385,000			385,000
Interest and fiscal charges	249,361			249,361
Total Expenditures	<u>23,238,954</u>	<u>498,884</u>	<u>461,845</u>	<u>24,199,683</u>
Excess revenues over (under) expenditures	<u>(10,743)</u>	<u>-</u>	<u>(8,749)</u>	<u>(19,492)</u>
Other financing sources (uses):				
Proceeds of refunding bonds	1,835,714			1,835,714
Payment to bond escrow agent	(1,801,292)			(1,801,292)
Total other financing sources (uses)	<u>34,422</u>	<u>-</u>	<u>-</u>	<u>34,422</u>
Net change in fund balances	23,679	-	(8,749)	14,930
Fund balances at beginning of year	<u>333,111</u>	<u>-</u>	<u>71,902</u>	<u>405,013</u>
Fund balances at end of year	<u>\$ 356,790</u>	<u>\$ -</u>	<u>\$ 63,153</u>	<u>\$ 419,943</u>

AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities

For the Year Ended June 30, 2012

Change in Fund Balances - Total Governmental Funds	\$ 14,930
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(305,040)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	2,095,000
Proceeds from bond issuance is other financing sources in the funds, but bond issuance increases long-term liabilities in the statement of net assets.	(1,717,000)
Governmental funds report the effect of bond issuance premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(125,749)
Governmental funds report the effect of deferred debt financing costs when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	41,457
In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due.	25,740
Some expenses reported in the statement of activities, such as compensated absences and other post-employment benefits, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	(103,897)
Change in Net Assets of Governmental Activities	<u>\$ (74,559)</u>

See accompanying notes to the basic financial statements

EXHIBIT E  
**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
June 30, 2012

	Student Activities <u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 65,123
Total assets	<u>\$ 65,123</u>
<b>LIABILITIES</b>	
Due to student groups	\$ 65,123
Total liabilities	<u>\$ 65,123</u>

*See accompanying notes to the basic financial statements*



**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2012

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

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

***Financial Reporting Entity***

The Amherst, New Hampshire School District (the District) is an independent governmental entity organized under the laws of the State of New Hampshire to provide public education within the borders of the Town of Amherst, New Hampshire. The District's legislative body is the annual deliberative session followed by balloting of registered voters within the Town and is governed by an elected School Board. Administrative services are provided to the District by School Administrative Unit #39. The District has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

***Basis of Presentation***

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

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

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

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

**2. Fund Financial Statements:**

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

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

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

***Fund Accounting***

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

**1. Governmental Funds:**

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

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

The *Federal Projects Fund* is used to account for the financial transactions related to various state and federal education grants and the related expenditures.

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The District maintains one fiduciary fund, an agency fund known as the Student Activities Agency Funds. The fund was established to account for revenues generated by student managed activities. The District's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

***Measurement Focus***

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

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

**2. Fund Financial Statements:**

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

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

statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Basis of Accounting***

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

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, and student fees.

**2. Deferred Revenue:**

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

**3. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources

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

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

***Budgetary Data***

The District's budget represents functional appropriations as authorized by annual District meetings. The school board may transfer funds between operating categories, as they deem necessary. The District adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but requires the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2012, the District applied \$127,543 of its unappropriated fund balance to reduce taxes.

***Deferred Debt Financing Expense***

The refinancing of general obligation bonds that resulted in a difference between the reacquisition price and the net carrying value of the old debt have been reported in the accompanying financial statements as deferred debt financing expense. This difference is being amortized as a component of interest expense over the remaining life of the new debt. The balance of the deferred debt financing expense as of June 30, 2012 is \$41,457.

***Prepaid Expenses***

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

***Encumbrance Accounting***

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

***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any

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

infrastructure or intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-40
Machinery, equipment, and furnishings	5-10
Books	5-7

***Compensated Absences***

Employees earn vacation and sick leave as they provide services. Pursuant to the District's personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused vacation and sick pay earned and upon severance of employment, will be compensated for such amounts at current rates of pay.

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

***Deferred Bond Premium***

The issuance of general obligation bonds that result in a difference between the acquisition price and the carrying value of the debt have been reported in the accompanying financial statements as a deferred bond premium. The deferred bond premium is amortized as a component of interest expense over the life of the related debt. The balance of the deferred bond premium as of June 30, 2012 is \$125,749.

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

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

***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the net outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the

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

constitutional provisions of law, enabling legislation, or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

***Fund Balance Policy***

The District has implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement 54 established new fund balance classifications and changes the definition of the governmental fund types. Under Statement 54, the District has segregated fund balance into five classifications: Non-spendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- *Non-spendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for specific purposes stipulated by external resource providers or by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation.
- *Committed Fund Balance*: Amounts that can be used only for specific purposes determined by a formal action of the District's highest level of decision making authority (the Annual District Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*: Amounts that are available for any purpose; these amounts are reported only in the General Fund, with the exception of any deficit balance of another governmental fund.

The School Board will return to the Town, any unassigned fund balance at fiscal year end, to be used to offset the subsequent fiscal year's tax rate.

The District's policy is to first apply restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be applied, committed resources are to be applied first, followed by assigned and unassigned.

***Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

*Estimates*

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

**NOTE 2—PROPERTY TAXES**

Property taxes levied to support the Amherst, New Hampshire School District are based on the assessed valuation of the prior April 1<sup>st</sup> for all taxable real property.

Under state statutes, the Town of Amherst, New Hampshire (an independent governmental unit) collects School District taxes as part of local property tax assessments. As collection agent, the Town is required to pay over to the District its share of property tax assessments through periodic payments based on cash flow requirements of the District. The Town assumes financial responsibility for all uncollected property taxes under state statutes. For the year ended June 30, 2012, School District taxes were \$15,995,403 and State of New Hampshire Education taxes were \$2,555,388. The District is entitled to receive monies under the established payment schedule and the unpaid amount at the fiscal year end, if any, is considered to be an "accounts receivable" since the revenue is both measurable and available.

**NOTE 3—RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2012, the District was a member of the Local Government Center (LGC). The District currently reports all of its risk management activities in its General Fund. This Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America.

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

*Property and Liability Insurance*

The LGC provides certain property and liability insurance coverage to member school districts and school administrative units within New Hampshire. As a member of the LGC, the District shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. For the year ended June 30, 2012, the Trust retained \$500,000 of each loss, up to an aggregate of \$5,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

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

***Worker's Compensation***

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

**NOTE 4—DEPOSITS**

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

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

Statement of Net Assets:	
Cash and cash equivalents	\$ 441,686
Statement of Fiduciary Net Assets:	
Cash and cash equivalents	65,123
	<u>\$ 506,809</u>

Deposits at June 30, 2012 consist of the following:

Deposits with financial institutions	<u>\$ 506,809</u>
--------------------------------------	-------------------

The School District's investment policy requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The District's deposits with financial institutions consist of demand deposits and savings accounts. Deposits for Student Activities Agency Funds are at the discretion of the School Principals and Superintendent of Schools.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District's investment policy stipulates that all deposits and investments be covered by federal depository insurance, with all balances in excess of FDIC insurance limits collateralized.

Of the District's deposits with financial institutions at year end, \$800,596 was collateralized by securities held by the bank in the bank's name.

**NOTE 5—DUE FROM OTHER GOVERNMENTS**

Receivables from other governments at June 30, 2012 consist of various federal and state funding, funds held by the Town of Amherst Trustees of Trust Funds, and reimbursements from other local governmental units. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables is as follows:



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

Mont Vernon School District	\$ 95,731
School Administrative Unit #39	2,070
Souhegan Cooperative School District	9,775
Town of Amherst - Trustees of Trust Funds	16,528
State of New Hampshire - Federal Projects grants	154,248
State of New Hampshire - School Lunch Program	2,798
	<u>\$ 281,150</u>

**NOTE 6—CAPITAL ASSETS**

The following is a summary of changes in capital assets:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 850,170			\$ 850,170
Construction in progress	4,148,867		\$(4,148,867)	-
Total capital assets not being depreciated	<u>4,999,037</u>	<u>\$ -</u>	<u>(4,148,867)</u>	<u>850,170</u>
Other capital assets:				
Land improvements	591,567			591,567
Buildings and improvements	9,689,296	4,254,252		13,943,548
Machinery, equipment, and furnishings	975,858	27,411		1,003,269
Books	915,598	91,509		1,007,107
Total other capital assets at historical cost	<u>12,172,319</u>	<u>4,373,172</u>	<u>-</u>	<u>16,545,491</u>
Less accumulated depreciation for:				
Land improvements	(107,529)	(29,578)		(137,107)
Buildings and improvements	(4,964,950)	(373,727)		(5,338,677)
Machinery, equipment, and furnishings	(853,378)	(53,886)		(907,264)
Books	(610,768)	(72,154)		(682,922)
Total accumulated depreciation	<u>(6,536,625)</u>	<u>(529,345)</u>	<u>-</u>	<u>(7,065,970)</u>
Total other capital assets, net	<u>5,635,694</u>	<u>3,843,827</u>	<u>-</u>	<u>9,479,521</u>
Total capital assets, net	<u>\$ 10,634,731</u>	<u>\$ 3,843,827</u>	<u>\$(4,148,867)</u>	<u>\$ 10,329,691</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 86,411
Instructional staff services	19,390
General administration	2,960
Operation and maintenance of plant	415,873
Food service	4,711
	<u>\$ 529,345</u>

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

**NOTE 7—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

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

***Funding Policy***

Plan members are required to contribute 7.0% of their covered salary and the District is required to contribute at an actuarially determined rate. The District's contribution rates for the year ended June 30, 2012 were 13.95% and 11.09% of covered payroll to teachers and general employees, respectively through July 31, 2011 and 11.30% and 8.80%, respectively, thereafter. The District contributes 100% of the employer cost for teachers and general employees of the District.

Under state law plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The District's contributions to the NHRS for the years ending June 30, 2012, 2011, and 2010 were \$1,326,506, \$967,619, and \$940,080, respectively, equal to the required contributions for each year.

**NOTE 8—OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the District provides post-employment health care and life insurance benefits to its eligible retirees and their spouses. The District provides medical, prescription drug, mental health and substance abuse benefits, as well as life insurance, to retirees and their covered dependents. All active employees who retire from the District and meet eligibility requirements will receive these benefits. Retirees pay the full cost of the medical premium. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2010, the most recent actuarial valuation date, approximately 66 retirees and 217 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

***Annual OPEB Costs***

The District's fiscal 2012 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years. The District's annual OPEB cost for the year ending June 30, 2012 including the amount actually contributed to the plan, and the change in the District's net OPEB obligation based on an actuarial valuation as of July 1, 2010 is as follows:

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

Annual Required Contribution (ARC)	\$ 131,701
Interest on net OPEB obligation	6,530
Adjustment to ARC	<u>(7,499)</u>
Annual OPEB cost	130,732
Contributions made	<u>(86,406)</u>
Increase in net OPEB obligation	44,326
Net OPEB obligation - beginning of year	<u>163,243</u>
Net OPEB obligation - end of year	<u>\$ 207,569</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2012, 2011, and 2010 are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>	<u>Covered</u> <u>Payroll</u>	<u>OPEB Cost</u> <u>% of Pay</u>
6/30/2010	\$ 138,719	60.0%	\$ 120,536	\$ 12,758,399	1.1%
6/30/2011	\$ 126,141	66.1%	\$ 163,243	\$ 10,937,427	1.2%
6/30/2012	\$ 130,732	66.1%	\$ 207,569	\$ 11,210,863	1.2%

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

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

The funded status of the plan as of July 1, 2010, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 1,025,084
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,025,084</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 10,937,427
UAAL as a percentage of covered payroll	9.4%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other actuarial assumptions. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

***Actuarial Methods and Assumptions for OPEB***

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

For the July 1, 2010 actuarial valuation the Entry Age Normal Method was used. The actuarial value of assets was not determined as the District has not advance funded its obligation. The actuarial assumptions included a 4.0% investment rate of return and an initial annual medical cost trend of 9.0% which decreases to a 5.0% long-term rate for all medical benefits after three years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of thirty years on a closed basis. This has been calculated assuming an annual payroll increase at a rate of 2.5% per year.

**NOTE 9—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

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

<u>Type</u>	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds payable	\$ 5,585,000	\$ 1,717,000	\$(2,095,000)	\$ 5,207,000	\$ 397,000
Compensated absences payable	1,296,011	124,241	(64,670)	1,355,582	81,397
Totals	<u>\$ 6,881,011</u>	<u>\$ 1,841,241</u>	<u>\$(2,159,670)</u>	<u>\$ 6,562,582</u>	<u>\$ 478,397</u>

Payments on the general obligation bonds are paid out of the General Fund. Compensated absences will be paid from the fund where the employee's salary is paid.

***General Obligation Bonds***

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

\$3,799,000 AMS Additions and Renovations bonds due in a final installment of \$190,000 in July 2012, with interest at 4.71%	\$ 190,000
\$3,883,620 Clark, Wilkins & AMS Renovations bonds due in annual installments of \$195,000 through August 2025 and \$190,000 through August 2028, with interest at 4.24%	3,300,000
\$1,717,000 AMS Additions and Renovations refunding bonds due in annual installments ranging from \$12,000 to \$205,000 through July 2021, with interest at 1.62%	<u>1,717,000</u>
	<u>\$ 5,207,000</u>

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

General obligation bonds are direct obligations of the District, for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within District boundaries.

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

Year Ending June 30,	Principal	Interest	Totals
2013	\$ 397,000	\$ 204,451	\$ 601,451
2014	400,000	185,850	585,850
2015	395,000	171,563	566,563
2016	390,000	157,375	547,375
2017	390,000	142,263	532,263
2018-2022	1,885,000	474,931	2,359,931
2023-2027	970,000	190,059	1,160,059
2028-2029	380,000	17,100	397,100
	<u>\$ 5,207,000</u>	<u>\$ 1,543,592</u>	<u>\$ 6,750,592</u>

Interest expense for the year ended June 30, 2012 was \$230,809 on the general obligation debt for governmental activities.

**NOTE 10—ADVANCE REFUNDING OF DEBT**

During the year ended June 30, 2012, the District issued \$1,717,000 of general obligation bonds to advance refund \$1,710,000 of outstanding bonds (old debt). The net proceeds of the refunding bonds were placed into an irrevocable trust (refunding escrow account) to provide for retirement of the old debt of \$1,710,000 with a call date of July 15, 2012. Once the final refunding payment has been made from the refunding escrow account, the old debt will be considered defeased and removed from the balance sheet.

The advance refunding resulted in the recognition of an economic gain of \$207,917. The District in effect, reduced its aggregate debt service payments by \$223,932 over the next ten years. In the accompanying financial statements, this economic gain is being amortized as a component of interest expense over the remaining life of the new debt.

**NOTE 11—INTERFUND BALANCES AND TRANSFERS**

The District has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2012 are as follows:

		Due from
		Federal
		Projects
		Fund
Due to	General Fund	\$ 52,283
	Nonmajor governmental funds	74,167
		<u>\$ 126,450</u>

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

**NOTE 12—COMPONENTS OF FUND BALANCE**

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>			
Prepaid expenses	\$ 432		\$ 432
<b>Restricted for:</b>			
Capital projects		\$ 31	31
<b>Committed for:</b>			
Expendable trusts	96,235		96,235
<b>Assigned for:</b>			
Food service operations		63,122	63,122
Special purposes - Master Plan	46,047		46,047
Designated to offset subsequent fiscal year tax rate	214,076		214,076
	<u>\$ 356,790</u>	<u>\$ 63,153</u>	<u>\$ 419,943</u>

**NOTE 13—COMMITMENTS**

***Transportation***

The District entered into long-term contracts with independent bus companies during April 2009 and May 2009 to provide pupil transportation services and special education transportation services, respectively, through June 30, 2014. For the year ended June 30, 2012, the District expended \$509,557 for pupil transportation and \$175,829 for special education transportation, under the terms of the agreements.

**NOTE 14—CONTINGENT LIABILITIES**

***Federal Grants***

The District participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

***Litigation***

There are various claims and suits pending against the District, which arise in the normal course of the District's activities. In the opinion of legal counsel and District management, the potential claims against the District, which are not covered by insurance are immaterial and would not affect the financial position of the District.

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

**NOTE 15—SUBSEQUENT EVENTS**

During July 2012, the District made a payment of \$194,275 to the irrevocable trust holding the District's refunding bond proceeds. The final payment of \$194,275 along with \$1,760,160 held in the trust, were used to retire the outstanding balance of the old debt in its entirety. At the time of payment, the debt became defeased and will no longer be reported as general obligation debt of the District.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 18,550,791	\$ 18,550,791	\$ 18,550,791	\$ -
Intergovernmental	3,336,329	3,336,329	3,420,305	83,976
Charges for services	1,045,000	1,045,000	1,217,865	172,865
Interest income	10,000	10,000	5,829	(4,171)
Miscellaneous	43,000	43,759	22,324	(21,435)
Total Revenues	<u>22,985,120</u>	<u>22,985,879</u>	<u>23,217,114</u>	<u>231,235</u>
Expenditures:				
Current operations:				
Instruction	16,171,530	16,149,979	16,287,567	(137,588)
Supporting services	1,009,087	1,041,839	1,016,653	25,186
Instructional staff services	467,244	473,819	392,436	81,383
General administration	2,767,966	2,781,069	2,706,467	74,602
Operation and maintenance of plant	1,351,155	1,331,406	1,338,020	(6,614)
Pupil transportation	650,633	650,633	662,417	(11,784)
Capital outlay	23,500	16,500	16,900	(400)
Debt service:				
Principal retirement	385,000	385,000	385,000	-
Interest and fiscal charges	256,548	253,177	214,939	38,238
Total Expenditures	<u>23,082,663</u>	<u>23,083,422</u>	<u>23,020,399</u>	<u>63,023</u>
Excess of revenues over (under) expenditures	<u>(97,543)</u>	<u>(97,543)</u>	<u>196,715</u>	<u>294,258</u>
Other financing uses:				
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Total other financing uses	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund balance	(157,543)	(157,543)	136,715	294,258
Fund balances at beginning of year				
- Budgetary Basis	<u>203,840</u>	<u>203,840</u>	<u>203,840</u>	<u>-</u>
Fund balances at end of year				
- Budgetary Basis	<u>\$ 46,297</u>	<u>\$ 46,297</u>	<u>\$ 340,555</u>	<u>\$ 294,258</u>

See accompanying notes to the required supplementary information



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

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability (AAL)</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
7/1/2008	\$ -	\$ 974,271	\$ 974,271	0%	\$ 12,447,219	7.8%
7/1/2010	\$ -	\$ 1,025,084	\$ 1,025,084	0%	\$ 10,937,427	9.4%

*See accompanying notes to the required supplementary information*

**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2012

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

***General Fund***

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the District. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). General Fund budgetary revenues and expenditures were adjusted for encumbrances, non-budgetary revenues and expenditures, budgetary transfers out, and bond refunding proceeds and payments as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 25,063,925	\$ 25,040,246
Encumbrances - June 30, 2011		(86,235)
Non-budgetary revenues and expenditures	(11,097)	(97,898)
Budgetary transfers out		60,000
Bond refunding proceeds and payments	(1,835,714)	(1,835,714)
Per Schedule 1	<u>\$ 23,217,114</u>	<u>\$ 23,080,399</u>

***Major Special Revenue Fund***

The District adopts its budgets under regulations of the New Hampshire Departments of Education and Revenue Administration which differ from accounting principles generally accepted in the United States of America. Consequently, budgetary information is not presented for the Federal Projects Fund as the information is neither practical nor meaningful.

**NOTE 2—GENERAL FUND BUDGETARY FUND BALANCE**

The components of the budgetary fund balance for the General Fund at June 30, 2012 are as follows:

<b><i>Nonspendable:</i></b>	
Prepaid expenses	\$ 432
<b><i>Committed for:</i></b>	
Expendable trusts	80,000
<b><i>Assigned for:</i></b>	
Special purposes - Master Plan	46,047
Designated to offset subsequent fiscal year tax rate	214,076
	<u>\$ 340,555</u>

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

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

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the District is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The District implemented the provisions of GASB Statement #45 during the year ended June 30, 2009. Accordingly, the funding progress has been presented for the two most recent actuarial valuation reports. Additional disclosures will be made as the information becomes available.

SCHEDULE I  
**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2012

Federal Granting Agency/Recipient State Agency/Grant Program/State <u>Grant Number</u>	Federal Catalogue <u>Number</u>	<u>Expenditures</u>
<b>DEPARTMENT OF AGRICULTURE</b>		
Pass Through Payments from New Hampshire Department of Education		
National School Lunch Program	10.555	\$ 75,035
<b>Total Department of Agriculture</b>		<u>75,035</u>
<b>DEPARTMENT OF EDUCATION</b>		
Pass Through Payments from New Hampshire Department of Education		
Title I Grants to Local Educational Agencies	84.010	
#110003		4,140
#120003		<u>58,526</u>
		<u>62,666</u>
Special Education - Grants to States	84.027	
#112568		6,980
#122509		262,459
#122722		<u>105</u>
		<u>269,544</u>
Special Education - Preschool Grants	84.173	
#122509		<u>3,973</u>
Improving Teacher Quality State Grants	84.367	
#104634		36,123
#114789		35,590
#125371		2,400
#125381		2,400
#128815		<u>33,061</u>
		<u>109,574</u>
Special Education - Grants to States, Recovery Act	84.391	
#201011		<u>21,757</u>
Special Education - Preschool Grants, Recovery Act	84.392	
#201011		<u>12,612</u>
Education Jobs Fund	84.410	<u>111,843</u>
<b>Total Department of Education</b>		<u>591,969</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 667,004</u>

See notes to schedule of expenditures of federal awards

**AMHERST, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2012

**NOTE 1--GENERAL**

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

**NOTE 2--BASIS OF ACCOUNTING**

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

**NOTE 3--NON-CASH TRANSACTIONS**

The District participates in the USDA Food Distribution Program which is a non-cash program. On the Schedule of Expenditures of Federal Awards, \$29,674 has been reported as part of the National School Lunch Program which represents the value of commodities received by the District.

**NOTE 4--RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

General Fund	\$ 111,844
Federal Projects Fund	480,125
Nonmajor Governmental Funds	<u>75,035</u>
	<u>\$ 667,004</u>

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

To the School Board  
Amherst, New Hampshire School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst, New Hampshire School District as of and for the year ended June 30, 2012, which collectively comprise the Amherst, New Hampshire School District's basic financial statements, and have issued our report thereon dated December 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

*Internal Control Over Financial Reporting*

Management of Amherst, New Hampshire School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Amherst, New Hampshire School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing

an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Vachan Chitay & Company PC". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

December 13, 2012



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the School Board  
Amherst, New Hampshire School District

Compliance

We have audited Amherst, New Hampshire School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Amherst, New Hampshire School District's major federal programs for the year ended June 30, 2012. Amherst, New Hampshire School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Amherst, New Hampshire School District's management. Our responsibility is to express an opinion on Amherst, New Hampshire School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Amherst, New Hampshire School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Amherst, New Hampshire School District's compliance with those requirements.

In our opinion, Amherst, New Hampshire School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Amherst, New Hampshire School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Amherst, New Hampshire School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over

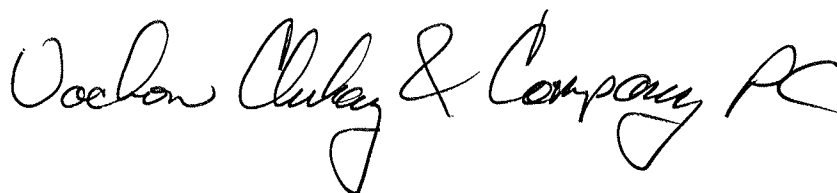


compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Amherst, New Hampshire School District's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

December 13, 2012

**Amherst, New Hampshire School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

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

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

    Material weakness(es) identified? \_\_\_\_\_yes    X no

    Significant deficiency(ies) identified  
        not considered to be material weaknesses? \_\_\_\_\_yes    X none reported

Noncompliance material to financial statements noted? \_\_\_\_\_yes    X no

**Federal Awards**

Internal Control over major programs:

    Material weakness(es) identified? \_\_\_\_\_yes    X no

    Significant deficiency(ies) identified  
        not considered to be material weaknesses? \_\_\_\_\_yes    X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173, 84.391, & 84.392	Special Education Cluster (IDEA)
84.410	Education Jobs Fund

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

Auditee qualified as low-risk auditee? \_\_\_\_\_yes    X no

**Section II--Financial Statement Findings**

There were no findings relating to the financial statements required to be reported by GAGAS.

**Section III--Federal Award Findings and Questioned Costs**

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